

REDHOOK ALE BREWERY INC

Form 424B3

May 13, 2008

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**Filed Pursuant to Rule 424(b)(3)
Registration File No. 333-149908**

**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, as amended, 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. Widmer security holders will be entitled to receive approximately 8,361,529 shares of Redhook common stock pursuant to the merger. Based on the closing price of \$6.12 per share reported on the Nasdaq Stock Market on November 12, 2007, the last trading date before the first public announcement of the merger, the approximate value of these shares would be \$51,173,000. These shares will 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 May 12, 2008, the last trading day before the date of this joint proxy statement/prospectus, the closing sale price of Redhook common stock was \$3.98 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 2:00 p.m., local time, on June 24, 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 4:00 p.m., local time, on June 26, 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 19.**

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 May 13, 2008, and is expected to be mailed to shareholders of Redhook and Widmer on or about May 13, 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 JUNE 24, 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 June 24, 2008 at 2:00 p.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, as amended, 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 May 5, 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 8,380,239 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
May 13, 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 JUNE 26, 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 Thursday, June 26, 2008, at 4:00 p.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, as amended, 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 May 13, 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
May 13, 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, as amended, 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 151.

The documents incorporated by reference into this joint proxy statement/prospectus are available on Redhook's website (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 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 June 17, 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. 333-149908), 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, as amended, 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 36.

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 54 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 June 24, 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 June 26, 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, as amended, 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 151 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. As of April 2008, Widmer had completed a significant portion of a \$24.5 million expansion of this brewery. The project significantly increased fermentation capacity, and added warehouse, cold storage and shipping space. Widmer anticipates that the remaining aspects of the expansion project that do not directly affect production capacity will be completed by mid-June 2008.

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*[®] and *Broken Halo IPA*[®]. 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 *W 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. Widmer security holders will be entitled to receive approximately 8,361,529 shares of Redhook common stock pursuant to the merger, which will 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. The number of shares that Widmer shareholders will receive in the merger will not be affected by changes in the market price of Redhook common stock. By virtue of the merger, Redhook will become liable for all debt of Widmer, which totaled approximately \$22,400,000 as of December 31, 2007.

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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 44 of this joint proxy statement/prospectus.

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 36)

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.

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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.

Opinion of Redhook's Financial Advisor (see page 39)

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. Houlihan Smith's opinion does not address the fairness of the merger to Widmer shareholders.**

Widmer Valuation Report (see page 43)

In connection with its written opinion, Houlihan Smith reviewed a written valuation report of Widmer prepared for Redhook by Corporate Advisory Associates, Incorporated. The full text of this valuation report dated May 4, 2007 is attached to this joint proxy statement/prospectus as Annex C.

Overview of the Merger Agreement

Merger Consideration (see page 53)

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 Agreement - Merger Consideration" beginning on page 53 of this joint proxy statement/prospectus.

Conditions to Completion of the Merger (see page 54)

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. 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, Redhook must receive A-B's consent to the merger, and A-B must waive termination rights under certain distribution and other agreements between A-B and each of Redhook and Widmer that will be triggered by consummation of the merger.

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 54, and "Agreements Related to the Merger - Agreements with Anheuser-Busch" beginning on page 64, of this joint proxy statement/prospectus.

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Termination of the Merger Agreement (see page 60)

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 62)

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 46.8% 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.

Business Plan for the Combined Company

The following summarizes the business plan that Redhook and Widmer currently envision for the combined company. The combined company will review this plan periodically with a view to anticipating and adapting to changing economic and market conditions.

It is anticipated that the combined company will market a portfolio of brands consisting of Redhook branded products, Widmer branded products, and Kona branded products through a licensing agreement with Kona Brewery LLC. This product portfolio will be strategically positioned to pursue volume and revenue growth opportunities in key U.S. geographic regions.

Redhook and Widmer believe that the combined company will offer a portfolio of brands that will appeal to a wide range of tastes. The portfolio will be selectively marketed on a regional basis to capitalize on local taste preferences, taking into account the competition, product maturity and growth potential.

The combined company may expand its product portfolio to address shifts in consumer preferences and to target other opportunities for volume and revenue growth. These new products may be extensions of the Widmer or Redhook brand families, or they may be in the form of new brand development.

