

REDHOOK ALE BREWERY INC

Form S-4

March 26, 2008

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**As filed with the Securities and Exchange Commission on March 26, 2008**

**Registration No. 333-**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**Redhook Ale Brewery, Incorporated**

*(Exact name of Registrant as specified in its charter)*

<b>Washington</b> <i>(State or other jurisdiction of incorporation or organization)</i>	<b>2082</b> <i>(Primary Standard Industrial Classification Code Number)</i>	<b>91-1141254</b> <i>(I.R.S. Employer Identification Number)</i>
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**14300 NE 145th Street, Suite 210, Woodinville, Washington 98072-6950  
(425) 483-3232**

*(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)*

**Paul S. Shipman, Chief Executive Officer**

**Redhook Ale Brewery, Incorporated**

**14300 NE 145th Street, Suite 210, Woodinville, Washington 98072-6950  
(425) 483-3232**

*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

***Copies to:***

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(503) 224-5858**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, or the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  
 Accelerated filer  
 Non-accelerated filer  
 Smaller reporting company  
 (Do not check if a smaller reporting company)

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Common stock, \$0.005 par value per share	8,361,529	N/A	\$24,138,703	\$948.65

- (1) This registration statement relates to common stock, \$0.005 par value per share, of Redhook Ale Brewery, Incorporated, or Redhook, issuable to holders of common stock, no par value, and preferred stock, \$0.01 par value per share, of Widmer Brothers Brewing Company, an Oregon corporation, or Widmer, in the proposed merger of Widmer with and into Redhook. The amount of Redhook common stock to be registered is based on the number of shares of Redhook common stock that are to be issued pursuant to the merger.
- (2) Estimated solely for purposes of calculation of the registration fee in accordance with Rule 457(f) of the Securities Act based upon the aggregate book value of Widmer securities that may be cancelled in the merger computed as of December 31, 2007, the latest practicable date prior to the date of filing of this registration statement. Widmer is a private company and no market exists for its securities.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this joint proxy statement/prospectus is not complete and may be changed. Redhook may not sell its securities pursuant to the proposed transaction until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED MARCH 26, 2008**

**MEETINGS OF SHAREHOLDERS  
YOUR VOTE IS VERY IMPORTANT**

To the Shareholders of Redhook Ale Brewery, Incorporated and Widmer Brothers Brewing Company:

Redhook Ale Brewery, Incorporated, which we refer to as Redhook, and Widmer Brothers Brewing Company, which we refer to as Widmer, have entered into an Agreement and Plan of Merger, which we refer to as the merger agreement, pursuant to which Widmer will merge with and into Redhook. In connection with the merger, each holder of shares of common or preferred stock of Widmer will receive, in exchange for each share held, 2.1551 shares of Redhook common stock. Redhook security holders will continue to own their existing shares of Redhook common stock. The shares of Redhook common stock that Widmer security holders will be entitled to receive pursuant to the merger are expected to represent approximately 50% of the outstanding shares of the combined company immediately following the consummation of the merger. This percentage assumes that no security holder of Widmer exercises statutory dissenters' rights in connection with the merger and that currently outstanding options held by Redhook employees, officers, directors, and former directors to acquire 689,140 shares of Redhook common stock are not exercised prior to consummation of the merger.

Shares of Redhook common stock are currently listed on the Nasdaq Stock Market under the symbol HOOK. On [ ], 2008, the last trading day before the date of this joint proxy statement/prospectus, the closing sale price of Redhook common stock was \$[ ] per share.

Redhook and Widmer are each holding a shareholders meeting in order to obtain the shareholder approvals necessary to complete the merger and related matters. At the Redhook annual meeting, which will be held at [ ] a.m., local time, on [ ], 2008 at Redhook's offices at 14300 NE 145th Street, Suite 210, Woodinville, Washington 98072-6950, unless postponed or adjourned to a later date, Redhook will ask its shareholders to approve the issuance of Redhook common stock pursuant to the merger agreement as further described in the accompanying joint proxy statement/prospectus, as well as to elect directors and ratify the appointment of auditors. At the Widmer special meeting, which will be held at [ ] a.m., local time, on [ ], 2008 at Widmer's offices at 929 North Russell Street, Portland, Oregon 97227, unless postponed or adjourned to a later date, Widmer will ask its shareholders to, among other things, approve the merger agreement.

After careful consideration, the directors of Redhook and Widmer, other than those directors on the boards of Redhook and Widmer who serve as designees of Anheuser-Busch, Incorporated and abstained from voting, have unanimously approved the merger agreement. Each of the Redhook and Widmer boards of directors has determined that it is advisable to enter into the merger and recommends that its respective shareholders vote FOR the respective proposals described in the accompanying joint proxy statement/prospectus.

More information about Redhook, Widmer and the proposed transaction is contained in this joint proxy statement/prospectus. **Redhook and Widmer urge you to read this joint proxy statement/prospectus carefully and in its entirety. IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE MATTERS DISCUSSED UNDER RISK FACTORS BEGINNING ON PAGE 17.**

Redhook and Widmer thank you for your consideration and continued support.

Paul S. Shipman  
Chief Executive Officer  
REDHOOK ALE BREWERY, INCORPORATED

Kurt R. Widmer  
President and Chief Executive Officer  
WIDMER BROTHERS BREWING COMPANY

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated [ ], 2008, and is first being mailed to shareholders of Redhook and Widmer on or about [ ], 2008.

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**Redhook Ale Brewery, Incorporated**  
**14300 NE 145th Street, Suite 210**  
**Woodinville, WA 98072-6950**  
**(425) 483-3232**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON [ ], 2008**

Dear Shareholders of Redhook:

On behalf of the board of directors of Redhook Ale Brewery, Incorporated, a Washington corporation, we are pleased to deliver this joint proxy statement/prospectus for the proposed merger between Redhook and Widmer Brothers Brewing Company, an Oregon corporation, pursuant to which Widmer will merge with and into Redhook. The annual meeting of shareholders of Redhook will be held on [ ], 2008 at [ ] [ ] .m., local time, at Redhook's offices at 14300 NE 145th Street, Suite 210, Woodinville, Washington 98072-6950 for the following purposes, as more fully described in the accompanying joint proxy statement/prospectus:

1. To elect seven directors to serve until the 2009 Annual Meeting of Shareholders or until their earlier retirement, resignation or removal;
2. To consider and vote upon a proposal approving the issuance of Redhook common stock pursuant to the Agreement and Plan of Merger dated as of November 13, 2007 by and between Redhook and Widmer, a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus;
3. To ratify the appointment of Moss Adams LLP as Redhook's independent registered public accounting firm for the fiscal year ending December 31, 2008; and
4. To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

The board of directors of Redhook has fixed [ ], 2008 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Redhook annual meeting and any adjournment or postponement thereof. Only holders of record of shares of Redhook common stock at the close of business on the record date are entitled to notice of, and to vote at, the Redhook annual meeting. At the close of business on the record date, Redhook had [ ] shares of common stock outstanding and entitled to vote.

**Your vote is important. The affirmative vote of the majority of shares of Redhook common stock having voting power present in person or represented by proxy at the Redhook annual meeting is required for approval of Redhook Proposal Nos. 2 and 3. The affirmative vote of a plurality of shares of Redhook common stock having voting power present in person or represented in proxy at the Redhook annual meeting is required to elect directors pursuant to Redhook Proposal No. 1.**

**Even if you plan to attend the Redhook annual meeting in person, Redhook requests that you sign and return the enclosed proxy to ensure that your shares will be represented at the Redhook annual meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote in favor of Redhook Proposal Nos. 1, 2 and 3. If you fail to return your proxy card and do not attend the Redhook annual meeting in person, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the Redhook annual meeting. If you do**

**attend the Redhook annual meeting and wish to vote in person, you may withdraw your proxy and vote in person. Please note, however, that if your shares are held of record by a broker, bank, or other nominee and you wish to vote at the meeting, you must obtain from the record holder a proxy issued in your name.**

By Order of Redhook's Board of Directors,

Paul S. Shipman  
Chief Executive Officer  
Woodinville, Washington  
[ ], 2008

**THE REDHOOK BOARD OF DIRECTORS HAS DETERMINED AND BELIEVES THAT EACH OF THE PROPOSALS OUTLINED ABOVE IS ADVISABLE TO, AND IN THE BEST INTERESTS OF, REDHOOK AND ITS SHAREHOLDERS AND HAS APPROVED SUCH PROPOSALS.**

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**WIDMER BROTHERS BREWING COMPANY**  
**929 North Russell Street**  
**Portland, OR 97227**  
**(503) 331-7224**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON [ ], 2008**

To the Shareholders of Widmer Brothers Brewing Company:

A special meeting of the shareholders of Widmer Brothers Brewing Company, or Widmer, will be held on [ ], 2008, at [ ] [ ] .m., local time, at Widmer's offices at 929 North Russell Street, Portland, Oregon 97227, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger dated as of November 13, 2007, by and between Redhook Ale Brewery, Incorporated and Widmer, a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus, pursuant to which Widmer will merge with and into Redhook, and each holder of shares of common or preferred stock of Widmer will receive, in exchange for each share held, 2.1551 shares of Redhook common stock, as more fully described in the accompanying joint proxy statement/prospectus.
2. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Shareholders of record at the close of business on [ ], 2008 are entitled to vote at the special meeting and any such adjournment or postponement.

We cannot complete the merger unless the proposal to approve the agreement and plan of merger is approved by the affirmative vote of the holders of a majority of the outstanding shares of Widmer common stock. The joint proxy statement/prospectus accompanying this notice explains the merger and merger agreement and provides specific information concerning the special meeting. Please review this joint proxy statement/prospectus carefully.

**THE WIDMER BOARD OF DIRECTORS HAS DETERMINED THAT THE MERGER CONTEMPLATED BY THE MERGER AGREEMENT IS IN THE BEST INTERESTS OF WIDMER AND ITS SHAREHOLDERS AND, ACCORDINGLY, RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE MERGER AGREEMENT.**

**Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed envelope as soon as possible.** You may revoke the proxy at any time prior to its exercise in the manner described in the joint proxy statement/prospectus. Any shareholder of record present at the special meeting, including any adjournment or postponement of it, may revoke his or her proxy and vote personally. Executed proxies without specific voting instructions will be voted FOR approval of the merger agreement.

**Please do not send any stock certificates at this time.**

By Order of Widmer's Board of Directors,



Robert P. Widmer  
Secretary

Portland, Oregon  
[ ], 2008

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**REFERENCE TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates by reference important business and financial information about Redhook from documents that Redhook has filed or may file in the future with the Securities and Exchange Commission. For your convenience, we are delivering to you with this joint proxy statement/prospectus a copy of Redhook's Annual Report on Form 10-K for the fiscal year ended December 31, 2007. We are not including in or delivering with this joint proxy statement/prospectus any of the other documents incorporated by reference. For a listing of all of the documents incorporated by reference into this joint proxy statement/prospectus, see the section entitled "Where You Can Find Additional Information" beginning on page 135.

