UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant T
Filed by a Party other than the Registrant o

Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
T Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

CRAFT BREW ALLIANCE, INC.
(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):
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3) Filing Party:
4) Date Filed:

CRAFT BREW ALLIANCE, INC.
929 N. Russell Street
Portland, Oregon 97227

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held at 1:00 p.m. Pacific Daylight Time on Monday, May 14, 2012

TO THE HOLDERS OF COMMON STOCK
OF CRAFT BREW ALLIANCE, INC.:

The Annual Meeting of Shareholders of Craft Brew Alliance, Inc., a Washington corporation, will be held on Monday, May 14, 2012, at 1:00 p.m. Pacific Daylight Time, at the Woodinville, Washington Brewery, located at 14300 N.E. 145th Street, Woodinville, Washington 98072, for the following purposes as more fully described in the accompanying Proxy Statement:

1. To elect eight directors to serve until the 2013 Annual Meeting of Shareholders and until their successors are elected and qualified;

2. To ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2012;

3. To conduct an advisory vote on named executive officer compensation;

4. To conduct an advisory vote on the frequency of holding future shareholder advisory votes on named executive officer compensation; and

5. To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors of Craft Brew Alliance, Inc. has fixed the close of business on March 15, 2012 as the record date for the meeting. Only shareholders of record of our common stock on March 15, 2012 are entitled to notice of and to vote at the meeting. You are requested to fill in and sign the enclosed form of proxy, which is being solicited by the Board of Directors, and to mail it promptly in the enclosed postage-prepaid envelope. Any proxy may be revoked by delivery of a later dated proxy. Shareholders of record who attend the annual meeting may vote in person, even if they have previously delivered a signed proxy.

By order of the Board of Directors,

/s/ Kurt R. Widmer
Kurt R. Widmer
Chairman of the Board

Portland, Oregon
April 12, 2012

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR
THE SHAREHOLDER MEETING TO BE HELD ON MAY 14, 2012:
The Proxy Statement for the 2012 Annual Meeting of Shareholders and 2011 Annual Report to
shareholders are available at

http://phx.corporate-ir.net/phoenix.zhtml?c=95666&p=irol-proxy

YOUR VOTE IS IMPORTANT!

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE-PREPAID ENVELOPE PROVIDED. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY CARD.

CRAFT BREW ALLIANCE, INC.
929 N. Russell Street
Portland, Oregon 97227
PROXY STATEMENT
FOR 2012 ANNUAL MEETING OF SHAREHOLDERS
to be held on May 14, 2012 at 1:00 p.m. PDT

This proxy statement and the enclosed form of proxy are furnished in connection with solicitation of proxies by our Board of Directors for use at the annual meeting of shareholders to be held on May 14, 2012, and any postponements or adjournments thereof.

On or about April 12, 2012, this proxy statement and the accompanying form of proxy are being mailed to each shareholder of record at the close of business on March 15, 2012.

The information provided in the "question and answer" format below is for your convenience only and is merely a summary of the information contained in this proxy statement. You should read this entire proxy statement carefully.

What matters am I voting on?
You will be voting on:

- the election of eight directors to hold office until the next annual meeting of shareholders and until their successors are elected and qualified;
- a proposal to ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012;
- a non-binding advisory vote to approve our named executive officer compensation;
- a non-binding advisory vote on the frequency of future shareholder advisory votes on executive officer compensation; and
- any other business that may properly come before the meeting.

Who is entitled to vote?
Holders of our common stock as of the close of business on March 15, 2012, the record date, may vote at the meeting. As of the record date, we had 18,844,817 shares of common stock outstanding. In deciding all matters at the meeting other than the election of directors, each shareholder will be entitled to one vote for each share of common stock held on the record date. For the election of directors, cumulative voting applies, so the number of votes each shareholder will have will be equal to the number of shares held on the record date multiplied by eight, the number of directors that are nominated. Each shareholder may cast all such votes for a single nominee, distribute them among the eight nominees for director equally, or distribute them among the eight nominees in any other way the shareholder deems fit. If a shareholder voting by proxy wishes to distribute votes among the nominees for director, the shareholder may do so on the enclosed proxy card in the space provided. If votes are not distributed on the proxy card, the persons named as proxies will use their discretion to distribute such votes FOR each of the eight individuals nominated to serve as director.

Where is the 2012 Annual Meeting of Shareholders being held?
The 2012 Annual Meeting of Shareholders will be held at the Woodinville, Washington Brewery, located at 14300 N.E. 145th Street, Woodinville, Washington 98072 at 1:00 p.m. Pacific Daylight Time.

What is the effect of giving a proxy?
Proxies in the form enclosed are solicited by and on behalf of our Board. The persons named in the proxy have been designated as proxies by our Board. If you sign and return the proxy in accordance with the procedures set forth in this

proxy statement, the persons designated as proxies by the Board will vote your shares at the meeting as specified in your proxy.

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If you sign and return your proxy in accordance with the procedures set forth in this proxy statement but you do not provide any instructions as to how your shares should be voted, your shares will be voted as follows:

- FOR the election as directors of the nominees listed below under Proposal No. 1;
- FOR the approval of the proposal to ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012;
- FOR the approval of our named executive officer compensation as disclosed in the Compensation Discussion and Analysis section and accompanying compensation tables contained in this proxy statement; and
- FOR a frequency of one year for future non-binding shareholder advisory votes on executive officer compensation.

If you give your proxy, your shares also will be voted in the discretion of the proxies named on the proxy card with respect to any other matters properly brought before the meeting.

Can I change my vote after I return my proxy card?
You may revoke your proxy at any time before it is exercised by:

- delivering written notification of your revocation to our secretary;
- voting in person at the meeting; or
- delivering another proxy bearing a later date.

Please note that your attendance at the meeting alone will not serve to revoke your proxy.

