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REDHOOK ALE BREWERY INC  
Form 425  
November 21, 2007

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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FORM 8-K

Current Report  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

November 21, 2007 (November 19, 2007)  
Date of Report (Date of earliest event reported)

REDHOOK ALE BREWERY, INCORPORATED  
(Exact Name of Registrant as Specified in Charter)

|   |                          |   |
|---|--------------------------|---|
| Washington  | 0-26542                  | 91-1141254                              |
| (State or Other Jurisdiction<br>of Incorporation) | (Commission file number) | (I.R.S. Employer<br>Identification No.) |

14300 NE 145th Street, Suite 210  
Woodinville, Washington 98072  
(Address of Principal Executive Offices, Zip Code)

(425) 483-3232  
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On November 13, 2007, Redhook Ale Brewery, Incorporated (the "Company") entered into an Agreement and Plan of Merger (the "Merger Agreement") with Widmer Brothers Brewing Company, an Oregon corporation ("Widmer"). The Merger Agreement provides, subject to customary conditions to closing, for a merger (the

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"Merger") of Widmer with and into the Company. A copy of the Merger Agreement was included as an exhibit to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on November 13, 2007.

On November 19, 2007, the Company and Paul S. Shipman, Chief Executive Officer and Chairman of the Board, entered into an employment agreement (the "Employment Agreement"). The term of the Employment Agreement (the "Term") commences on the date that the Merger is consummated (the "Effective Date") and ends on the last day of the month in which the first anniversary of the Effective Date occurs (the "Termination Date"). The terms of Mr. Shipman's current letter of agreement regarding employment, dated June 23, 2005 ("Letter of Agreement"), will remain in effect until the Effective Date.

The Employment Agreement provides that Mr. Shipman will cease to serve as Chief Executive Officer on the Effective Date, at which time he will receive all bonuses due under the Letter of Agreement, prorated through the Effective Date, as well as payments for accrued but unused vacation and sick leave. During the Term, Mr. Shipman will be employed as Consultant to the Board with the title Chairman Emeritus and will render consulting services as directed by the Board of Directors of the Company. Mr. Shipman will receive a minimum base salary of \$90,000 per year for his services during the Term. For any services rendered by Mr. Shipman in excess of 180 days, the Company will compensate Mr. Shipman at a rate of \$500 per day. The Company will also provide Mr. Shipman with four weeks vacation, retirement and other fringe benefits provided to other similarly situated executive employees.

Following the Term, Mr. Shipman will be paid severance of \$267,800.16 per year for two years in accordance with the Company's standard payroll policies. Mr. Shipman will also be paid for any vacation and sick leave that accrues during the Term but is not used. For two years following the Termination Date, the Company will also pay the monthly premium for continuation of coverage under the Company's health care plans (COBRA). For three years following the Termination Date, Mr. Shipman will make himself available for consultation at \$500 per day, during which period, and for an additional 90 days thereafter, any unexercised stock options held by Mr. Shipman will not expire.

The Employment Agreement also addresses the conditions under which Mr. Shipman would be paid if the Employment Agreement were terminated early. The Agreement also includes a non-compete covenant, which continues for a period of three years following the Termination Date.

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A copy of the Employment Agreement is attached hereto as Exhibit 10.1

### Additional Information About the Merger and Where to Find It

The Company intends to file with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 that will include a joint proxy statement/prospectus and other documents regarding the proposed merger. Investors and security holders are urged to read the registration statement on Form S-4 and the related joint proxy statement/prospectus (including any amendments or supplements to those documents) and any other relevant materials when they become available, because they will contain important information about the Company, Widmer and the proposed merger. Investors and security holders may obtain free copies of these documents (when they are available) and other documents filed with the SEC at the SEC's web site at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders may obtain free copies of the documents filed with the SEC by the Company by directing a request by email to [Investor.Relations@Redhook.com](mailto:Investor.Relations@Redhook.com) or by mail to Redhook Ale Brewery, Incorporated, 14300 NE 145th Street, Suite 210, Woodinville, WA 98072, Attn.: Investor

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Relations. In addition, investors and security holders may access copies of documents filed by the Company with the SEC in the Investor Relations area of the Company's website at [www.redhook.com](http://www.redhook.com).

### Participants in the Solicitation

The Company and its executive officers and directors may be deemed to be participants in the solicitation of proxies from the shareholders of the Company in connection with the proposed merger. Information concerning the interests of these executive officers and directors in the merger, including their beneficial ownership of the Company common stock, will be included in the joint proxy statement/prospectus referred to above. Additional information regarding the executive officers and directors of the Company is included in the Company's proxy statement for its 2007 Annual Meeting of Shareholders, which was filed with the SEC on April 20, 2007, and in its annual report on Form 10-K for the year ended December 31, 2006, which was filed with the SEC on March 23, 2007. These documents are available free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)) and from Investor Relations of the Company at the email and mailing addresses shown above.

### Forward-Looking Statements

The foregoing information regarding the proposed merger includes forward-looking statements that are subject to risks and uncertainties, including but not limited to the possibility that the proposed merger may not ultimately close for a number of reasons, such as either company not obtaining the requisite shareholder approval or the inability to obtain the approval of Anheuser-Busch Incorporated; that prior to closing of the merger, the businesses of the Company and Widmer, including the retention of key employees, may suffer due to uncertainty; that, in the event the merger is completed, the combined company may not have greater opportunities and advantages; that the combination of the Company and Widmer may not result in a company better positioned to compete on a national basis; that the operational, financial and management controls, reporting systems and procedures of the combined companies may be inadequate; and that the parties may be unable to successfully execute their integration strategies or realize the expected benefits of the merger. Other factors that could create or contribute to other risks and uncertainties are more fully described in the Company's filings with the SEC, including, but not limited to, the Company's annual report on Form 10-K for the year ended December 31, 2006. The forward-looking statements in this report speak only as of the date hereof, and the Company expressly disclaims any intent or obligation to update these forward-looking statements.

### Item 8.01 Other Events

The disclosure included in Item 5.01 of this current report on Form 8-K is incorporated herein by reference.

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### Item 9.01. Financial Statements and Exhibits

#### (c) Exhibits

| Exhibit No. | Description   |
|-------------|---|
| 10.1        | Employment Agreement between Paul S. Shipman and Redhook Ale Brewery, Incorporated, dated November 19, 2007 |

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

REDHOOK ALE BREWERY, INCORPORATED

Dated: November 21, 2007

By: /s/ DAVID J. MICKELSON

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David J. Mickelson  
President and Chief Operating Officer

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