The documents incorporated by reference into this joint proxy statement/prospectus are available on Redhook's website ([www.redhook.com](http://www.redhook.com)). Redhook will also provide you copies of these documents without charge upon written or oral request. You may make a request for these documents by email to [Investor.Relations@Redhook.com](mailto:Investor.Relations@Redhook.com) or by mail or telephone to:

Redhook Ale Brewery, Incorporated  
14300 NE 145th Street, Suite 210  
Woodinville, WA 98072  
Attn.: Investor Relations  
(425) 483-3232

All website addresses given in this joint proxy statement/prospectus are for information only and are not intended to be an active link or to incorporate any website information into this joint proxy statement/prospectus.

Please note that the copy of Redhook's Annual Report on Form 10-K provided to you does not include exhibits, unless the exhibits are specifically incorporated by reference into that report or this joint proxy statement/prospectus.

**In order to receive timely delivery of requested documents in advance of the annual meeting of Redhook shareholders and the special meeting of Widmer shareholders, you should make your request no later than [ ], 2008, which is five business days prior to the date of the shareholder meetings.**

**ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS**

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission by Redhook (File No. 333-[ ]), constitutes a prospectus of Redhook under Section 5 of the Securities Act of 1933, as amended, which we refer to as the Securities Act, with respect to the Redhook common stock to be issued to Widmer shareholders as required by the merger agreement. It also constitutes a notice of meeting and a joint proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, with respect to the annual meeting of Redhook shareholders, at which Redhook shareholders will be asked to consider and vote upon a proposal to approve the issuance of Redhook common stock pursuant to the merger agreement as well as to elect directors and ratify the appointment of auditors, and, with respect to the special meeting of Widmer shareholders, at which Widmer shareholders will be asked to consider and vote upon a proposal to approve the merger agreement.

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**REDHOOK ALE BREWERY, INCORPORATED**

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

The following section provides answers to frequently asked questions about the merger. Redhook and Widmer urge you to read carefully the entirety of this joint proxy statement/prospectus because the information in this section does not provide all the information that may be important to you. Additional information is also contained in the annexes to, and the documents incorporated by reference in, this joint proxy statement/prospectus.

**Q1: What is the merger?**

A1: Redhook and Widmer have entered into an Agreement and Plan of Merger dated as of November 13, 2007, which we refer to as the merger agreement. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. The merger agreement contains the terms and conditions of the proposed business combination of Redhook and Widmer. Under the merger agreement, Widmer will merge with and into Redhook, which transaction we refer to as the merger.

**Q2: What will Widmer shareholders receive in the merger?**

A2: In connection with the merger, each holder of shares of common or preferred stock of Widmer will receive, in exchange for each share held, 2.1551 shares of Redhook common stock. Redhook shareholders will continue to own their existing shares of Redhook common stock. The shares of Redhook common stock that Widmer security holders will be entitled to receive pursuant to the merger are expected to represent approximately 50% of the outstanding shares of the combined company immediately following the consummation of the merger. This percentage assumes that no security holder of Widmer exercises statutory dissenters' rights in connection with the merger and that currently outstanding options held by Redhook employees, officers, directors, and former directors to acquire 689,140 shares of Redhook common stock are not exercised prior to consummation of the merger.

**Q3: Why are the two companies proposing to merge?**

A3: Redhook and Widmer believe that the merger is a natural extension of a working relationship that has existed between the two companies since 2003 and that the combined company will have many advantages. For a discussion of Redhook's and Widmer's reasons for the merger, please see the section entitled "The Merger Reasons for the Merger" in this joint proxy statement/prospectus beginning on page 32.

**Q4: Why am I receiving this joint proxy statement/prospectus?**

A4: You are receiving this joint proxy statement/prospectus because you have been identified as a shareholder of either Redhook or Widmer as of the applicable record date. Each holder of common stock of Redhook or Widmer as of the applicable record date is entitled to vote at such company's shareholder meeting. Holders of preferred stock of Widmer are entitled to notice of its shareholder meeting but are not entitled to vote at the meeting. This document serves as a joint proxy statement for both Redhook and Widmer, as a solicitation of proxies for the shareholder meetings. This document also serves as a prospectus of Redhook offering shares of Redhook common stock in exchange for shares of Widmer common stock and preferred stock pursuant to the terms of the merger agreement. This joint proxy statement/prospectus contains important information about the merger and the shareholder meetings of Redhook and Widmer, and you should read it carefully.

**Q5: When do you expect the merger to be consummated?**



A5: Redhook and Widmer anticipate that the consummation of the merger will occur early in the third quarter of 2008, but cannot predict the exact timing. For more information, please see the section entitled "The Merger Agreement - Conditions to the Completion of the Merger" on page 46 of this joint proxy statement/prospectus.

**Q6: What do I need to do now?**

A6: In order to determine how the merger will affect you, Redhook and Widmer urge you to carefully read this joint proxy statement/prospectus, including its annexes, as well as Redhook's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, which accompanies this joint proxy statement/

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prospectus, and the other documents filed by Redhook with the Securities and Exchange Commission under the Exchange Act that are incorporated by reference in this joint proxy statement/prospectus.

You may provide your proxy instructions by completing and signing the enclosed proxy and mailing it in the enclosed return envelope. If you are a Redhook shareholder, you may also submit your proxy by telephone in accordance with the instructions on the Redhook proxy card. Please provide your proxy instructions only once and as soon as possible so that your shares can be voted at the annual meeting of Redhook shareholders or the special meeting of Widmer shareholders, as applicable. If you hold your shares in street name through a bank, broker or other nominee, you must instruct your bank, broker or other nominee as to how to vote your shares using the enclosed voting instruction card. Telephone and Internet voting may be available in accordance with the instructions on the voting instruction card.

**Q7: What happens if I do not return a proxy card or otherwise provide proxy instructions?**

A7: If you are a Redhook shareholder and you fail to return your proxy card or otherwise provide proxy instructions, your shares will not be counted for purposes of determining whether a quorum is present at the Redhook annual meeting, but otherwise this failure will have no effect on the vote on the proposal to approve the issuance of Redhook common stock pursuant to the merger agreement, which is based solely on the number of votes cast.

If you are a Widmer shareholder, the failure to return your proxy card will have the same effect as voting against the approval of the merger agreement, and your shares will not be counted for purposes of determining whether a quorum is present at the Widmer special meeting.

**Q8: May I vote in person?**

A8: If you are a shareholder of Redhook and your shares of Redhook common stock are registered directly in your name with Redhook's transfer agent, you are considered to be the shareholder of record with respect to those shares, and the proxy materials and proxy card are being sent directly to you by Redhook. If you are a Redhook shareholder of record, you may attend the annual meeting of Redhook shareholders to be held on [ ], 2008 and vote your shares in person. Even if you plan to attend the Redhook annual meeting in person, Redhook requests that you sign and return the enclosed proxy card to ensure that your shares will be represented at the Redhook annual meeting if you are unable to attend.

If your shares of Redhook common stock are held, not in your name, but rather in a brokerage or bank account or by another nominee, you are considered the beneficial owner of shares held in street name, and the proxy materials are being forwarded to you together with a voting instruction card by your bank, broker or other nominee. As the beneficial owner, you are also invited to attend the annual meeting of Redhook shareholders. Because a beneficial owner is not the shareholder of record, you may not vote these shares in person at the Redhook annual meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting.

If you are a shareholder of Widmer and your shares of Widmer common stock or preferred stock are registered directly in your name, you are considered to be the shareholder of record with respect to those shares and the proxy materials are being sent directly to you by Widmer. If you are a holder of record of Widmer common stock, you may attend the special meeting of Widmer shareholders to be held on [ ], 2008 and vote your shares in person. Even if you plan to attend the Widmer special meeting in person, Widmer requests that you sign and return the enclosed proxy card to ensure that your shares will be represented at the Widmer special meeting if you are unable to attend.

**Q9: If my Redhook shares are held in street name by my bank, broker or other nominee, will my bank, broker or other nominee vote my shares for me?**

A9: Your broker will be able to vote your shares of Redhook common stock on the proposal to approve the issuance of Redhook common stock pursuant to the merger only if it receives instructions from you. To make sure that your vote on this proposal is counted, you should instruct your broker to vote your shares, following the procedure provided by your broker.

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**Q10: May I change my vote after I have submitted a proxy or provided proxy instructions?**

A10: Redhook shareholders of record may change their vote at any time before their proxy is voted at the Redhook annual meeting in one of three ways. First, a shareholder of record of Redhook can send a written notice to the Secretary of Redhook stating that the shareholder would like to revoke the earlier proxy. Second, a shareholder of record of Redhook can submit new proxy instructions on a new proxy card. Third, a shareholder of record of Redhook can attend the Redhook annual meeting and vote in person. Attendance alone will not revoke a proxy. If your shares of Redhook stock are held in street name and you have instructed a bank, broker or other nominee to vote your shares of Redhook common stock, you must follow directions received from your broker to change those instructions.

Holders of record of Widmer common stock may change their vote at any time before their proxy is voted at the Widmer special meeting by delivering to the Secretary of Widmer a signed notice of revocation or a later-dated signed proxy, or by attending the Widmer special meeting and voting in person. Attendance at the Widmer special meeting does not in itself constitute the revocation of a proxy.

**Q11: Should I send in my stock certificates now?**

A11: No. If you are a Widmer shareholder, after the merger is consummated, you will receive written instructions from the exchange agent for exchanging your certificates representing shares of Widmer capital stock for certificates representing shares of Redhook common stock. You will receive a cash payment for any fractional share.

**Q12: Who is paying for this proxy solicitation?**

A12: Redhook is paying the cost of soliciting proxies, including the printing and filing of this joint proxy statement/prospectus, the proxy card and any additional information furnished to shareholders. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries who are record holders of Redhook common stock for the forwarding of solicitation materials to the beneficial owners of Redhook common stock. Redhook will reimburse these brokers, custodians, nominees and fiduciaries for the reasonable out-of-pocket expenses they incur in connection with the forwarding of solicitation materials.