What is a quorum?
A quorum is the minimum number of shares required to be present at the annual meeting for the meeting to be properly held under our bylaws and Washington state law. The presence, in person or by proxy, of a majority of all issued and outstanding shares of common stock entitled to vote at the meeting will constitute a quorum at the meeting. A proxy submitted by a shareholder may indicate that all or a portion of the shares represented by the proxy are not being voted with respect to a particular matter. Similarly, a broker may not be permitted to vote shares ("broker non-vote") held in street name on a particular matter in the absence of instructions from the beneficial owner of the shares. The shares subject to a proxy which are not being voted on a particular matter will nevertheless count for purposes of determining the presence of a quorum.

How may I vote?
You may vote your shares by mail. Please date, sign and return the accompanying proxy in the envelope enclosed for that purpose (to which no postage need be affixed if mailed in the United States). You may specify your choices by marking the appropriate boxes on the proxy card. If you attend the meeting, you may deliver your completed proxy card in person or fill out and return a ballot that will be supplied to you.

How many votes are needed for approval of each matter?

- Proposal No. 1: The election of directors is subject to a plurality vote of the shares of common stock voted at the meeting. "Plurality" means that the individuals who receive the largest number of votes cast "FOR" are elected as directors. Consequently, any shares not voted "FOR" a particular nominee (whether as a result of marking the proxy to withhold votes or a broker non-vote) will not be counted in such nominee's favor and will have no effect on the outcome of the election. See "Who is entitled to vote?" above for an explanation of cumulative voting in the election of directors.

- Proposal No. 2: The ratification of the appointment of Moss Adams LLP must receive more votes “FOR” than votes “AGAINST” at the meeting to be approved. Broker non-votes and abstentions from voting on this proposal will have no effect on the outcome of this proposal.

- Proposal No. 3: The proposal regarding the compensation paid to executive officers during 2011 must receive more votes “FOR” than votes “AGAINST” at the meeting to be approved. Broker non-votes and abstentions from voting on this proposal will have no effect on the outcome of the proposal. Because the shareholder vote is advisory only, it will not be binding on us or on our Board of Directors. However, the Board of Directors will review the voting results and take them into consideration when making future decisions regarding executive compensation.

- Proposal No. 4: Shareholders may choose one of four options regarding the frequency of future advisory votes on executive compensation – every one year, two years, or three years, or to abstain from voting. Broker non-votes and abstentions from voting on this proposal will have no effect on the outcome of the proposal. Because the shareholder vote is advisory only, it will not be binding on us or on our Board of Directors. However, the Board of Directors will review the voting results and take them into consideration when determining the frequency of the advisory vote on executive compensation.

How may my brokerage firm or other intermediary vote my shares if I fail to provide timely directions?
Brokerage firms and other intermediaries holding shares of common stock in street name for customers are generally required to vote such shares in the manner directed by their customers. In the absence of timely directions, brokerage firms and other intermediaries generally will have discretion to vote their customers’ shares on the proposal to ratify the appointment of Moss Adams LLP, but they will not have discretion to vote on the election of directors, the approval of the compensation paid to our named executive officers during 2011, or the frequency of future non-binding shareholder advisory votes on executive compensation.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 15, 2012, certain information regarding beneficial ownership of our common stock (a) by each person known by us to be the beneficial owner of more than five percent of the outstanding common stock, (b) by each director and nominee for director, (c) by the named executive officers (as defined at "Compensation Discussion and Analysis – Base Salary") and (d) by all of our current executive officers and directors as a group.

Unless otherwise indicated, the address for each person and entity listed is Craft Brew Alliance, Inc., 929 N. Russell Street, Portland, Oregon 97227. Except as indicated by footnote, to our knowledge, the persons and entities named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable. Except where noted, percentage of beneficial ownership is based on 18,844,817 shares of common stock outstanding as of March 15, 2012.

Shareholder	Number of Shares(1)	Percent of Shares Outstanding	
Anheuser-Busch Companies, LLC One Busch Place St. Louis, MO 63118	6,069,047	32.2	%
Kurt R. and Ann G. Widmer(2)	1,749,281	9.3	%
W. Cameron Healy, Trustee of the Healy Family Trust(3) 14075 Old Germantown Road Portland, Oregon 97231	1,193,030	6.3	%
Robert P. and Barbara B. Widmer(2)	995,000	5.3	%
Timothy P. Boyle(4)	463,354	2.5	%
Sebastian Pastore	57,483	*	
Terry E. Michaelson	43,472	*	
Mark D. Moreland	32,734	*	
David R. Lord	31,284	*	
Kevin R. Kelly	24,694	*	
John D. Rogers, Jr.	23,634	*	
Martin J. Wall, IV	14,825	*	
Marc J. Cramer	3,894	*	
Andrew J. Thomas	-	-	
E. Donald Johnson, Jr.	-	-	
Thomas D. Larson	-	-	
All current executive officers and directors as a group (14 persons)	2,456,402	13.0	%

*Less than 1%

(1) Includes shares of common stock subject to options currently exercisable or exercisable within 60 days of March 15, 2012 as follows:

Sebastian Pastore	13,883
Terry E. Michaelson	18,173
Mark D. Moreland	16,334
David R. Lord	12,000
John D. Rogers, Jr.	8,000
Martin J. Wall, IV	13,228
All executive officers and directors as a group	93,365

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(2) Kurt R. Widmer and Robert P. Widmer are brothers. Robert P. Widmer holds the position of Vice President of Corporate Quality Assurance and Industry Relations. Each of Kurt and Robert Widmer shares voting and investment power over the shares of common stock with his spouse named above. Also, of Kurt R. Widmer's shares, 22,867 are held by his spouse.
(3) The Healy Family Trust, of which W. Cameron Healy is trustee and sole beneficiary, acquired shares of common stock in exchange for Kona Brewing Co., Inc. ("KBC") shares in the merger with KBC (the "KBC Merger") in October 2010.
(4) Includes 1,818 shares held by Mr. Boyle's child.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires that our officers and directors, and persons who own more than ten percent of our common stock, file reports of ownership and changes of ownership with the SEC. Based solely on our review of the copies of such reports received by us and on written representations by our officers and directors regarding their compliance with the applicable reporting requirements under Section 16(a) of the Exchange Act, we believe that, with respect to our fiscal year ended December 31, 2011, all filing requirements applicable to our officers and directors, and all of the persons known to us to own more than ten percent of our common stock, were complied with by such persons.