The combined company will produce its products in its three breweries in Portland, Oregon, Portsmouth, New Hampshire and Woodinville, Washington. The combined company will explore opportunities to produce different products within the portfolio at different locations where appropriately licensed. It is anticipated that savings in freight and efficiencies in production will be attainable due to different production configurations between the plants. While the breweries will likely produce a combination of different brands, each brewery will retain its current brand designation.

Management Following the Merger (see page 108)

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.

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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
Chief Accounting Officer	Mark D. Moreland
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 46)

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. Mr. Short will serve as a director of the combined company following the merger. 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 the course of the merger discussions between Redhook and Widmer, A-B representatives communicated to Redhook management that A-B concurred that a business combination between the two companies could be beneficial to the shareholders of Redhook. In addition, at the request of Redhook, Messrs. Glick and Short, who also were serving as designees of A-B on the board of Widmer, acted as facilitators to help advance discussions regarding the parameters of integrating the business operations and management of the two companies, both of whose products were distributed by A-B. David West, a representative of A-B, also participated in a portion of these discussions. However, neither Mr. Glick, Mr. Short or Mr. West nor any other representative of A-B participated in negotiations regarding the economic or other terms of the merger. In addition, Messrs. Glick and Short each abstained during Redhook board meetings from voting and deliberations concerning 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.

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

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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 46 in this joint proxy statement/prospectus.

Interests of Widmer's Directors and Executive Officers in the Merger (see page 47)

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 the combined company following 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."

During the course of the merger discussions between Redhook and Widmer, A-B representatives communicated to Widmer management that A-B concurred that a business combination between the two companies could be beneficial to the shareholders of Widmer. In addition, Messrs. Glick and Short, who also were serving as designees of A-B on the board of Redhook, acted as facilitators to help advance discussions regarding the parameters of integrating the business operations and management of the two companies, both of whose products were distributed by A-B. David West, a representative of A-B, also participated in a portion of these discussions. However, neither Mr. Glick, Mr. Goeler, Mr. Short or Mr. West nor any other representative of A-B participated in negotiations regarding the economic or other terms of the merger. In addition, Messrs. Glick, Goeler and Short each abstained during Widmer board meetings from voting and deliberations concerning 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

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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 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 47 in this joint proxy statement/prospectus.

Material United States Federal Income Tax Consequences of the Merger (see page 48)

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 19)

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.

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.

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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.

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

Redhook's agreements with A-B contain limitations on Redhook's ability to engage in or reject certain transactions, including acquisitions and changes of control.

A-B will have significant control and influence over the combined company.

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 capitalized partially with long-term debt, which will be a use of its cash flow.

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 and California, 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.

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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.

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 expiration of lock-up agreements entered into with certain Widmer shareholders in connection with the merger could cause the market price of the combined company's common stock to decline.

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 19 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 48)

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 48 of this joint proxy statement/prospectus.

Dissenters' Rights (see page 51)

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

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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 D, and the section entitled "The Merger - Dissenters' Rights" beginning on page 51 of this joint proxy statement/prospectus.

Comparison of Shareholder Rights (see page 140)

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 140 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.

	Year Ended December 31,				
	2007	2006	2005	2004	2003
Statement of Operations Data (in thousands, except earnings (loss) per share):					
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
Operating Data (in barrels):					
Beer shipped(1)	316,900	271,600	225,300	216,400	228,800
Balance Sheet Data (in thousands, except book value per common share):					
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 14 also includes these

shipments. These shipments are eliminated in the combined condensed operating data on page 16.

- (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)

	Year Ended December 31,				
	2007	2006	2005	2004	2003
	(In thousands)				
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
EBITDA	\$ 2,050	\$ 3,987	\$ 2,227	\$ 2,210	\$ 1,407

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.

	Year Ended December 31,				
	2007	2006	2005	2004	2003
		Restated	Restated		
Statement of Operations Data (in thousands, except earnings per share):					
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
Operating Data (in barrels):					
Beer shipped(1)	439,900	408,400	364,400	377,200	181,700
Balance Sheet Data (in thousands, except book value per common share):					
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

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Common stockholders equity	\$ 23,989	\$ 23,988	\$ 21,118	\$ 17,686	\$ (571)
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 12 also includes these shipments. These shipments are eliminated in the combined condensed operating data on page 16.
- (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

	Year Ended December 31,				
	2007	2006	2005	2004	2003
	(In thousands)				
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
EBITDA	\$ 3,268	\$ 6,254	\$ 7,271	\$ 5,576	\$ 3,880

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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 133 through page 139 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.