**Q13: Who can help answer my questions?**

A13: If you are a Redhook shareholder and would like additional copies, without charge, of this joint proxy statement/prospectus or if you have questions about the merger, including the procedures for voting your shares, you should contact:

Redhook Ale Brewery, Incorporated  
14300 NE 145th Street, Suite 210  
Woodinville, WA 98072-6950  
Tel: (425) 483-3232  
Attn: Investor Relations  
Investor.Relations@Redhook.com

If you are a Widmer shareholder, and would like additional copies, without charge, of this joint proxy statement/prospectus or if you have questions about the merger, including the procedures for voting your shares, you should contact:

Widmer Brothers Brewing Company  
929 North Russell Street  
Portland, OR 97227  
Tel: (503) 281-2437  
Attn: Investor Relations

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**SUMMARY**

*This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. To better understand the merger, you should carefully read this joint proxy statement/prospectus, including its annexes, as well as Redhook's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, which accompanies this joint proxy statement/prospectus, and the other documents filed by Redhook with the Securities and Exchange Commission under the Exchange Act that are incorporated by reference in this joint proxy statement/prospectus. For more information, please see the section entitled "Where You Can Find Additional Information" beginning on page 135 of this joint proxy statement/prospectus.*

**The Companies**

**Redhook Ale Brewery, Incorporated**

14300 NE 145th Street, Suite 210  
Woodinville, WA 98072-6950  
(425) 483-3232

Redhook Ale Brewery, Incorporated has been an independent brewer of craft beers in the U.S. since its formation in 1981 and is considered to be one of the pioneers of the domestic craft brewing segment. Redhook produces its specialty bottled and draft products in two company-owned breweries, one in the Seattle suburb of Woodinville, Washington, and the other in Portsmouth, New Hampshire. By operating its own small-batch breweries, Redhook believes that it is better able to control the quantities, types and flavors of beer produced, while optimizing the quality and consistency of its products. Management believes that Redhook's production capacity is of high quality and that Redhook is the only domestic craft brewer that owns and operates substantial production facilities in both the western region and eastern region of the U.S. Each brewery also operates a pub on the premises, promoting Redhook's products, offering dining and entertainment facilities, and selling retail merchandise.

Redhook currently produces nine styles of beer, marketed under distinct brand names. Redhook's flagship brand is *Redhook ESB* and its other principal products include *Redhook Long Hammer IPA*, *Redhook Blonde Ale*, *Blackhook Porter*, and its seasonal offerings *Sunrye*, *Late Harvest Autumn*, *Winterhook* and *Copperhook Ales*. Redhook also produces and sells *Widmer Hefeweizen* in the midwest and eastern U.S. under a licensing agreement with Widmer. In addition to its principal products, Redhook periodically develops and markets new products to test and measure consumer response to varying styles and flavors.

Since 1997, Redhook's products have been distributed in the U.S. in 48 states. Prior to establishing a distribution relationship in 1994 with Anheuser-Busch, Incorporated, which we refer to as A-B, Redhook distributed its products through distributors in eight western states. In October 1994, Redhook entered into a distribution alliance with A-B, consisting of a national distribution agreement and an investment by A-B in Redhook. The distribution alliance gave Redhook access to A-B's national distribution network to distribute its products while existing wholesalers continued to distribute Redhook's products outside of the distribution alliance. Pursuant to an investment agreement, Busch Investment Corporation, an affiliate of A-B and which we also refer to as A-B, invested approximately \$30 million to purchase Redhook convertible redeemable preferred stock and Redhook common stock, including shares issued concurrent with Redhook's initial public offering.

In August 1995, Redhook completed the sale of Redhook common stock through an initial public offering in addition to the common shares purchased by A-B. The net proceeds of the offerings totaled approximately \$46 million.

On July 1, 2004, Redhook completed a restructuring of its ongoing relationship with A-B by executing two new agreements: an exchange and recapitalization agreement and a distribution agreement. Pursuant to the exchange and recapitalization agreement, Redhook issued common stock to A-B in exchange for all of the preferred stock held by A-B. The terms of the 2004 distribution agreement with A-B provide for Redhook to continue to distribute its products in the midwest and eastern U.S. through A-B's national distribution network by selling its product to A-B.

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On July 1, 2004, Redhook also entered into definitive agreements with Widmer with respect to the operation of a joint venture, Craft Brands Alliance LLC, which we refer to as Craft Brands. Pursuant to these agreements, Redhook and Widmer manufacture and sell their product to Craft Brands at a price substantially below wholesale pricing levels; Craft Brands, in turn, advertises, markets and sells Redhook's and Widmer's products to wholesale outlets in the western U.S. through a distribution agreement between Craft Brands and A-B.

### **Widmer Brothers Brewing Company**

929 North Russell Street  
Portland, OR 97227  
(503) 331-7224

Widmer Brothers Brewing Company, founded by Kurt and Robert Widmer in 1984, is one of the leading craft brewers in the United States. Widmer produces its specialty bottled and draft products in its company-owned brewery in Portland, Oregon. Widmer is nearing completion of a brewery expansion that will add fermentation capacity as well as warehouse, cold storage and shipping space at its Portland location. Widmer expects that the expansion will be completed by June 2008 and cost between \$24 and \$26 million; however, the completion date and project cost may be revised as the project progresses.

Widmer produces six styles of beer, including *Widmer Hefeweizen*, *America's Original Hefeweizen*, its signature product. Other year-round offerings include *Drop Top Amber Ale*<sup>®</sup> and *Broken Halo IPA*<sup>®</sup>. In addition to its year-round product offerings, Widmer periodically introduces seasonal beers to the market such as its *Snowplow Milk Stout*, its annual *Oktoberfest* offerings, and its *Widmer Brewmasters Release Series*. Widmer also produces *Longboard Island Lager*, *Fire Rock Pale Ale*, *Pipeline Porter*, and *Wailua Wheat* under a licensing agreement with Kona Brewery LLC.

In 1997, Widmer entered into a distribution and equity alliance with A-B. Since the formation of this alliance, substantially all of Widmer's sales volume has been sold through the A-B wholesaler network. From 1997 to June 2004, pursuant to the terms of the alliance, Widmer sold its products to A-B, which in turn sold the products to its wholesalers. As part of the original agreement, A-B invested \$18.25 million in Widmer in exchange for preferred stock that was converted into common stock in 2004. As of February 29, 2008, A-B owned approximately 40.5% of Widmer's outstanding common stock.

In 2003, Widmer entered into a licensing agreement authorizing Redhook to produce and sell *Widmer Hefeweizen* in the midwest and eastern U.S. Redhook sells *Widmer Hefeweizen* through A-B and distributes it through the A-B wholesaler network.

In 2004, Widmer entered into agreements with Redhook with respect to the formation and operation of Craft Brands. Craft Brands profits are generally split 58% to Widmer and 42% to Redhook.

In addition to Widmer's investment in Craft Brands, Widmer also holds minority interests in Kona Brewery LLC and in Fulton Street Brewery, LLC, the producer of Goose Island malt beverage products. We may refer to Kona Brewery LLC as Kona and Fulton Street Brewery, LLC as FSB.

### **Summary of the Merger**

If the merger is completed, Widmer will merge with and into Redhook. The number of shares of Redhook common stock that Widmer security holders will be entitled to receive pursuant to the merger is expected to represent approximately 50% of the outstanding shares of the combined company immediately following the consummation of the merger. This percentage assumes that no security holder of Widmer exercises dissenters' rights in connection with



the merger and that currently outstanding options held by Redhook employees, officers, directors, and former directors to acquire 689,140 shares of Redhook common stock are not exercised prior to consummation of the merger.

For a more complete description of the merger and the number of shares being issued to holders of Widmer's securities in connection with the merger, please see the section entitled "The Merger - Merger Consideration" beginning on page 45 of this joint proxy statement/prospectus.

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The closing of the merger will occur no later than three business days after the last of the conditions to the merger has been satisfied or waived, or at another time as Widmer and Redhook agree. It is anticipated that Craft Brands will be eliminated in connection with the merger. Redhook and Widmer anticipate that the consummation of the merger will occur early in the third quarter of 2008. However, because the merger is subject to a number of conditions, neither Redhook nor Widmer can predict exactly when the closing will occur or if it will occur at all.

### **Reasons for the Merger (see page 32)**

The combined company resulting from the merger will be an independent brewer of craft beers in the U.S. Redhook and Widmer believe that the combined company will have the following potential advantages:

The combined company will be a natural extension of a working relationship that has existed between the two companies since 2003.

The merger will yield efficiencies, beyond those that have already been achieved by the existing relationship, in utilizing the two companies' breweries and a national sales force, as well as by reducing duplicate functions.

The national sales force of the combined company will support further promotion of the products of Widmer's partners, Kona Brewery LLC, which brews Kona malt beverage products, and Fulton Street Brewery, LLC, which brews Goose Island malt beverage products.

The combined company will have greater access to capital markets driven by increased size and expected growth rates.

Each of the boards of directors of Redhook and Widmer also considered other reasons for the merger, as described herein. For example, the board of directors of Redhook considered, among other things:

The higher market capitalization and anticipated greater average trading volume of the combined company should generally enhance the market's perception of Redhook stock and possibly lead to additional coverage by analysts.

The merger could provide an opportunity to utilize Redhook's tax net operating loss carryforwards.

The merger will reduce the risk that the Redhook breweries will have excess brewing capacity.

In addition, the Widmer board of directors approved the merger based on a number of factors, including the following:

The merger will facilitate implementation of the national sales strategy, giving the combined organization the resources to address expanded market opportunities with the prospect for achieving associated revenue growth.

Widmer brands will have access to expanded brewing capacity through Redhook's production facilities, which will eliminate the need for cumbersome contract brewing arrangements between Widmer and Redhook.

Widmer brands will have access to Redhook's sales force in the midwest and eastern U.S., which will offer an avenue to achieving national brand status more quickly.

The receipt by Widmer shareholders of shares in a publicly traded company in exchange for their Widmer shares will offer the potential for liquidity not available to shareholders in a privately held company.

The merger transaction implicitly treats the two companies as approximately equal in value.

Widmer's shareholders will have the opportunity to participate in any future growth and appreciation in market value of the combined company.

Several members of current management at Widmer and Craft Brands will have significant roles in management of the combined organization.

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### **Opinion of Redhook's Financial Advisor (see page 35)**

In connection with the merger, Redhook's board of directors received a written opinion from Houlihan Smith & Company, Inc., which we refer to as Houlihan Smith, as to the fairness, from a financial point of view and as of the date of such opinion, to the shareholders of Redhook of the aggregate consideration to be paid by Redhook in the merger and the other terms of the merger. The full text of Houlihan Smith's written opinion, dated November 13, 2007, is attached to this joint proxy statement/prospectus as Annex B. We encourage you to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. **Houlihan Smith's opinion was provided to Redhook's board of directors in its evaluation of the aggregate merger consideration from a financial point of view to shareholders of Redhook and does not constitute a recommendation to any shareholder as to how to vote or act with respect to the merger.**

### **Overview of the Merger Agreement**

#### ***Merger Consideration (see page 36)***

In connection with the merger, each holder of shares of common or preferred stock of Widmer will receive, in exchange for each share held, 2.1551 shares of Redhook common stock. Redhook shareholders will continue to own their existing shares of Redhook common stock. For a more complete description of what holders of Widmer's securities will be entitled to receive in the merger, please see the section entitled "The Merger - Merger Consideration" beginning on page 36 of this joint proxy statement/prospectus.