BOARD OF DIRECTORS

Our business is managed under the direction of the Board of Directors (the "Board"), which currently consists of the following eight directors: Kurt R. Widmer (Chairman), Timothy P. Boyle, Marc J. Cramer, E. Donald Johnson, Jr., Kevin R. Kelly, Thomas D. Larson, David R. Lord and John D. Rogers, Jr.

The full Board met six times during 2011. No incumbent member standing for re-election attended fewer than 75% of the total number of meetings of the Board and of any Board committees of which he was a member during 2011. Directors are encouraged to attend the Annual Meeting of Shareholders. At the 2011 Annual Meeting, six of the seven incumbent directors were in attendance.

Director Independence

Our common stock is listed on The Nasdaq Stock Market and, accordingly, we are subject to the requirement in Nasdaq Listing Rule 5605(b)(1) that a majority of our directors be independent as defined in Listing Rule 5605(a)(2). Current nominees Messrs. Boyle, Cramer, Kelly, Lord and Rogers are non-employee directors, do not have any relationship that would disqualify them as independent directors under Listing Rule 5605(a)(2) and, in the opinion of the Board, do not have any other relationship that would interfere with their exercise of independent judgment in carrying out their responsibilities as directors. Therefore, the Board believes that Messrs. Boyle, Cramer, Kelly, Lord and Rogers are "independent directors" as defined in Listing Rule 5605(a)(2). Messrs. Johnson and Larson, who are also non-employee directors, are employees of Anheuser-Busch, LLC ("A-B") and are A-B designees to the Board pursuant to an agreement between A-B and us that precludes them from meeting the definition of "independent director" in Listing Rule 5605(a)(2). Mr. Widmer, as an employee director, does not meet the definition of "independent director" in Listing Rule 5605(a)(2). All independent directors meet in executive session, at which only independent directors are present, at least twice a year, in conjunction with regularly scheduled Board meetings.

Nominees for Director

The Board believes that our current directors, as a whole, provide the diversity of experience and skills necessary for a well-functioning board. All of our directors have substantial senior executive level experience, a significant background in the beer industry, or both. The Board values highly the ability of individual directors to contribute to a constructive governance environment and the Board believes that the current Board members, collectively, perform in such a manner. The following eight individuals have been nominated for election at the meeting. Each of the nominees currently serves as a director. Set forth below is a more detailed description of each nominee's age, background, professional experiences, qualifications and skills.

Timothy P. Boyle (62)
Mr. Boyle has served as a director since our merger effective July 1, 2008 with Widmer Brothers Brewing Company ("WBBC"). He had served as a director of WBBC from May 1999 until July 1, 2008. Since 1989, Mr. Boyle has served as President and Chief Executive Officer of Columbia Sportswear Company, an active outdoor apparel and footwear company headquartered in Portland, Oregon. He began working with Columbia Sportswear Company in 1970. Mr. Boyle serves as a director on the boards of Columbia Sportswear Company, Northwest Natural Gas Company and The Freshwater Trust. He is a trustee of Reed College and the Youth Outdoor Legacy Fund and a past member of the Young Presidents' Organization and the University of Oregon Foundation.

Individual Experience: Mr. Boyle has a breadth of experience as a public company director and an entrepreneurial background in leading and growing a small business into one of the largest outerwear companies in the world, including leading that company through a public offering. Mr. Boyle possesses expertise in designing strategic initiatives and brand development, maintaining organizational culture during periods of significant growth, and developing and managing sound operating systems.

Marc J. Cramer (54)
Mr. Cramer has served as a director since December 2010. Since 2007, he has served as the Finance Director of the Bill Healy Foundation ("Foundation"), a private charitable foundation, and Cedar Holdings LLC, a private investment company. Mr. Cramer also sits on the Foundation's board of directors. Prior to 2007, he was employed by Kettle Foods Holdings Inc., a privately held, all-natural food manufacturer, serving in the roles of Global Financial Director, Assistant Secretary and Treasurer beginning in 2004, and, from 1999 to 2004, as President, North American Operations of Kettle Foods Inc. Mr. Cramer has been a director of Sequential Pacific Biodiesel, Inc. and Scott Paul Wines since 2008 and previously served on the boards of Kona Brewing Co., Inc. from 2007 to October 2010 and Kettle Foods, Inc. from 2004 to 2006.

Individual Experience: Trained as a certified public accountant, Mr. Cramer has spent a significant portion of his career creating and executing strategies around global brand building and operational and organizational development. He is an experienced finance professional with expertise regarding the application and integration of financial and operational issues commonly faced by mid-market and smaller entrepreneurial organizations. Mr. Cramer was recommended for election as a director by the former KBC shareholders.

E. Donald Johnson, Jr. (54)
Mr. Johnson has served as a director since July 2011. Since August 2010, Mr. Johnson has served as Vice President, Business and Wholesaler Development for A-B, where he leads the development of wholesaler strategies and has overall responsibility for domestic business development at A-B. From September 2007 until July 2010, Mr. Johnson held the position of Vice President of National Retail Sales where he was responsible for sales strategies supporting A-B's growing account base of national retailers. Mr. Johnson joined A-B in 1980 and has held various sales and wholesaler support positions, including Vice President, Region Sales in Detroit and Charlotte, N.C.; Vice President, Region Operations; and Vice President, Wholesaler Development.