	Year Ended December 31, 2007
Statement of Operations Data (in thousands, except earnings per share):	
Net sales	\$ 100,513
Income from continuing operations	(1,536)
Net income (loss)	(1,572)
Basic earnings (loss) per share	\$ (0.09)
Diluted earnings (loss) per share	\$ (0.09)
Operating Data (in barrels):	
Beer shipped	552,500
	As of December 31, 2007
Balance Sheet Data (in thousands, except book value per common share):	
Cash and cash equivalents	\$ 7,027
Working capital	6,069

Total assets	170,644
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.

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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 133. 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.

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

	High	Low
2008		
First quarter	\$ 6.63	\$ 4.00
Second quarter (April 1, 2008 through May 9, 2008)	\$ 4.85	\$ 3.85
2007		
First quarter	\$ 7.80	\$ 5.00
Second quarter	\$ 8.08	\$ 6.17
Third quarter	\$ 8.21	\$ 5.68
Fourth quarter	\$ 7.11	\$ 5.84
2006		
First quarter	\$ 3.74	\$ 3.10
Second quarter	\$ 4.00	\$ 3.43
Third quarter	\$ 4.18	\$ 3.31
Fourth quarter	\$ 5.31	\$ 3.76
2005		
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 May 12, 2008 were \$3.99 and \$3.89, 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 149 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 48 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 54 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 46 of this joint proxy statement/prospectus and "The Merger Interests of Widmer's Directors and Executive Officers in the Merger" beginning on page 47 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 36.

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. 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 151 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. In such an event, the combined company would be faced with finding another national distribution partner similar to A-B, and entering into a complex distribution and investment arrangement with that entity, or negotiating separate distribution agreements with individual distributors throughout the U.S. Currently, Redhook distributes its product through a network of more than 560 independent wholesale distributors,

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most of whom are geographically contiguous and independently owned and operated, and 13 branches owned and operated by A-B. If the combined company had to negotiate separate agreements with individual distributors, such an undertaking would require a significant amount of time to complete, during which the combined company's products would not be distributed. It would also be extremely difficult for the combined company to build a distribution network as seamless and contiguous as the one it currently enjoys through A-B. Additionally, the combined company would need to raise significant capital to fund the development of its new distribution network and continue operations. There can be no guarantee that financing would be available when needed, or that any such financing would be on commercially reasonable terms. Given the difficulty that the combined company would face if it needed to rebuild its distribution network, if the current distribution arrangement with A-B were to be terminated, it is unlikely the combined company would be able to continue as a going concern.

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 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.

Redhook's agreements with A-B contain 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;

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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.

Additionally, A-B has the right to terminate the distribution agreement if any competitor of A-B acquires more than 10% of the outstanding common stock of Redhook.

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.

The practical effect of the foregoing restrictions is to grant A-B the ability to veto certain transactions that management may believe to be in the best interest of Redhook and its shareholders, including expansion of the combined company through acquisitions of other craft brewers or new brands, mergers with other brewing companies or distribution of the combined company's products outside the U.S. As a result, the results of operations and the trading price of the combined company's common stock may be adversely affected.

A-B will have significant control and influence over the combined company.

Following the merger, in addition to its rights under the exchange and recapitalization agreement and the distribution agreement, as discussed above, it is anticipated that A-B will own approximately 36.3% of the outstanding common stock of the combined company and that two of its designees will serve as directors of the combined company. As a result, A-B will be able to exercise significant control and influence over the combined company and matters requiring approval of its shareholders, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of the combined company or its assets. This could limit the ability of other shareholders to influence corporate matters and may have the effect of delaying or preventing a third party from acquiring control of the combined company. In addition, A-B may have actual or potential interests that diverge from the rest of the Redhook shareholders. The securities markets may also react unfavorably to A-B's ability to influence certain matters involving the combined company, which could have a negative impact on the trading price of the combined company's common stock.

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

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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.

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

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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 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. 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 costs associated with the merger that will be expensed in 2008 are estimated at \$3,040,000. This includes severance costs and deal costs incurred by Widmer. Legal, consulting and meeting costs incurred by Redhook in connection with merger integration will continue to be capitalized in accordance with SFAS No. 141, *Business Combinations*. 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 capitalized partially with long-term debt, which will be a use of its cash flow.