#### ***Conditions to Completion of the Merger (see page 46)***

To consummate the merger, Redhook shareholders must approve the issuance of Redhook common stock, which requires the affirmative vote of the holders of a majority of the shares of Redhook common stock present in person or represented by proxy at the Redhook annual meeting. In addition, Widmer shareholders must approve the merger agreement, which requires the affirmative vote of the holders of a majority of the shares of Widmer common stock outstanding on the record date and entitled to vote at the Widmer special meeting. Holders of Widmer preferred stock are not entitled to vote on approval of the merger agreement.

In addition to obtaining shareholder approval and appropriate regulatory approvals, as described in "Regulatory Approvals" below, each of the other closing conditions set forth in the merger agreement must be satisfied or waived. For a more complete description of the closing conditions under the merger agreement, please see the section entitled "The Merger Agreement - Conditions to the Completion of the Merger" beginning on page 46 of this joint proxy statement/prospectus.

#### ***Termination of the Merger Agreement (see page 52)***

Either Redhook or Widmer can terminate the merger agreement under certain specified circumstances, which would prevent the merger from being consummated.

#### **Lock-up Agreements (see page 55)**

As a condition to the closing of the merger, certain shareholders of Widmer must execute lock-up agreements pursuant to which these holders will generally agree that, from the closing date of the merger to the first anniversary of the closing, they will not directly or indirectly sell or otherwise transfer any shares of Redhook common stock then

held or thereafter acquired without the consent of the board of directors of Redhook. The shares of Redhook common stock that these holders will be entitled to receive pursuant to the merger are expected to represent approximately 42.1% of the total number of shares of Redhook common stock issued pursuant to the merger. This percentage assumes that no security holder of Widmer exercises statutory dissenters' rights in connection with the merger.

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**Management Following the Merger (see page 95)**

The combined company's board of directors will consist of a total of two current Redhook independent directors (as defined by Nasdaq Marketplace Rule 4200(a)(15)), two directors designated by A-B and three directors designated by Widmer. The Widmer designees who will join the combined company's board of directors are: Kurt Widmer, who will serve as Chairman of the Board, Timothy Boyle, and Kevin Kelly. The other four Redhook directors will be David Lord and John Rogers, Jr. and A-B designated directors, Andrew Goeler and Anthony Short. Messrs. Lord, Rogers and Short currently serve as Redhook directors. Mr. Goeler has been designated by A-B to replace John Glick, who currently serves as one of the A-B designated Redhook directors. Paul Shipman, Redhook's Chairman of the Board and Chief Executive Officer, will cease to be a director but will serve as Chairman Emeritus for a period of approximately one year. Frank Clement, John Glick and Michael Loughran, who currently serve as Redhook directors, also will not continue as directors following the merger.

The following individuals will serve in the following capacities as executive officers of Redhook following the merger:

Co-Chief Executive Officer	Terry E. Michaelson
Co-Chief Executive Officer	David J. Mickelson
Chief Financial Officer and Treasurer	Jay T. Caldwell
Vice President, Sales	Martin J. Wall, IV
Vice President, Marketing	Timothy G. McFall
Vice President, Brewing Operations and Technology	V. Sebastian Pastore

Each of these individuals, other than Mr. Caldwell, is expected to enter into an employment agreement with Redhook as a condition to the closing of the merger.

**Interests of Redhook's Directors and Executive Officers in the Merger (see page 38)**

In considering the recommendation of the Redhook board of directors with respect to issuing shares of Redhook common stock pursuant to the merger agreement, Redhook shareholders should be aware that certain members of the board of directors and executive officers of Redhook have interests in the merger that may be different from, or in addition to, interests they may have as Redhook shareholders. For example, John Glick and Anthony Short, who serve on Redhook's board of directors as designees of A-B, also serve as directors of Widmer. As of February 29, 2008, A-B held of record 2,761,713 shares of Redhook common stock, which represented approximately 33.1% of the total number of shares of Redhook common stock outstanding on that date. In addition, A-B held on that date 1,534,655 shares of Widmer common stock, which comprised approximately 40.5% of the total number of shares of Widmer common stock outstanding on that date. If the merger is consummated, A-B will be entitled to receive 3,307,334 shares of Redhook common stock in exchange for its Widmer shares. When combined with existing shares of Redhook common stock held by A-B, A-B's aggregate holdings of Redhook common stock will total 6,069,047 shares, or approximately 36.3% of the total number of shares of Redhook common stock outstanding following the merger. This percentage assumes that no security holder of Widmer exercises statutory dissenters' rights in connection with the merger and that currently outstanding options held by Redhook employees, officers, directors, and former directors to acquire 689,140 shares of Redhook common stock are not exercised prior to consummation of the merger. During Redhook board meetings, Messrs. Glick and Short each abstained from voting and deliberations in regards to the merger.

In addition, as of February 29, 2008, directors and executive officers of Redhook beneficially owned in the aggregate 12.2% of the outstanding shares of Redhook common stock.

If the merger is consummated, Paul Shipman, Redhook's Chairman of the Board and Chief Executive Officer, will cease to be a director but will serve as Chairman Emeritus and provide services as a consultant to Redhook's board of directors for a term of approximately one year. Upon expiration of that term, Mr. Shipman will receive certain severance benefits from Redhook.

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It is anticipated that, following the closing of the merger, the combined company's accounting and information systems functions will be located in Portland, Oregon and a new Chief Financial Officer will be appointed. In anticipation of this transition, Redhook has entered into a letter of agreement with Jay T. Caldwell, its current Chief Financial Officer and Treasurer, under which he will be paid a base salary of \$15,000 per month, which will increase to \$20,000 if his services are required after June 30, 2008. Redhook subsequently notified Mr. Caldwell that it expects to require his services until August 15, 2008. Under the agreement, Mr. Caldwell is also eligible for a specified bonus and is entitled to one year of severance, based on a salary of \$15,000 per month, and certain other benefits if his employment is terminated by Redhook without cause.

One of the conditions to closing under the merger agreement is that Redhook enter into employment agreements with certain of the other individuals who will serve as executive officers of the combined company following the merger. Redhook anticipates entering into an agreement with David Mickelson that will provide for at-will employment at a fixed base salary and with a specified bonus opportunity and severance entitlement.

In February 2008, two individuals resigned as executive officers of Redhook. However, each has agreed to remain as a non-executive employee of Redhook for a period of time. At the end of the respective period for each individual, he will receive severance equal to a specified number of months of his base salary, together with certain other benefits, provided that he executes a release and agrees not to compete with the combined company for a period of one year thereafter.

The interests of Redhook's directors and executive officers are discussed in greater detail in the section entitled "The Merger - Interests of Redhook's Directors and Executive Officers in the Merger" beginning on page 38 in this joint proxy statement/prospectus.

### **Interests of Widmer's Directors and Executive Officers in the Merger (see page 39)**

John Glick, Andrew Goeler and Anthony Short serve on Widmer's board of directors as designees of A-B. Messrs. Glick and Short also serve as directors of Redhook. Messrs. Goeler and Short will serve as directors of Redhook following the merger. During Widmer board meetings, Messrs. Glick, Goeler and Short each abstained from voting and deliberations in regards to the merger. A-B is a significant shareholder of Widmer and of Redhook, as discussed above in greater detail in the section entitled "Summary - Interests of Redhook's Directors and Executive Officers in the Merger."

Terry Michaelson, who is currently the President of Craft Brands and will be Co-Chief Executive Officer of the combined company, is a party to agreements under which he will receive certain compensation if the merger is completed. Under a stock transfer agreement, Kurt and Robert Widmer have agreed to transfer to Mr. Michaelson before the closing of the merger a total of 13,600 of their shares of Widmer common stock. In addition, pursuant to a second amended and restated consulting agreement as of January 31, 2008, Widmer has agreed that immediately prior to completion of the merger it will pay Mr. Michaelson \$288,000 in cash and issue to him 8,120 shares of Widmer common stock. For a period of one year following the merger, Mr. Michaelson will be prohibited from selling or otherwise transferring the shares of Redhook common stock he receives in the merger in exchange for these 8,120 shares of Widmer common stock.

As of February 29, 2008, directors and executive officers of Widmer beneficially owned a total of 43.4% of the outstanding shares of Widmer common stock. Also of that date, A-B beneficially owned 40.5% and the sister of Kurt and Robert Widmer beneficially owned 5.9% of the outstanding shares of Widmer common stock. Beneficial ownership percentages include Widmer common stock that will be transferred and issued to Terry Michaelson prior to the closing of the merger, as described above.



One of the conditions to closing under the merger agreement is that Redhook enter into employment agreements with certain employees of Widmer and Craft Brands who will serve as employees of the combined company following the merger. Redhook anticipates entering into agreements with Kurt Widmer, Robert Widmer, Terry Michaelson, Timothy McFall, Sebastian Pastore and Martin Wall that, effective as of the closing of the merger, will provide for employment of each of these individuals at specified base salaries and with specified bonus opportunities and severance entitlements. The agreements with Kurt Widmer and Robert

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Widmer will have a term of approximately two years, and the agreements with the other individuals will provide for at-will employment.

The interests of Widmer's directors and executive officers are discussed in greater detail in the section entitled "The Merger - Interests of Widmer's Directors and Executive Officers in the Merger" beginning on page 39 in this joint proxy statement/prospectus.

## **Material United States Federal Income Tax Consequences of the Merger (see page 40)**

Each of Widmer and Redhook expects the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code. Assuming the merger's qualification as a reorganization, Widmer shareholders generally will not recognize gain or loss for United States federal income tax purposes upon the exchange of shares of Widmer common stock and preferred stock for shares of Redhook common stock, except with respect to cash received in lieu of fractional shares of Redhook common stock and except for Widmer shareholders who exercise their dissenters' rights with respect to the merger. Tax matters are very complicated, and the tax consequences of the merger to a particular shareholder will depend in part on such shareholder's circumstances. Accordingly, you are urged to consult your own tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

## **Accounting Treatment**

The merger of Widmer with and into Redhook will be accounted for under the purchase method of accounting, which means the assets and liabilities of Widmer will be recorded, upon completion of the merger, at their respective fair values and added to those of Redhook.

## **Risk Factors (see page 17)**

Both Redhook and Widmer are subject to various risks associated with their businesses and their industry. In addition, the merger, including the possibility that the merger may not be completed, poses a number of risks to each company and its respective shareholders, including the following risks:

Obtaining required approvals and satisfying closing conditions may delay or prevent completion of the proposed transaction.

If the conditions to the merger are not met or waived, the merger will not occur.