Individual Experience: Mr. Johnson possesses extensive background in both wholesaler strategies and sales. He also has significant experience in the beer industry and with sales of consumer products, including strategic planning, brand positioning, creative development, market plan development and execution, and sales management. Mr. Johnson has been designated by A-B to serve on our Board.

Kevin R. Kelly (62)
Mr. Kelly has served as a director since the merger with WBBC and also served as a director of WBBC from September 1995 until July 1, 2008. In September 2011, Mr. Kelly sold First Call Heating and Cooling, an oil sales and heating/cooling contractor, where he had been Chief Executive Officer and owner since 1994. Prior to that, he was President of U.S. Bancorp, and held various roles with U.S. Bancorp and its subsidiaries from 1977, including Chief Executive Officer and President of U.S. Bank of Oregon. Mr. Kelly serves as a director on the boards of Northwest Bank and the Sisters of Providence Pension Trustees. Mr. Kelly earned a Ph.D. and a Master's Degree in Economics from the University of Oregon.

Individual Experience: Mr. Kelly's lengthy banking career and lending expertise has provided him with an in-depth understanding of financial analysis and financial statements. Mr. Kelly possesses substantial background in deal and transactional analysis and organization culture after leading numerous merger and acquisition activities. As a former executive in a major lending institution, he has significant professional and political contacts in Oregon and Washington.

Thomas D. Larson (52)
Mr. Larson has served as a director since July 2011. Since December 2008, Mr. Larson has served as Senior Associate General Counsel for A-B, where he is the supervisor for all transactional and benefits lawyers in A-B's United States operations. He has been the lead internal counsel for all of the transactions between A-B and us since 1994. Mr. Larson joined A-B in 1993 as an Associate General Counsel. Prior to joining A-B in 1993, Mr. Larson was in private practice in Cleveland, Ohio. He is an alternate director for Grupo Modelo.

Individual Experience: Mr. Larson has an extensive legal background and possesses significant legal expertise. Having served as A-B's counsel for all transactions with us, he has historical knowledge of our relationship with A-B. Mr. Larson has been designated by A-B to serve on our Board.

David R. Lord (63)
Mr. Lord has served as a director since May 2003. Beginning in January 2009, Mr. Lord has served as the Vice Chairman of Pioneer Newspapers, Inc., having retired from the position of President, which he had held for 18 years. Pioneer Newspapers owns eight daily newspapers and nine weekly, semi-weekly and monthly publications in the western United States. Prior to joining Pioneer Newspapers, Mr. Lord had practiced law, both in private practice and as a criminal deputy prosecuting attorney. Mr. Lord currently serves as Chairman of the PAGE Cooperative. He is also a past president and chairman of the Inland Press Association.

Individual Experience: Mr. Lord has a broad operating and strategic planning background, with knowledge of the issues facing smaller to mid-sized companies spread over a large geographic area. He also possesses sound legal judgment and knowledge as a result of prior law practice and provides strong counsel in contract negotiations, employment practices and human resources issues.

John D. Rogers, Jr. (68)
Mr. Rogers has served as a director since May 2004. Beginning in December 2010, Mr. Rogers has served as Director of Business Development for a division of Lile International Corporation, agent for North American Van Lines. He also holds the position of Managing Partner of J4 Ranch LLC, an organic berry grower, a position held since 2007. Prior to joining J4 Ranch LLC, he served as President, Chief Executive Officer and director of Door to Door Storage, Inc. from June 2004 to June 2007. Mr. Rogers has also served in leadership roles at several manufacturing enterprises, including President and Chief Operating Officer at AWC, Inc., General Manager at British Steel Alloys, and President and Chief Executive Officer of Saab Systems Inc., NA. Mr. Rogers serves as a director on the board of the C. M. Russell Museum. Mr. Rogers was appointed a Sloan Fellow at Massachusetts Institute of Technology, and graduated with a Master's of Science in Business Administration. He also earned a Master's Degree in Business Administration

from Southern Methodist University.

Individual Experience: Mr. Rogers brings to our Board a depth of experience in strategic planning and analyses and component and enterprise valuation. He also has a sound interpersonal and organizational behavioral skill set, including an appreciation for a variety of operating configurations for organizations of various sizes and complexities. Mr. Rogers also provides an extensive marketing and sales background, as well as knowledge of financial modeling and pro forma analysis.

Kurt R. Widmer (60)
Mr. Widmer has served as the Chairman of the Board and director since the merger with WBBC. Prior to that, Mr. Widmer served as President, Chief Executive Officer and Chairman of the Board for WBBC from 1984 until July 1, 2008. Mr. Widmer co-founded WBBC with his brother, Robert P. Widmer. He is a member of the board of directors and past president of the Oregon Brewers Guild.

Individual Experience: Mr. Widmer has spent nearly his entire career developing a small craft brewery into an industry leader. He holds strong relationships both among other craft pioneers and with new craft brewers. Mr. Widmer also possesses solid connections within the state and local political arenas in Oregon and Washington and with leaders in the craft beer industry.

Criteria for Director Nominees

The specific, minimum qualifications that the Nominating and Governance Committee believes must be met by a nominee for a position on our Board are:

- the highest ethical character;
- the ability to read and understand financial statements;
- attained 21 years of age;
- no material conflict, whether personal, financial or otherwise, associated with being on the Board;
- satisfies the requirements for regulatory approval; and
- possesses adequate time to devote to Board activities.

The specific qualities or skills that the Nominating and Governance Committee believes are necessary for one or more of our directors to possess are:

- the ability to offer advice and guidance to our Chief Executive Officer based on relevant expertise and experience;
- attributes of independence or financial expertise as required by the Nasdaq Listing Rules and Securities and Exchange Commission (“SEC”) regulations;
- skills, experience and background complementary to those of other directors; and
- the ability to maintain a constructive working relationship with other directors.