At the time of the merger, it is anticipated that the combined company will have approximately \$21.3 million of long-term debt attributable entirely to debt that is currently owed by Widmer. The debt will consist of a term loan of approximately \$13.5 million, an equipment loan of approximately \$7.2 million, and

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real estate related loans of approximately \$0.6 million. The total monthly payments of principal and interest on this debt are initially expected to be approximately \$220,000. Additional information regarding this debt is presented in Note 9 to Widmer's consolidated financial statements included elsewhere in this joint proxy statement/prospectus.

The combined company's access to additional capital to fund expansion or operating needs will be limited by the amount of debt outstanding at the time of the merger. A failure to obtain additional capital could impair the combined company's ability to grow sales or respond to working capital needs. Any inability to raise adequate funds to support its growth plans or operations will materially adversely affect the combined company's business.

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, will 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.

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

A significant portion of Redhook and Widmer sales have been in the Pacific Northwest and California and, consequently, business may be adversely affected by changes in economic and business conditions nationally and, particularly, within the western region. In 2007, 33% of beer shipped by Redhook and Widmer was to wholesalers in Oregon and Washington. In addition, shipments by both companies to wholesalers in California contributed another 28% of total shipments, resulting in a total concentration of 62% in these three western states. Redhook and Widmer also believe this region is one of the most competitive craft beer markets in the U.S., both in terms of number of market participants and consumer awareness. The Pacific Northwest, and Washington state in particular, offer significant competition to the combined company's products, not only from other craft brewers but also from the growing wine market and from flavored alcohol beverages. This intense competition is magnified because the Redhook brand is viewed as being relatively mature.

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

Sales of craft beer products are somewhat seasonal, with the first and fourth quarters historically being the slowest and the rest of the year generating stronger sales. As well, the combined company's sales volume may also be affected by weather conditions. Therefore, the results for any quarter may not be indicative of the results that may be achieved for the full fiscal year. If an adverse event such as a regional economic downturn or poor weather conditions should occur during the second and third quarters, the adverse impact to the combined company's revenues would likely be greater as a result of the seasonal business.

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

Future gross margins may fluctuate and even decline as a result of many factors, including disproportionate depreciation and other fixed and semivariable operating costs, and the level of production at the breweries in relation to current production capacity. Fixed and semivariable operating costs are estimated to be approximately one-third of total production costs and cause gross margin to be sensitive to relatively small increases or decreases in sales volume. In addition, other factors beyond the company's control that could affect cost of sales include changes in freight charges, the availability and prices of raw materials and packaging materials, the mix between draft and bottled product sales, the sales mix of various bottled product packages, and federal or state excise taxes.

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

At December 31, 2007, the combined annual theoretical production capacity of the Redhook and Widmer breweries totaled approximately 710,000 barrels. Following completion of the expansion of Widmer's Portland brewery in April 2008, the combined annual theoretical production capacity of the Redhook and Widmer breweries totaled approximately 900,000 barrels. Following the anticipated completion of expansion of brewing capacity at Redhook's New Hampshire brewery in late 2008, the combined company's annual theoretical production capacity is projected to total approximately 946,000 barrels. Theoretical production capacity, as defined by Redhook and Widmer, is computed assuming that brewing occurs under ideal brewing conditions and is negatively impacted by only a standard level of production loss. Ideal brewing conditions include, among other factors, production of a single brand in a single package for 24-hour shifts, seven days per week, and 52 weeks per year. Because of many factors, including seasonality, production schedules of various draft products and bottled products and packages, and losses attributable to filtering, bottling and keg filling, actual production capacity will always be less than theoretical production capacity.

Although there is a significant difference between 2007 combined company shipments of 552,500 barrels (computed on a proforma basis) and the anticipated future annual theoretical production capacity of 900,000 barrels, Redhook and Widmer believe that capacity utilization of the breweries will fluctuate

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throughout the year. Although Redhook and Widmer expect that the breweries' capacity will be efficiently utilized during periods when the combined company's sales are strongest, there likely will be periods when the breweries' capacity utilization will be lower. If the combined company is unable to achieve significant sales growth, the resulting excess capacity and unabsorbed overhead of the combined company will have an adverse effect on the combined company's gross margins, operating cash flows and overall financial performance.