Some of Redhook's and Widmer's officers and directors have conflicts of interest that may influence them to support or approve the merger without regard to your interests.

The number of shares of Redhook common stock to be received by Widmer shareholders in connection with the merger is not adjustable based on the market price of Redhook common stock, so the merger consideration at the closing may have a greater or lesser value than at the time the merger agreement was signed.

Failure to complete the merger could harm Redhook's or Widmer's stock value and future business and financial results.

The market price of the combined company's common stock may decline as a result of the merger.

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Redhook and Widmer shareholders may not realize a benefit from the merger commensurate with the ownership dilution they will experience in connection with the merger.

Because the lack of a public market for the Widmer shares makes it difficult to evaluate the fairness of the transaction, the consideration to be paid by Redhook in the merger may significantly exceed the fair market value of the Widmer shares.

The combined company will be dependent upon the continuing relationship with A-B.

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The terms of the amended distribution agreement with A-B may not be favorable to the combined company.

The Redhook exchange and recapitalization agreement with A-B contains limitations on Redhook's ability to engage in or reject certain transactions, including acquisitions and changes of control.

The combined company may be unable to successfully integrate its operations and realize all of the anticipated benefits of the merger.

The combined company will be dependent upon accounting, finance and information technology staff that may not possess experience in a publicly traded corporate environment and may be unfamiliar with the reporting and compliance requirements of a publicly traded company in general or of Redhook specifically.

Management of the combined company intends to utilize financial, accounting and reporting systems that have not previously been used to support public company reporting requirements and have not yet been reviewed or tested to insure compliance with Sarbanes-Oxley Section 404 requirements.

If the combined company fails to maintain proper and effective internal controls, its ability to produce accurate financial statements could be impaired, which could adversely affect its operating results, its ability to operate its business and investors' views of the combined company.

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect reported results of operations.

The integration of Widmer and Redhook may result in significant expenses and accounting charges that adversely affect the combined company's operating results.

The combined company will be dependent upon the services of its key personnel.

The combined company will be dependent on distributors for the sale of its products.

Increased competition could adversely affect sales and results of operations.

Future price promotions to generate demand for Redhook and Widmer products may be unsuccessful.

Due to the concentration of sales in the Pacific Northwest, the results of operations and financial condition of the combined company may be subject to fluctuations in regional economic conditions.

The craft beer business is seasonal in nature, and the combined company is likely to experience fluctuations in results of operations and financial condition.

The gross margins of the combined company may fluctuate while expenses remain constant.

Operating breweries at production levels substantially below their current and maximum designed capacities could negatively impact overall profit margins.

Changes in consumer preferences or public attitudes about the combined company's products could reduce demand.

The combined company will be subject to governmental regulations affecting its breweries and pubs; the costs of complying with governmental regulations, or the combined company's failure to comply with such regulations, could affect its financial condition and results of operations.

An increase in excise taxes could adversely affect the combined company's financial condition and results of operations.

Changes in state laws regarding distribution arrangements may adversely impact operations of the combined company.

The combined company may experience material losses in excess of insurance coverage.

Loss of income tax benefits could negatively impact results of operations.

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The combined company may experience a shortage in kegs necessary to distribute draft beer.

The combined company's key raw materials may become significantly more costly and adequate supplies may be difficult to secure.

The combined company will be subject to the risks of litigation.

The combined company's stock price may be volatile following the merger.

The combined company does not anticipate paying cash dividends in the foreseeable future and accordingly, shareholders must rely on stock appreciation for any return on their investment in the combined company.

The combined company may require additional capital in the future to finance construction or expansion of production facilities, and financing may not be available on acceptable terms, if at all.

These risks are discussed in greater detail under the section entitled "Risk Factors" beginning on page 7 of this joint proxy statement/prospectus. Redhook and Widmer both encourage you to read and consider all of these risks carefully.

### **Regulatory Approvals (see page 40)**

Redhook and Widmer have each agreed to use commercially reasonable efforts in order to obtain all regulatory approvals required in order to consummate the merger. These approvals include consents and authorizations relating to the regulation of alcoholic beverages that must be obtained from various federal and state agencies. Although neither Redhook nor Widmer expects regulatory authorities to raise any significant objections in connection with their review of the merger, neither Redhook nor Widmer can assure you that they will obtain all required regulatory approvals or that these regulatory approvals will not contain terms, conditions or restrictions that would be detrimental to the combined company after the completion of the merger.

In the United States, Redhook must comply with applicable federal and state securities laws and the rules and regulations of the Nasdaq Stock Market in connection with the issuance of shares of Redhook common stock and the filing of this joint proxy statement/prospectus with the Securities and Exchange Commission. As of the date hereof, the registration statement of which this joint proxy statement/prospectus is a part has not become effective. For more information about approvals or clearances from regulatory authorities that are required in order to consummate the merger, see the section entitled "The Merger - Regulatory Approvals Required for the Merger" beginning on page 40 of this joint proxy statement/prospectus.

### **Dissenters' Rights (see page 43)**

Under Oregon law, holders of Widmer common stock are entitled to dissenters' rights in connection with the merger. Holders of Redhook common stock and holders of Widmer preferred stock are not entitled to dissenters' rights in connection with the merger. For more information about dissenters' rights, see the provisions of Section 60.551 to Section 60.594 of the Oregon Business Corporation Act, which we refer to as the OBCA, attached to this joint proxy statement/prospectus as Annex C, and the section entitled "The Merger - Dissenters' Rights" beginning on page 43 of this joint proxy statement/prospectus.

### **Comparison of Shareholder Rights (see page 124)**

Widmer is an Oregon corporation, and the rights of its shareholders are currently governed by the OBCA. If the merger is completed, Widmer shareholders will become shareholders of Redhook, and their rights will then be governed by the Washington Business Corporation Act, which we refer to as the WBCA, and by the articles of incorporation and bylaws of Redhook. The rights of Redhook shareholders under the WBCA and Redhook's articles of incorporation and bylaws differ from the rights of Widmer shareholders under the OBCA and Widmer's articles of incorporation and bylaws, as more fully described under the section entitled "Comparison of Rights of Holders of Redhook Stock and Widmer Stock" beginning on page 124 of this joint proxy statement/prospectus.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA****Selected Historical Financial Data of Redhook**

The following selected statement of operations and balance sheet data of Redhook for and as of the end of each of the fiscal years in the five-year period ended December 31, 2007 have been derived from the audited financial statements of Redhook. The operating data have been derived from unaudited information maintained by Redhook.

This information is only a summary and should be read in conjunction with the audited financial statements of Redhook and the notes thereto and the Management's Discussion and Analysis of Financial Condition and Results of Operations included in Redhook's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, as filed with the Securities and Exchange Commission and as accompanying this joint proxy statement/prospectus.

	<b>Year Ended December 31,</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Statement of Operations Data (in thousands, except earnings (loss) per share):</b>					
Net sales	\$ 41,470	\$ 35,714	\$ 31,099	\$ 33,372	\$ 38,715
Income (loss) from continuing operations	(1,330)	603	(837)	(850)	(1,676)
Net income (loss)	(939)	516	(1,200)	(1,255)	(1,839)
Basic earnings (loss) per share	\$ (0.11)	\$ 0.06	\$ (0.15)	\$ (0.18)	\$ (0.30)
Diluted earnings (loss) per share	\$ (0.11)	\$ 0.06	\$ (0.15)	\$ (0.18)	\$ (0.30)
EBITDA	\$ 2,050	\$ 3,987	\$ 2,227	\$ 2,210	\$ 1,407
<b>Operating Data (in barrels):</b>					
Beer shipped(1)	316,900	271,600	225,300	216,400	228,800
<b>Balance Sheet Data (in thousands, except book value per common share):</b>					
Cash and cash equivalents	\$ 5,527	\$ 9,435	\$ 6,436	\$ 5,590	\$ 6,123
Working capital	5,714	8,310	5,232	3,661	4,511
Total assets	71,390	73,841	72,578	74,128	77,131
Long-term debt(2)	47	4,786	5,211	5,625	6,075
Convertible redeemable preferred stock					16,233
Common stockholders' equity	\$ 60,080	\$ 60,692	\$ 60,027	\$ 61,161	\$ 47,916
Common shares outstanding	8,354	8,281	8,223	8,188	6,226
Dividends per common share	\$	\$	\$	\$	\$
Book value per common share(3)	\$ 7.19	\$ 7.33	\$ 7.30	\$ 7.47	\$ 7.70

(1) Includes, but is not limited to, shipments of beer to Craft Brands and beer brewed and shipped under a contract brewing arrangement for Widmer. The consolidated operating data of Widmer on page 12 also includes these



shipments. These shipments are eliminated in the combined condensed operating data on page 14.

- (2) Includes bank debt and capital lease obligations.
- (3) Book value per common share is computed by dividing common stockholders' equity by the total number of shares of common outstanding at the end of the period.

**Table of Contents*****Non-GAAP Financial Measures*****Calculation of EBITDA**

Redhook presents EBITDA, a financial measure that is not defined by accounting principles generally accepted in the United States, which we refer to as GAAP, because this information is relevant to Redhook's business. Redhook defines EBITDA as net income before: income taxes; interest expense; and depreciation and amortization.

Redhook's management uses EBITDA as an important financial measure to assess the ability of Redhook's assets to generate cash sufficient to pay interest on its indebtedness, meet capital expenditure and working capital requirements, and otherwise meet its obligations as they become due. Redhook's management believes that the presentation of EBITDA included in this joint proxy statement/prospectus provides useful information regarding Redhook's results of operations because it assists in analyzing and benchmarking the performance and value of Redhook's business.

Although Redhook uses EBITDA as a financial measure to assess the performance of its business, there are material limitations to using a measure such as EBITDA, including the difficulty associated with using it as the sole measure to compare the results of one company to another and the inability to analyze significant items that directly affect a company's net income or operating income because EBITDA does not include certain material costs, such as interest and taxes, necessary to operate its business. In addition, Redhook's calculation of EBITDA may not be consistent with similarly titled measures of other companies.