Although the Board does not maintain a specific policy with respect to Board diversity, the Board believes that the Board should be a diverse body, and the Nominating and Governance Committee considers a broad range of backgrounds and experiences. In making determinations regarding nominations of directors, the committee may take into account the benefits of diverse viewpoints. The committee also considers these and other factors as it oversees the annual Board and committee evaluations.

We have adopted a policy that directors retire from the Board effective at the Annual Meeting of Shareholders after turning age 73.

Shareholder Recommendations for Nominations to the Board of Directors

The Nominating and Governance Committee will consider candidates for director recommended by any of our shareholders. The committee will evaluate such recommendations in accordance with its charter, our bylaws and the regular nominee criteria described above. This process is designed to ensure that the Board includes members with diverse backgrounds, skills and experience, including appropriate financial and other expertise relevant to our business. Eligible shareholders wishing to recommend a candidate for nomination should follow the procedures set forth in our Amended and Restated Bylaws, as further described below. In connection with its evaluation of a director nominee, the Nominating and Governance Committee may request additional information from the candidate or the recommending shareholder and may request an interview with the candidate. The committee has discretion to decide which individuals to recommend for nomination as directors. Shareholders should submit any recommendations for director nominees at our 2013 annual meeting to us by December 13, 2012 (120 days prior to the anniversary of mailing this proxy statement).

A shareholder of record can nominate a candidate for election to the Board by complying with the procedures in Article II, Section 2.3.2 of our Amended and Restated Bylaws. Any eligible shareholder who wishes to submit a nomination should review the requirements in the bylaws on nominations by shareholders. Any nomination should be sent in writing to the Secretary, Craft Brew Alliance, Inc., 929 N. Russell Street, Portland, OR 97227. Notice must be received by us no later than December 13, 2012.

Committees of the Board

The Board has standing Audit, Compensation, Nominating and Governance, and Strategic Planning Committees. Each of our committees is responsible to the full Board and its activities are therefore subject to Board approval. Pursuant to an exchange and recapitalization agreement between us and A-B, A-B has the right to designate two members of our Board of Directors. A-B also generally has the right to have a designee on each committee of the Board of Directors, except where prohibited by law or stock exchange requirements, or with respect to a committee formed to review or determine transactions or proposed transactions between A-B and us. The activities of each of our committees are summarized in further detail below.

Audit Committee
The Audit Committee is responsible for the engagement of and approval of the services provided by our independent registered public accounting firm. The Audit Committee assists our Board in fulfilling its oversight responsibilities by reviewing (i) the financial reports and other pertinent financial information provided by us to the public and the SEC, (ii) our system of internal control established by management and the Board, and (iii) our auditing, accounting and financial reporting processes generally.

The Audit Committee is currently composed of Messrs. Kelly (Chair), Cramer, Lord and Rogers, each of whom is an independent director as defined by Nasdaq Listing Rule 5605(a)(2) and (c)(2). The Board has also determined that Mr. Kelly, an independent director, qualifies as an “audit committee financial expert” as defined by the SEC. Mr. Larson, as A-B’s designee, currently observes meetings of the Audit Committee. The Audit Committee met five times during 2011. The Board has adopted a written charter for the Audit Committee, which is reviewed annually and revised as appropriate. A copy of the Audit Committee Charter is available on our website at www.craftbrew.com (select Investors – Governance – Highlights).

Compensation Committee
The Compensation Committee is responsible for establishing and approving corporate goals and objectives relevant to compensation of the Chief Executive Officer and other members of senior management and evaluating the performance of the Chief Executive Officer and other members of senior management in light of those goals and

objectives; developing and overseeing the overall compensation policies applicable to our Chief Executive Officer and other members of senior management, which includes various Vice Presidents and the Chief Financial Officer; and annually reviewing and making recommendations to the Board with respect to director compensation and benefits. The Compensation Committee is also responsible for establishing general policies applicable to the granting, vesting and other terms of stock options, restricted stock, restricted stock units, performance awards, stock appreciation rights and other stock-based awards granted to employees under our stock option and stock incentive plans, and for determining the number and terms of such grants made to our executive officers, among others.

The Compensation Committee is currently composed of Messrs. Lord (Chair), Boyle, Cramer, Kelly and Rogers, each of whom is an independent director as defined by Nasdaq Listing Rule 5605(a)(2). Mr. Johnson, as A-B's designee, currently observes meetings of the Compensation Committee. The Compensation Committee met four times during 2011. The Board has adopted a written charter for the Compensation Committee, which is available on our website at www.craftbrew.com (select Investors – Governance – Highlights).

Under its charter, the Compensation Committee has the authority, in its sole discretion, to retain the services of outside consultants to provide advice regarding our executive compensation program and other compensation matters for which the committee is responsible. The Compensation Committee also has sole authority to terminate its relationship with any consultants and to approve their fees and other terms of their engagement. In December 2010, the Compensation Committee retained Mercer, a national compensation consulting firm, and has consulted it from time to time regarding compensation issues. Additional information regarding the committee's interaction with Mercer appears below under the heading "Compensation Discussion and Analysis."

The Compensation Committee receives and considers the recommendations of Terry Michaelson, our Chief Executive Officer, regarding compensation of other members of the executive leadership team (the "ELT"). Mr. Michaelson, Mark Moreland, our Chief Financial Officer, and Kurt Widmer, Chairman of the Board, attend meetings of the Compensation Committee when invited. Mr. Michaelson reports to the committee regarding the level of achievement of individual performance goals by other ELT members tied to their annual cash incentive target bonuses. Executive officers and the Chairman are excused during the committee's deliberations regarding their compensation.

The Compensation Committee received input from Messrs. Michaelson, Moreland and Widmer regarding various elements of our compensation program in 2011, including base salary levels for ELT members, target annual cash incentive bonus amounts, the allocation between corporate performance goals and individual performance goals for the target bonuses, identification and calculation of the corporate performance goals, establishment of individual performance goals for each ELT member and the Chairman, and establishment of three-year corporate performance goals for the long-term performance share grants made to ELT members in 2011.

In reviewing our compensation policies and practices, the Compensation Committee has considered whether our compensation program, particularly our performance-based awards, encourage participants to take risks that are reasonably likely to have a material adverse effect on us, and has concluded that such a result is unlikely.

Nominating and Governance Committee

The Nominating and Governance Committee reviews the structure of the Board, its committee structure and overall size; recommends to the Board nominees for vacant Board positions; reviews and reports to the Board on the nominees to be included in the slate of directors, including evaluating any individuals suggested by shareholders, for election at the Annual Meeting of Shareholders; recommends directors to serve on each Board committee; oversees the development of a plan for CEO succession; and oversees the evaluation of the Board and its committees.

The Nominating and Governance Committee is currently composed of Messrs. Boyle (Chair), Cramer, Kelly, Lord and Rogers, each of whom is an independent director as defined by Nasdaq Marketplace Rule 5605(a)(2). Mr. Johnson, as A-B's designee, currently observes meetings of the Nominating and Governance Committee. The Nominating and Governance Committee met three times in 2011. The Board has adopted a written charter for the Nominating and Governance Committee, which is reviewed annually and revised as appropriate. A copy of the charter is available on our website at www.craftbrew.com (select Investors – Governance – Highlights).

Strategic Planning Committee

The Strategic Planning Committee is responsible for advising management in the development of strategic plans; reviewing proposed capital and other significant expenditures proposed by management for consistency with our long-term business objectives; and reviewing and recommending to the Board management proposals related to expansion, capital investment, acquisitions, partnerships, joint ventures or alliances, dispositions of capital assets, adequacy of the existing capital structure and similar issues.

The Strategic Planning Committee is currently composed of Messrs. Rogers (Chair), Boyle and Lord, each of whom is an independent director as defined by Nasdaq Marketplace Rule 5605(a)(2). Mr. Larson, as A-B's designee, currently observes meetings of the Strategic Planning Committee. The Strategic Planning Committee met four times in 2011. The Board has adopted a written charter for the Strategic Planning Committee, which is reviewed annually and revised as appropriate. A copy of the charter is available on our website at www.craftbrew.com (select Investors – Governance – Highlights).

Risk Management

We have designed and implemented processes to manage risk in our operations. The Board's role in risk management is primarily one of oversight, with day-to-day responsibility for risk management implemented by the management team. The Board executes its oversight role directly and also through its various committees. The Audit Committee has principal responsibility for implementing the Board's risk management oversight role. The Audit Committee reviews management's assessment of the key risks facing us, including the key controls it relies on to mitigate those risks. The Audit Committee also monitors certain key risks at each of its regularly scheduled meetings, such as risk associated with internal control over financial reporting, liquidity risk, risk relating to compliance with loan covenants, and risk arising out of related party transactions. The Nominating and Governance Committee also assists in risk management by overseeing our compliance with legal and regulatory requirements and risks relating to our governance structure. The Compensation Committee assesses risks created by the incentives inherent in our compensation policies. Finally, the full Board reviews strategic and operational risk in the context of reports from the management team, receives reports on all significant committee activities at each regular meeting, and evaluates the risks inherent in significant transactions.

Leadership Structure

The positions of Chairman of the Board and Chief Executive Officer are filled by two different people. Kurt Widmer serves as Board Chairman, while Terry Michaelson serves as Chief Executive Officer. Although the Board has chosen to separate the positions of Chief Executive Officer and Chairman of the Board, Mr. Widmer, as an employee, is not independent. The five independent directors believe that Mr. Widmer's history as a pioneer and innovator within the craft brewing industry and his strategic experience with us makes him the appropriate leader of the Board, while they believe that Mr. Michaelson's experience in growing and leading smaller companies and knowledge of branding strategy and development makes him the appropriate choice for Chief Executive Officer. Separating the Chairman and Chief Executive Officer positions provides multiple perspectives and ideas at Board meetings, expands the skill set available to address the variety of risks and challenges we may encounter, and improves communication between management and the Board by giving the Chief Executive Officer a single initial source for Board-level communication and input on significant decisions. By meeting in executive sessions on a regular basis, the five independent directors have the opportunity to identify and evaluate issues facing us, engaging in a frank and candid dialogue without management being present. For this reason, it is the Nominating and Governance Committee's view that there is no need for an independent lead director at this time. The Board believes that its current leadership structure has not been influenced by the manner in which it oversees risk management. The Nominating and Governance Committee reevaluates the efficacy of the Board's leadership structure periodically.

SHAREHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders wishing to communicate with the Board, the non-management directors, or with an individual Board member may do so by writing to the Board, to the non-management directors, or to the particular Board member, and mailing the correspondence to: c/o Terry E. Michaelson, Craft Brew Alliance, Inc., 929 N. Russell St., Portland, Oregon 97227. The envelope should indicate that it contains a shareholder communication. All such shareholder communications will be forwarded to the director or directors to whom the communications are addressed.

DIRECTOR COMPENSATION

Non-employee directors currently receive stock-based and cash compensation for their service on the Board. Beginning with the 2011 Annual Meeting of Shareholders, each non-employee director receives an annual grant of shares of our common stock with a fair value of $25,000 upon election at the Annual Meeting of Shareholders. Each non-employee director is also entitled to receive an annual cash retainer of $20,000, paid quarterly.

The Chair of the Audit Committee is entitled to receive an additional cash retainer of $15,000, while each other member of the Audit Committee is entitled to receive $4,000. The Chairs of each of the Nominating and Governance, Compensation, and Strategic Planning Committees are entitled to receive an additional cash retainer of $10,000, while all other committee members are entitled to receive a payment of $2,000 for each committee position. Committee compensation is paid quarterly.

The following table sets forth certain information regarding the compensation earned by or awarded to each member of the Board in 2011.