The following table presents a reconciliation of EBITDA to net income, its most directly comparable US GAAP financial measure, on a historical basis, for the periods presented:

***Reconciliation of Unaudited EBITDA to Net Income (Loss)***

	<b>Year Ended December 31,</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands)</b>				
Net income (loss)	\$ (939)	\$ 516	\$ (1,200)	\$ (1,255)	\$ (1,839)
Income tax provision (benefit)	(176)	125	218	331	30
Interest expense	302	346	271	190	191
Depreciation and amortization	2,863	3,000	2,938	2,944	3,025
<b>EBITDA</b>	<b>\$ 2,050</b>	<b>\$ 3,987</b>	<b>\$ 2,227</b>	<b>\$ 2,210</b>	<b>\$ 1,407</b>

**Table of Contents****Selected Historical Consolidated Financial Data of Widmer**

Since July 2004, Widmer and Redhook have been members of Craft Brands, the joint venture formed to advertise, market and sell both companies' products to wholesale outlets in the western U.S. Profits of Craft Brands are generally shared between Widmer and Redhook based on the cash flow percentages of 58% and 42%, respectively. Widmer has assessed its investment in Craft Brands pursuant to the provisions of Financial Accounting Standards Board, which we refer to as FASB, Interpretation No. 46 Revised, *Consolidation of Variable Interest Entities - an Interpretation of ARB No. 51*, which we refer to as FIN 46R, and concluded that its investment in Craft Brands meets the definition of a variable interest entity and that it is the primary beneficiary. In accordance with FIN 46R, Widmer has consolidated the financial statements of Craft Brands with its financial statements. Significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

The following selected consolidated statement of operations and balance sheet data of Widmer for and as of the end of each of the fiscal years in the five-year period ended December 31, 2007 have been derived from the audited consolidated financial statements of Widmer. Certain reclassifications have been made to net sales and income from continuing operations for the years ended December 31, 2004 and 2003 to conform to the presentation for the years ended December 31, 2007, 2006 and 2005. The effects of the reclassifications did not affect net income. The operating data have been derived from unaudited information maintained by Widmer.

This information is only a summary and should be read in conjunction with the audited and unaudited consolidated financial statements of Widmer and the notes thereto and the Widmer Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this joint proxy statement/prospectus.

	<b>Year Ended December 31,</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Statement of Operations Data (in thousands, except earnings per share):</b>					
Net sales	\$ 75,227	\$ 60,375	\$ 51,824	\$ 41,811	\$ 26,432
Income from continuing operations	3,619	6,684	7,900	5,517	2,236
Net income	1	2,900	3,463	1,912	855
Basic earnings per share	\$ 0.00	\$ 0.75	\$ 0.89	\$ 0.49	\$ 0.23
Diluted earnings per share	\$ 0.00	\$ 0.75	\$ 0.89	\$ 0.49	\$ 0.22
EBITDA	\$ 3,268	\$ 6,254	\$ 7,271	\$ 5,576	\$ 3,880
<b>Operating Data (in barrels):</b>					
Beer shipped(1)	439,900	408,400	364,400	377,200	181,700
<b>Balance Sheet Data (in thousands, except book value per common share):</b>					
Cash and cash equivalents	\$ 1,421	\$ 300	\$ 1,947	\$ 2,236	\$ 910
Working capital (deficit)	509	1,056	(38)	(717)	(289)
Total assets	64,794	46,552	37,126	35,835	33,482
Long-term debt(2)	22,395	7,597	3,417	7,455	8,532
Redeemable preferred stock	150	150	150		18,250
Common stockholders' equity	\$ 23,989	\$ 23,988	\$ 21,118	\$ 17,686	\$ (571)

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Common share equivalents outstanding	3,872	3,872	3,872	3,872	3,687
Dividends per common & preferred share	\$	\$	\$ 0.03	\$	\$
Book value per common share(3)	\$ 6.20	\$ 6.20	\$ 5.45	\$ 4.57	\$ (0.15)

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- (1) Includes, but is not limited to, shipments of Redhook beer to Craft Brands and beer brewed and shipped under a contract brewing arrangement by Redhook. The operating data of Redhook on page 10 also includes these shipments. These shipments are eliminated in the combined condensed operating data on page 14.
- (2) Includes notes payable and capital lease obligations.
- (3) Book value per common share is computed by dividing common stockholders' equity by the total number of common share equivalents outstanding at the end of the period.

***Non-GAAP Financial Measures*****Calculation of EBITDA**

Widmer presents EBITDA, a financial measure that is not defined by GAAP, because this information is relevant to Widmer's business. Widmer defines EBITDA as net income before: income taxes; interest expense; and depreciation and amortization.

Widmer's management uses EBITDA as an important financial measure to assess the ability of Widmer's assets to generate cash sufficient to pay interest on its indebtedness, meet capital expenditure and working capital requirements, and otherwise meet its obligations as they become due. Widmer's management believes that the presentation of EBITDA included in this joint proxy statement/prospectus provides useful information regarding Widmer's results of operations because it assists in analyzing and benchmarking the performance and value of Widmer's business.

Although Widmer uses EBITDA as a financial measure to assess the performance of its business, there are material limitations to using a measure such as EBITDA, including the difficulty associated with using it as the sole measure to compare the results of one company to another and the inability to analyze significant items that directly affect a company's net income or operating income because EBITDA does not include certain material costs, such as interest and taxes, necessary to operate its business. In addition, Widmer's calculation of EBITDA may not be consistent with similarly titled measures of other companies.

The following table presents a reconciliation of EBITDA to net income, its most directly comparable US GAAP financial measure, on a historical basis, for the periods presented:

***Reconciliation of Unaudited EBITDA to Net Income***

	<b>Year Ended December 31,</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(In thousands)</b>				
Net income	\$ 1	\$ 2,900	\$ 3,463	\$ 1,912	\$ 855
Income tax provision	383	1,268	1,599	1,412	689
Interest expense	707	178	433	553	669
Depreciation and amortization	2,177	1,909	1,776	1,701	1,668
<b>EBITDA</b>	<b>\$ 3,268</b>	<b>\$ 6,254</b>	<b>\$ 7,271</b>	<b>\$ 5,576</b>	<b>\$ 3,880</b>



**Table of Contents****SELECTED UNAUDITED PRO FORMA  
COMBINED CONDENSED FINANCIAL DATA**

The merger of Widmer with and into Redhook will be accounted for under the purchase method of accounting, which means the assets and liabilities of Widmer will be recorded, upon completion of the merger, at their respective fair values and added to those of Redhook.

The following selected unaudited pro forma combined condensed financial data have been derived from and should be read in conjunction with the unaudited pro forma combined condensed financial statements and related notes on page 118 through page 123 of this joint proxy statement/prospectus.

This information is based on the historical balance sheets and related historical statements of operations of Redhook and Widmer. The unaudited pro forma combined condensed statement of operations data for the year ended December 31, 2007 give effect to the merger as if it occurred on January 1, 2007. The unaudited pro forma combined balance sheet data with respect to that year were computed as if the merger had been completed on December 31, 2007.

The selected unaudited pro forma combined condensed financial data are based on the estimates and assumptions set forth in the notes to the unaudited pro forma combined condensed financial statements, which are preliminary and have been made solely for the purposes of developing such pro forma information. The selected unaudited pro forma combined condensed financial data are presented for illustrative purposes only and are not necessarily indicative of the combined financial position or results of operations of future periods or the results that actually would have been realized had the entities been a single entity during these periods.

	<b>Year Ended December 31, 2007</b>
<b>Statement of Operations Data (in thousands, except earnings per share):</b>	
Net sales	\$ 100,513
Income from continuing operations	(1,383)
Net income (loss)	(1,477)
Basic earnings (loss) per share	\$ (0.09)
Diluted earnings (loss) per share	\$ (0.09)
<b>Operating Data (in barrels):</b>	
Beer shipped	552,500
	<b>As of December 31, 2007</b>
<b>Balance Sheet Data (in thousands, except book value per common share):</b>	
Cash and cash equivalents	\$ 7,027
Working capital	6,069

Total assets	163,219
Common stockholders' equity	\$ 112,757
Common shares outstanding	16,716
Book value per common share(1)	\$ 6.75

(1) Book value per common share is computed by dividing common stockholders' equity by the total number of common shares outstanding at the end of the period.



**Table of Contents****COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA**

The following table summarizes unaudited per share information for Redhook and Widmer on a historical basis, a pro forma combined basis for Redhook, giving effect to the pro forma effects of the merger, and an equivalent pro forma combined basis for Widmer.

It has been assumed for purposes of the pro forma financial information as of and for the year ended December 31, 2007 provided below that the merger was completed on January 1, 2007, for income statement purposes, and on December 31, 2007, for balance sheet purposes.

The following information should be read in conjunction with the audited financial statements of Redhook and Widmer as of and for the fiscal year ended December 31, 2007, which are included or incorporated by reference into this joint proxy statement/prospectus, and the unaudited pro forma combined condensed financial statements as of and for the fiscal year ended December 31, 2007, beginning on page 118. The pro forma information below is presented for illustrative purposes only and is not necessarily indicative of the income per share and book value per share that would have occurred if the merger had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company.

The historical book value per share is computed by dividing total shareholders' equity by the number of shares of common stock outstanding at the end of the period. The pro forma income per share of the combined company is computed by dividing the pro forma income from operations by the pro forma weighted-average number of shares outstanding over the period. The pro forma combined book value per share is computed by dividing total pro forma shareholders' equity by the pro forma number of shares of common stock outstanding at the end of the period. Widmer equivalent pro forma combined per share amounts are calculated by multiplying the pro forma combined per share amounts by the exchange ratio of 2.1551, the number of shares of Redhook common stock that would be exchanged for each share of Widmer common and preferred stock in the merger.

	<b>As of and for the Year Ended December 31, 2007</b>	
<b>Redhook Historical</b>		
Basic earnings (loss) per share	\$	(0.11)
Diluted earnings (loss) per share	\$	(0.11)
Book value per common share	\$	7.19
<b>Widmer Historical</b>		
Basic earnings (loss) per share	\$	0.00
Diluted earnings (loss) per share	\$	0.00
Book value per common share	\$	6.20
<b>Unaudited Pro Forma Combined</b>		
Basic earnings (loss) per share	\$	(0.09)
Diluted earnings (loss) per share	\$	(0.09)
Book value per common share	\$	6.75

**Unaudited Pro Forma Combined Widmer Equivalents**

Basic earnings (loss) per share	\$	(0.04)
Diluted earnings (loss) per share	\$	(0.04)
Book value per common share	\$	3.13

**Table of Contents****MARKET PRICE AND DIVIDEND INFORMATION**

Redhook common stock is listed on the Nasdaq Stock Market under the symbol HOOK. The following table presents, for the periods indicated, the range of high and low per share sales prices for Redhook common stock as reported on the Nasdaq Stock Market. Widmer is a private company and its common stock and preferred stock are not publicly traded.

**Redhook Common Stock**

	<b>High</b>	<b>Low</b>
<b>2007</b>		
First quarter	\$ 7.80	\$ 5.00
Second quarter	\$ 8.08	\$ 6.17
Third quarter	\$ 8.21	\$ 5.68
Fourth quarter	\$ 7.11	\$ 5.84
<b>2006</b>		
First quarter	\$ 3.74	\$ 3.10
Second quarter	\$ 4.00	\$ 3.43
Third quarter	\$ 4.18	\$ 3.31
Fourth quarter	\$ 5.31	\$ 3.76
<b>2005</b>		
First quarter	\$ 4.20	\$ 3.05
Second quarter	\$ 3.75	\$ 2.86
Third quarter	\$ 3.34	\$ 2.75
Fourth quarter	\$ 3.42	\$ 2.90

The high and low sale prices for Redhook common stock on November 12, 2007, the day prior to the first public announcement of Redhook's entry into the merger agreement, were \$6.19 and \$6.03, respectively. The high and low sale prices for Redhook common stock on March 14, 2008 were \$5.08 and \$4.65, respectively.