Name	Fees earned or paid in cash	Stock Awards(1)	Non-equity incentive plan compensation	All other compen-sation	Total
Timothy P. Boyle	$34,000	$25,000	$ -	$-	$59,000
Marc J. Cramer	28,000	25,000	-	-	53,000
Andrew R. Goeler(2)	10,000	25,000	-	-	35,000
E. Donald Johnson, Jr.	10,000	-	-	-	10,000
Kevin R. Kelly	39,000	25,000	-	-	64,000
Thomas D. Larson	10,000	-	-	-	10,000
David R. Lord	38,000	25,000	-	-	63,000
John D. Rogers, Jr.	37,250	25,000	-	-	62,250
Kurt R. Widmer(3)	201,250	-	66,750	6,629	274,629

(1) On May 25, 2011, each of Messrs. Boyle, Cramer, Goeler, Kelly, Lord and Rogers were granted 2,700 fully-vested shares of our common stock. Messrs. Johnson and Larson joined the Board of Directors in July 2011 and, accordingly, did not receive a stock award in 2011. The fair value of the stock awards was determined based on the fair value of our common stock on the date of grant. See Note 14 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2011 for additional information.

(2) Mr. Goeler ceased to be a director on June 29, 2011.
(3) All other compensation for Mr. Widmer represents the 401(k) employer matching contribution accrued for Mr. Widmer for 2011. See discussion in "Compensation Discussion and Analysis" for descriptions of our 401(k) and non-equity incentive plans.

Equity incentive awards outstanding at December 31, 2011 for each director were as follows:

Name	Unvested Stock Awards (#)	Option Awards (#)
Timothy P. Boyle	-	-
Marc J. Cramer	-	-
E. Donald Johnson, Jr.	-	-
Kevin R. Kelly	-	-
Thomas D. Larson	-	-
David R. Lord	-	12,000
John D. Rogers, Jr.	-	8,000
Kurt R. Widmer	-	-

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed and discussed the audited financial statements with management. The Audit Committee has discussed with Moss Adams LLP, the Company's independent registered public accounting firm, the matters required to be discussed under Statement on Auditing Standards No. 61, Communication with Audit Committees, which includes a review of the findings of the independent accountant during its examination of the Company's financial statements. The Audit Committee has received the written disclosures and the letter from Moss Adams LLP required by rules of the Public Company Accounting Oversight Board regarding the firm's communications with the Audit Committee concerning independence and has discussed with Moss Adams LLP its independence.

Based upon the review and discussions of the Audit Committee with respect to the items listed above, the Audit Committee has recommended to the Board of Directors that the audited financial statements of the Company be included in the Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the SEC. The Audit Committee has also recommended, subject to shareholder approval, the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for its fiscal year ending December 31, 2012.

Respectfully Submitted,

Kevin R. Kelly (Chair)
Marc J. Cramer
David R. Lord
John D. Rogers, Jr.

Audit Committee Members

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2011, none of our executive officers served as a member of the Board of Directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

COMPENSATION DISCUSSION AND ANALYSIS

Our Board is responsible for establishing and administering our executive compensation and employee benefit programs in the context of our overall goals and objectives. This Board duty has been delegated to the Compensation Committee (referred to in this section as the "Committee") in accordance with the Committee's Charter. The Committee reviews the executive compensation program at least annually and approves appropriate modifications to executive officer compensation, including specific amounts and types of compensation. The Committee is responsible for establishing the compensation of the CEO. The Committee also reviews and approves the compensation and incentive programs for other executive officers after reviewing the CEO's recommendations. The Committee establishes the annual compensation of the non-employee directors and oversees the Company's equity compensation plans, including the administration of our stock-based compensation plans.

This Compensation Discussion and Analysis provides information on our executive compensation program and policies and summarizes the decision-making process supporting the compensation amounts shown in the tables that follow this section.

Executive Compensation Philosophy and Objectives

The objectives of our compensation program are to (i) provide a competitive, comprehensive compensation package to attract, retain and motivate highly talented personnel at all levels of our organization and (ii) provide incentives and rewards for implementing and accomplishing our short-term and long-term strategic and operational goals and objectives. Therefore, we strive to structure compensation packages that are competitive within the industry, while maintaining and promoting our interests, as well as the interests of our shareholders. Additionally, when appropriate, compensation is structured to maximize the tax benefits available to us and minimize compensation expense.

We believe that specific levels of executive compensation should reflect the responsibilities of each position within our company, the relative value of the position and the competition for quality, key personnel in our industry. Our executive compensation program includes four primary components:

- Base salary. Base salary is the guaranteed element of an executive's annual cash compensation. The level of base salary reflects the Committee's assessment of the employee's long-term performance, his or her skill set and the market value of that skill set.

- Annual cash bonus opportunities. Performance-based incentive cash bonuses are intended to reward executives for achieving specific financial and operational goals both at a corporate and an individual level.

- Long-term incentive awards. Long-term incentives are provided through grants of stock options and performance share awards intended to encourage our executives to take steps that they believe are necessary to ensure our long-term success, and to align their interests with our other shareholders.

- Severance payments. Executive employment agreements provide for severance payments as a means of recruiting and retaining top quality executives, by assuring them of a reasonable amount of compensation in the event of termination of employment under specified circumstances.

Advice of Compensation Consultant

In December 2010, the Committee retained an outside compensation consultant, Mercer, to analyze the position of our executive compensation program as compared to our peers. Mercer also advised the Committee regarding appropriate elements of a competitive executive compensation structure, including fixed and at-risk elements, short-term and long-term incentives, cash and equity components, and benefits. The Committee also asked Mercer to assist in confirming the appropriate level and structure of the composition of director compensation for a public company of our size.

In January 2011, Mercer reported to the Committee regarding its analysis of our total executive compensation packages for positions held by members of our executive leadership team (the "ELT"), as well as specific components of those packages, as compared to executives holding similar positions at similarly-sized manufacturing and general industrial companies, including data in the 2010 Mercer US Global Premium Executive Remuneration Suite and the 2010 Wyatt Top Management Compensation Survey. The data indicated that our base salaries for ELT members were significantly below market, in most instances at the 25th percentile or below, compared to our peers, while our target cash opportunities and actual total cash payments, including performance-based bonuses, were closer to the median other than for the CEO position, which was below the 25th percentile. The survey results also indicated that our long-term equity incentive awards were significantly below market, with our CEO and CFO positions below the 25th percentile and the other ELT members below the median. Mercer advised that, with respect to equity incentives, there had been a recent shift from employee stock options to restricted stock units or performance-based stock awards, typically based on a 3-year performance cycle.

The Committee's decisions regarding ELT compensation for 2011 reflected its desire to bring the Company's executive compensation program more in line with its peers, while emphasizing incentive compensation over fixed compensation such as salaries and benefits.

Components of 2011 Executive Officer Compensation
Our executive compensation program is comprised of both fixed and variable elements with both cash and equity components, including a base salary, annual cash incentive bonus opportunities, grants of stock options and performance shares, modest personal benefits and severance arrangements.

Base Salary
Base salaries are established annually, with changes generally becoming effective April 1 of each year. As noted above, the Committee, based on the analysis provided by Mercer, determined that base salary levels for the ELT members were substantially below our peers, while total cash compensation, while below the median, was more competitive. With this in mind, the Committee determined that base salaries should be increased to reach the 40th percentile by 2013 for more senior management compared to our peers, and the 35th percentile for other ELT members. As the CEO’s base salary was below the 25th percentile based on peer comparisons, the Committee approved an 18% increase in Mr. Michaelson’s base salary effective April 1, 2011, while other ELT members named in the Summary Compensation Table below (the “named executive officers”) received increases as follows: Mr. Moreland, 7%; Mr. Pastore, 7%; and Mr. Wall, 3%. Mr. Thomas was not hired until June 2011.

2011 Annual Cash Incentive Bonuses
We provide our ELT members with annual cash bonus opportunities subject to the attainment of corporate level goals and individual performance objectives. The corporate level goals relate to 80% of the bonus opportunity and the individual objectives to 20%. Consistent with the Committee’s philosophy of tying a significant portion of compensation to the achievement of performance goals, the Committee established annual cash bonus opportunities, expressed as a percentage of 2011 base salary, for the named executive officers as follows: Mr. Michaelson, 70%; Mr. Moreland, 65%; Mr. Pastore, 60%; Mr. Thomas, 40%; and Mr. Wall, 40%. This represented an increase over target percentages for 2010 of 50% for the CEO and CFO positions and 30% for the other ELT members, with the goal of bringing total target cash compensation for the ELT members closer to the median compared to our peers, while weighting cash bonus opportunities more heavily than salaries.

The corporate level goals approved by the Committee for 2011 were based 50% on attainment of earnings before interest, taxes, depreciation, and amortization ("EBITDA") of $13.5 million and 50% on attainment of total sales of $142.3 million. EBITDA as calculated reflects the potential bonuses as expense. For every 1% by which achievement of a corporate goal was above or below 100%, the portion of the bonus opportunity attributable to that goal would increase or decrease by 2.5%. No bonus amount would be paid with respect to a goal as to which achievement fell below 80%.

The individual performance objectives are based upon achieving financial, strategic, operational and other goals in functional areas for which an executive has responsibility. Individual performance objectives are tied to the executive officer's role in achieving our strategic and operating goals. Goals established by the Committee for 2011 focused on the attainment of market share goals for each of our brands measured by percentage sales growth in 2011 for our primary public company competitor in the craft beer segment, The Boston Beer Company, Inc. The threshold requirement of 80% and the downward percentage adjustment for achievement below the 100% level were the same as for the corporate goals, but there was no multiplier for exceeding 100% of brand performance.

The Committee determines the extent to which performance goals have been satisfied following the end of each fiscal year. Any annual cash incentive bonus award approved by the Committee for our Chief Executive Officer is subject to review and ratification by the Board. Payment, if any, is made promptly following such determination. An ELT member is not entitled to receive a bonus unless he or she remains employed by us through the date of the Committee's determination.

In March 2012, the Committee determined that the EBITDA goal had been met at the 106.3% level and the sales goal had been met at the 112.1% level, resulting in a payout on the bonus opportunity tied to performance goals of 87.4% as compared to the 80% target. With regard to the individual goals based on market share growth, the Committee determined that the level of achievement yielded a 12.8% payout as compared to the 20% target.

Stock Incentive Plan Awards

The Committee typically considers equity grants for our ELT members and other employees annually, with such grants generally occurring in May.

As part of its analysis provided to the Committee in January 2011, Mercer advised that the long-term equity incentive grants awarded to the ELT members in prior years were significantly below market as compared to our peers. Mercer also recommended that the Committee consider shifting away from grants solely of stock options and consider making grants of restricted stock or restricted stock units, with vesting based on continued employment, attainment of performance goals, or both.

After considering Mercer's recommendations, and in line with its philosophy of weighting our executive compensation program more heavily to incentive compensation, particularly compensation intended to align the interests of senior management with the interests of our shareholders, the Committee determined to approve significantly higher equity grants for 2011 than in our recent history.

The Committee determined that the grant date fair value of equity grants to the named executive officers for 2011, expressed in terms of a percentage of base salary, for the named executive officers should be as follows: Mr. Michaelson, 100%; Mr. Moreland, 75%; Mr. Pastore, 75%; Mr. Thomas, 60% (prorated based on his hire date); and Mr. Wall, 50%. As compared to our peers, based on grant date fair value, this placed the CEO position at approximately the 35th percentile, the CFO position at slightly above the median and other ELT members at approximately the 75th percentile. The Committee further determined that the equity awards, based on grant date fair value, should be 30% in the form of time-vested stock options and 70% in the form of performance share awards. Consequently, a substantial portion of the equity awards are subject to attainment of performance goals as described below.