Because the market price of Redhook common stock is subject to fluctuation, the market value of the shares of Redhook common stock that Widmer security holders will be entitled to receive in the merger may increase or decrease.

As of February 29, 2008, Redhook had approximately 673 holders of record of its common stock. As of February 29, 2008, Widmer had approximately 30 holders of record of its common stock and one holder of record of its preferred stock. For detailed information regarding the beneficial ownership of certain shareholders of the combined company upon consummation of the merger, see the section entitled Principal Shareholders of the Combined Company beginning on page 133 of this joint proxy statement/prospectus.

**Dividends**

Redhook has not declared or paid any cash dividends since 1994. Other than in 2005, when Widmer declared and paid a total of \$100,000 in dividends pro rata to all holders of common and preferred stock, Widmer has not declared or paid any cash dividends. If the merger is not consummated, the board of directors of each of Redhook and Widmer

presently intends to continue a policy of retaining all earnings to finance the expansion of its business. Following the merger, it is expected that the board of directors of the combined company will continue the policy of not paying cash dividends in order to retain any earnings for the operation and expansion of its business. The payment of dividends, if any, in the future will be at the discretion of the combined company's board of directors and will depend upon, among other things, its financial condition, operating results, capital requirements, any applicable contractual restrictions and such other factors as such board of directors deems relevant.

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**RISK FACTORS**

*In addition to the other information included in or incorporated by reference in this joint proxy statement/prospectus, you should carefully consider the material risks described below before deciding how to vote your shares.*

**Risks Related to the Merger**

***Obtaining required approvals and satisfying closing conditions may delay or prevent completion of the proposed transaction.***

Completion of the proposed merger is conditioned upon, among other things, the receipt of all consents and approvals of all governmental authorities required for consummation of the proposed transaction. The requirement for these approvals could delay or prevent the completion of the proposed transaction. For more information about approvals from regulatory authorities that are required in order to consummate the merger, see the section entitled "The Merger Regulatory Approvals Required for the Merger" beginning on page 40 of this joint proxy statement/prospectus. Although neither Redhook nor Widmer expects regulatory authorities to raise any significant objections in connection with their review of the merger, neither Redhook nor Widmer can assure you that they will obtain all required regulatory approvals or that these regulatory approvals will not contain terms, conditions or restrictions that would be detrimental to the combined company after the completion of the merger.

***If the conditions to the merger are not met or waived, the merger will not occur.***

Even if the issuance of shares of Redhook common stock in connection with the merger is approved by the Redhook shareholders and the merger is approved by the Widmer shareholders, specified conditions must be satisfied or waived to complete the merger. These conditions are described in detail in the merger agreement and summarized in this joint proxy statement/prospectus beginning on page 46 in the section entitled "The Merger Agreement Conditions to the Completion of the Merger." Neither Redhook nor Widmer can assure you that all of the conditions will be satisfied. If the conditions are not satisfied or waived, the merger will not occur or will be delayed, and Redhook and Widmer each may lose some or all of the intended benefits of the merger.

***Some of Redhook's and Widmer's officers and directors have conflicts of interest that may influence them to support or approve the merger without regard to your interests.***

Certain officers and directors of Redhook and Widmer participate in arrangements that provide them with interests in the merger that are different from yours, including, among others, ownership interests in the combined company, continued service as an officer or director of the combined company, retention bonuses and severance benefits, additional compensation for assisting in the successful closing of the merger, and various affiliations with shareholders of both Redhook and Widmer. These interests, among others, may influence the officers and directors of Redhook and Widmer to support or approve the merger. For more information concerning the interests of Redhook's and Widmer's executive officers and directors, see the sections entitled "The Merger Interests of Redhook's Directors and Executive Officers in the Merger" beginning on page 38 of this joint proxy statement/prospectus and "The Merger Interests of Widmer's Directors and Executive Officers in the Merger" beginning on page 39 of this joint proxy statement/prospectus.

***The number of shares of Redhook common stock to be received by Widmer shareholders in connection with the merger is not adjustable based on the market price of Redhook common stock, so the merger consideration at the closing may have a greater or lesser value than at the time the merger agreement was signed.***

The merger agreement sets forth the exchange ratio that is used to determine the number of shares of Redhook common stock to be received by Widmer's shareholders in connection with the merger. Any changes in the market price of the Redhook common stock will not affect the aggregate number of shares that Widmer

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shareholders will be entitled to receive pursuant to the merger. The merger does not include a price-based termination right. Therefore, if the market price of the Redhook common stock declines prior to the closing of the merger from the market price on the date of the merger agreement, Widmer shareholders could receive an aggregate merger consideration with considerably less value than anticipated. Similarly, if the market price of the Redhook common stock increases prior to the closing of the merger from the market price on the date of the merger agreement, Widmer shareholders could receive an aggregate merger consideration with considerably more value. For each percentage point that the market value of Redhook common stock rises or declines, there is a corresponding rise or decline, respectively, in the value of the total merger consideration issued to Widmer shareholders. For example, on November 12, 2007, the last trading date before the execution of the merger agreement, the closing price of Redhook common stock, as reported on the Nasdaq Stock Market, was \$6.12 per share. Assuming that a total of 8,361,529 shares of Redhook common stock are issued to Widmer shareholders in connection with the merger at a per share value of \$6.12 per share, the aggregate merger consideration to be issued to Widmer shareholders in the merger would be approximately \$51,173,000. If, however, the closing price of Redhook common stock on the date of closing of the merger had declined from \$6.12 per share to, for example, \$4.90 per share, a decline of 20%, the aggregate merger consideration to be issued to Widmer shareholders in the merger would decrease from approximately \$51,173,000 to approximately \$40,938,000, a decline of \$10,235,000 or 20%.

***Failure to complete the merger could harm Redhook's or Widmer's stock value and future business and financial results.***

If the merger is not completed, Redhook and Widmer are subject to the following risks:

failure to have pursued other beneficial opportunities as a result of the focus of management on the merger, without realizing any of the anticipated benefits of completing the transaction;

a decline in the price of Redhook stock;

the payment of costs related to the merger, such as legal and accounting fees which Redhook and Widmer estimate will total approximately \$1.1 million and \$2.6 million, respectively, even if the merger is not completed;

sharing of trade secrets; and

modifications to existing financial and production systems that have been implemented in anticipation of the completion of the merger that may not add value, and may even hinder, the operations of Redhook and Widmer as separate companies.

In addition, if the merger agreement is terminated and either Redhook's or Widmer's board of directors decides to pursue another business combination, there can be no assurance that it will be able to find a partner willing to provide equivalent or more attractive consideration than the consideration to be provided in the merger and that A-B will provide its consent to such a transaction.

The current employees of Redhook and Widmer may experience uncertainty about their future as employees of the combined company until strategies with regard to the combined company are announced or executed. This may adversely affect Redhook's and Widmer's ability to attract and retain key personnel and may affect their performance during the period of uncertainty.

In anticipation of the completion of the merger, management of Redhook and Widmer have begun to hire personnel to fill certain key roles, to modify existing responsibilities and to communicate plans as they pertain to employee roles in

the combined company. If the merger is not completed, these employees may be dissatisfied or unwilling to return to their former roles, which may adversely affect Redhook's and Widmer's ability to retain key personnel and may affect their performance.



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### ***The market price of the combined company's common stock may decline as a result of the merger.***

The market price of the combined company's common stock may decline as a result of the merger for a number of reasons including if:

the combined company does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts;

the effect of the merger on the combined company's business and prospects is not consistent with the expectations of financial or industry analysts; or

investors react negatively to the effect of the merger on the combined company's business and prospects.

### ***Redhook and Widmer shareholders may not realize a benefit from the merger commensurate with the ownership dilution they will experience in connection with the merger.***

If the combined company is unable to realize the strategic and financial benefits currently anticipated from the merger, Redhook and Widmer shareholders will have experienced substantial dilution of their ownership interests in their respective companies without receiving any commensurate benefit. For more information on the expected benefits of the merger, see "The Merger" "Reasons for the Merger" beginning on page 32.

### ***Because the lack of a public market for the Widmer shares makes it difficult to evaluate the fairness of the transaction, the consideration to be paid by Redhook in the merger may significantly exceed the fair market value of the Widmer shares.***

The outstanding common and preferred stock of Widmer is privately held and is not traded in any public market. The lack of a public market makes it extremely difficult to determine the fair market value of Widmer. Because the percentage of Redhook equity to be issued to Widmer shareholders was determined based on negotiations between the parties, it is possible that the value of the Redhook common stock to be issued in connection with the merger will be greater than the fair market value of Widmer.

## **Risks Related to the Combined Company**

*If the merger is completed, Redhook and Widmer will operate as a combined company in a market environment that is difficult to predict and that involves significant risks, many of which will be beyond the control of the combined company. In determining whether you should approve the merger or the issuance of shares of Redhook common stock, as the case may be, you should carefully read and consider the following risk factors. Additional risks and uncertainties not presently known or that do not currently appear to be important to an investor, if they materialize, also may adversely affect the combined company. A discussion of additional risks and uncertainties regarding Redhook can be found in the information which is incorporated by reference in this joint proxy statement/prospectus and referred to in "Where You Can Find Additional Information" beginning on page 135 of this joint proxy statement/prospectus. If any of the events, contingencies, circumstances or conditions described in the following risks actually occur, the combined company's business, financial condition or results of operations could be seriously harmed. If that happens, the trading price of the combined company's common stock could decline and you may lose part or all of the value of any shares held by you.*

### ***The combined company will be dependent upon the continuing relationship with A-B.***

Substantially all of the combined company's products will be sold and distributed through A-B. If the relationship between the combined company and A-B deteriorates, distribution of the products of the combined company will suffer significant disruption and such event will have a long-term severe negative impact on the sales and results of operations of the combined company, as it would be extremely difficult to rebuild a distribution network. Redhook and Widmer believe that the benefits of the relationship that both companies have enjoyed with A-B, in particular distribution and material cost efficiencies, have offset the costs associated

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with the relationship. However, there can be no assurance that these costs will not have a negative impact on the sales and results of operations of the combined company.

A-B may introduce new products or form relationships with other companies whose products will compete with those of the combined company. Introduction of and support by A-B of these competing products could reduce wholesaler attention and financial resources committed to the combined company's products. There is no assurance that the combined company will be able to successfully compete in the marketplace against other A-B supported products. Such an increase in competition could cause sales and results of operations of the combined company to be adversely affected.

***The terms of the amended distribution agreement with A-B may not be favorable.***

Since July 1, 2004, Redhook and Widmer sales have consisted of sales of product to Craft Brands and A-B. In the western United States, Redhook and Widmer have sold their product to Craft Brands; Craft Brands, in turn, has advertised, marketed and sold the product to wholesale outlets through a distribution agreement between Craft Brands and A-B. In the midwest and eastern U.S., Redhook has sold its product and *Widmer Hefeweizen* to wholesale outlets through a distribution agreement with A-B. Because Craft Brands will be eliminated in connection with the merger, Redhook and Widmer are in discussions with A-B to amend the existing distribution agreements so that they will encompass distribution of the combined company's products throughout the U.S. The terms of an amended distribution agreement, if one is successfully negotiated, may be less favorable than those of the existing distribution arrangements, which could have a negative impact on the combined company's financial position and results of operations.

***The Redhook exchange and recapitalization agreement with A-B contains limitations on Redhook's ability to engage in or reject certain transactions, including acquisitions and changes of control.***

The exchange and recapitalization agreement between Redhook and A-B, which is expected to remain in force after the merger, will require the combined company to obtain the consent of A-B prior to taking certain actions, or to offer to A-B a right of first refusal, including the following:

issuance of equity securities;

acquisition or sale of assets or stock;

amendment of the combined company's articles of incorporation or bylaws;

grant of board representation rights;

entering into certain transactions with affiliates;

distributing the combined company's products in the U.S. other than through A-B, Craft Brands or as provided in the amended distribution agreement with A-B;

distributing or licensing the production of any malt beverage product in any country outside of the U.S.; or

voluntarily delisting or terminating the combined company's listing on the Nasdaq Stock Market.

Further, if the amended distribution agreement with A-B is terminated, A-B has the right to solicit and negotiate offers from third parties to purchase all or substantially all of the assets or securities of the combined company or to enter

into a merger or consolidation transaction with the combined company and the right to cause the board of directors to consider any such offer.

Additionally, A-B will own approximately 36.3% of the outstanding common stock of the combined company. As long as A-B owns such a substantial portion of the outstanding common stock, it may have the ability to approve or block actions requiring the approval of the shareholders.

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***The combined company may be unable to successfully integrate its operations and realize all of the anticipated benefits of the merger.***

The merger involves the integration of two companies that previously have operated independently. The integration will be a complex, costly and time-consuming process. The difficulties of combining the companies' operations include, among other things:

implementing operational, financial and management controls, reporting systems and procedures;

coordinating geographically disparate organizations, systems and facilities;

integrating personnel with diverse business backgrounds;

integrating distinct corporate cultures;

consolidating corporate and administrative functions;

consolidating operations;

retaining key employees; and

preserving Redhook's and Widmer's collaboration, distribution and other important relationships.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of the combined company's business and the loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies' operations could harm the business, results of operations, financial condition or prospects of the combined company after the merger.

Among the factors considered by Redhook and Widmer in connection with each company's approval of the merger agreement were the opportunities for synergies in expanding the breweries and efficiently utilizing the available production capacity, implementing a national sales strategy and reducing costs associated with duplicate functions. There can be no assurance that these synergies will be realized within the time periods contemplated or that they will be realized at all. There also can be no assurance that Redhook's integration with Widmer will be successful or will result in the realization of the full benefits anticipated by the companies.

***The combined company will be dependent upon accounting, finance and information technology staff that may not possess experience in a publicly traded corporate environment and may be unfamiliar with the reporting and compliance requirements of a publicly traded company in general or of Redhook specifically.***

Integration of the finance, accounting and information technology functions of Redhook and Widmer will result in such functions no longer being performed by the Redhook finance, accounting and information technology departments. The Widmer finance, accounting and information technology departments will assume all of these functions for the combined company. The Widmer staff in these functional areas may not have the historical perspective with respect to Redhook that may be necessary to properly analyze the performance of the combined company and provide critical disclosures to the public. In addition, some or all of the staff in these functional areas may not possess experience in a publicly traded corporate environment and may be unfamiliar with the reporting and compliance requirements of a publicly traded company in general or of Redhook specifically. In that event, the combined company may be unable to fully or timely comply with applicable Exchange Act reporting requirements. Such noncompliance could trigger, among other things, an investigation by the Securities and Exchange Commission,

a shareholder lawsuit, a bank loan covenant violation, a violation of the A-B distribution agreement or an unfavorable impact on the market price of the combined company's stock.

*Management of the combined company intends to utilize new financial, accounting and reporting systems that have had limited use in supporting public company reporting requirements and have not yet been reviewed or tested to ensure compliance with Sarbanes-Oxley Section 404 requirements.*

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In connection with the integration of the finance, accounting and information technology functions of Redhook and Widmer, management of the combined company intends to utilize Sage Software's MAS 500 product as the core financial accounting system and approximately twelve stand-alone, customized applications that will support the finance, accounting and operational functions of the combined company. MAS 500 and the other supporting applications have not yet been reviewed or tested to ensure that they can support the reporting requirements of a publicly traded company or that they will be in compliance with Sarbanes-Oxley Section 404 requirements. In order to ensure that these systems can support the reporting and disclosure control requirements of a publicly traded company, the combined company may be required to incur significant expense and rely heavily on external consultants, and there can be no assurance that these attempts will be successful. If the combined company is unable to meet the reporting requirements of a publicly traded company or is unable to become compliant with Sarbanes-Oxley Section 404 requirements prior to the closing of the merger, the closing of the merger may be delayed or the combined company may be in violation of Securities and Exchange Commission rules. Such noncompliance could trigger, among other things, an investigation by the Securities and Exchange Commission, a shareholder lawsuit, a bank loan covenant violation, a violation of the A-B distribution agreement or an unfavorable impact on the market price of the combined company's stock.

***If the combined company fails to maintain proper and effective internal controls, its ability to produce accurate financial statements could be impaired, which could adversely affect its operating results, its ability to operate its business and investors' views of the combined company.***

Ensuring that the combined company has adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Redhook has completed the process of documenting, reviewing and, where appropriate, improving its internal control and procedures in connection with Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of its internal controls over financial reporting. Redhook has documented and tested internal controls in connection with the Section 404 requirements and, during that documentation and testing, has not identified any areas where there is a material weakness. Widmer has begun the process of documenting, reviewing and, where appropriate, improving its internal controls and procedures in connection with Section 404 of the Sarbanes-Oxley Act. Implementing appropriate changes to the internal controls of the combined company may take a significant period of time to complete, may distract directors, officers and employees, and may entail substantial costs in order to modify existing accounting systems. Further, the combined company may encounter difficulties assimilating or integrating the internal controls, disclosure controls and information technology infrastructure of Redhook and Widmer. These changes may not, however, be effective in maintaining the adequacy of internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase the combined company's operating costs and could materially impair its ability to operate its business. In addition, investors' perceptions that the combined company's internal controls are inadequate or that it is unable to produce accurate financial statements may adversely affect its stock price.

***Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect reported results of operations.***

A change in accounting standards or practices can have a significant effect on reported results and may even affect the combined company's reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and are likely to occur in the future. Changes to existing rules or the questioning of current practices may adversely affect reported financial results or the way the combined company conducts its business.

*The integration of Widmer and Redhook may result in significant expenses and accounting charges that adversely affect the combined company's operating results.*

In accordance with generally accepted accounting principles, the combined company will account for the merger using the purchase method of accounting. The financial results of the combined company may be



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adversely affected by the resulting accounting charges incurred in connection with the merger, including income taxes and restructuring and integration costs. The combined company also expects to incur additional costs associated with combining the operations of Redhook and Widmer, which may be substantial. Additional costs may include: relocation and retention of employees, including salary increases or bonuses; severance payments; reorganization or closure of facilities; taxes; advisor and professional fees and termination of contracts that provide redundant or conflicting services. Some of these costs may have to be accounted for as expenses that would decrease the combined company's net income and earnings per share for the periods in which those adjustments are made. The price of the combined company's common stock could decline to the extent the combined company's financial results are materially affected by the foregoing charges and costs, or if the foregoing charges and costs are larger than anticipated. In addition, the charges and costs described above may not be reflected in the unaudited pro forma combined condensed financial statements contained in this joint proxy statement/prospectus and the unaudited pro forma combined condensed financial statements may not be indicative of the actual results of the combined company following the merger.

### ***The combined company will be dependent upon the services of its key personnel.***

The combined company will depend on the services of its key management personnel, including David Mickelson, Terry Michaelson, Jay Caldwell, Timothy McFall, Sebastian Pastore and Martin Wall. If the combined company loses the services of any members of senior management or key personnel for any reason, it may be unable to replace them with qualified personnel, which could have a material adverse effect on the company's operations. Additionally, the loss of David Mickelson or Terry Michaelson as the combined company's co-chief executive officers, and the failure to find a replacement satisfactory to A-B, may be a default under the A-B distribution agreement as it is anticipated to be amended. The combined company may not carry key person life insurance on any of the executive officers.

### ***The combined company will be dependent on distributors for the sale of its products.***

Although substantially all of the combined company's products will be sold and distributed through A-B, the company will continue to rely heavily on distributors, most of which are independent wholesalers, for the sale of the company's products to retailers. A disruption of the ability of the wholesalers, or A-B, or the combined company to distribute products efficiently due to any significant operational problems, such as widespread labor union strikes, the loss of a major wholesaler as a customer, or the termination of the distribution relationship with A-B, could hinder the combined company's ability to get its products to retailers and could have a material adverse impact on the company's sales and results of operations.

### ***Increased competition could adversely affect sales and results of operations.***

Like Redhook and Widmer, the combined company will compete in the highly competitive craft brewing market as well as in the much larger specialty beer market, which encompasses producers of import beers, major national brewers that produce fuller-flavored products, and large spirit companies and national brewers that produce flavored alcohol beverages. Beyond the beer market, craft brewers have also faced competition from producers of wines and spirits. Increasing competition could cause future sales and results of operations of the combined company to be adversely affected. Redhook and Widmer have historically operated with little or no backlog and, therefore, predicting sales for future periods is limited.

### ***Future price promotions to generate demand for Redhook and Widmer products may be unsuccessful.***

The prices that the combined company may charge in the future for its products may decrease from historical levels, depending on competitive factors in various markets. In order to stimulate demand for Redhook and Widmer products, the two companies have participated in price promotions with wholesalers and retail customers in most markets. The

number of markets in which the combined company chooses to participate in price promotions and the frequency of such promotions may increase in the future. There can be no assurance however that these price promotions will be successful in increasing demand for company products.