The combined company will periodically evaluate whether it expects to recover the costs of its production facilities over the course of their useful lives. If facts and circumstances indicate that the carrying value of these long-lived assets may be impaired, an evaluation of recoverability will be performed in accordance with FASB Statement of Financial Accounting Standard, which we refer to as SFAS, No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, by comparing the carrying value of the assets to projected future undiscounted cash flows in addition to other quantitative and qualitative analyses. If management believes that the carrying value of such assets may not be recoverable, the combined company will recognize an impairment loss by a charge against current operations.

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

If consumers were unwilling to accept the combined company's products or if general consumer trends caused a decrease in the demand for beer, including craft beer, it would adversely impact sales and results of operations. If the flavored alcohol beverage market, the wine market, or the spirits market continues to grow, this could draw consumers away from the company's products and have an adverse effect on sales and results of operations. Further, the alcoholic beverage industry has become the subject of considerable societal and political attention in recent years due to increasing public concern over alcohol-related social problems, including drunk driving, underage drinking and health consequences from the misuse of alcohol. If beer consumption in general were to come into disfavor among domestic consumers, or if the domestic beer industry were subjected to significant additional governmental regulation, the combined company's operations could be adversely affected.

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.

The combined company's breweries and pubs will be subject to licensing and regulation by a number of governmental authorities, including the U.S. Treasury Department, Alcohol and Tobacco Tax and Trade Bureau, which we refer to as the TTB, the U.S. Department of Agriculture, the U.S. Food and Drug Administration, state alcohol regulatory agencies in the states in which the company sells its products, and state and local health, sanitation, safety, fire and environmental agencies. Failure to comply with applicable federal, state or local regulations could result in limitations on the combined company's ability to conduct business. TTB permits can be revoked for failure to pay taxes, to keep proper accounts, to pay fees, to bond premises, or to abide by federal alcoholic beverage production and distribution regulations, or if holders of 10% or more of the combined company's equity securities are found to be of questionable character. TTB permits are also required in connection with establishing a commercial brewery, expanding or modifying existing brewing operations, entering into a contract brewing arrangement, and entering into an alternating brewery agreement, such as the arrangement currently in effect between Widmer and Kona Brewery LLC. Other permits or licenses could be revoked if the combined company fails to comply with the terms of such permits or licenses, and additional permits or licenses could be required in the future for existing or expanded operations. Because the combined company's sales objective and growth plans may rely on any one of these approaches, if licenses, permits or approvals necessary for the company's brewery or pub operations were unavailable or unduly delayed, or if any such permits or licenses were revoked, the ability of the combined company to conduct business could be substantially and adversely affected.

The brewery operations of the combined company will also be subject to environmental regulations and local permitting requirements and agreements regarding, among other things, air emissions, water discharges, and the handling and disposal of wastes. While neither Redhook nor Widmer has reason to believe the

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operations of its facilities violate any such regulation or requirement, if such a violation were to occur, or if environmental regulations were to become more stringent in the future, the business of the combined company could be adversely affected.

The combined company will also be subject to dram shop laws, which generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. The combined company's pubs have addressed this concern by establishing early closing hours and regularly scheduled employee training. However, large uninsured damage awards against the combined company could adversely affect its financial condition.

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

The U.S. federal government currently imposes an excise tax of \$18 per barrel on beer sold for consumption in the U.S. However, any brewer with annual production under two million barrels instead pays federal excise tax in the amount of \$7 per barrel on sales of the first 60,000 barrels. While Redhook and Widmer are not aware of any plans by the federal government to reduce or eliminate this benefit to small brewers, any such reduction in a material amount could have an adverse effect on the combined company's financial condition and results of operations. In addition, the combined company would lose the benefit of this rate structure if it exceeded the two million barrel production threshold. Individual states also impose excise taxes on alcoholic beverages in varying amounts, which have also been subject to change. It is possible that excise taxes will be increased in the future by both federal and state governments. In addition, increased excise taxes on alcoholic beverages have in the past been considered in connection with various governmental budget-balancing or funding proposals. Any such increases in excise taxes, if enacted, could adversely affect the company's financial condition or results of operations.

Loss of a small brewer's excise tax exemption could negatively impact results of operations.

Redhook and Widmer are required to pay federal excise taxes on the sale of beer. Because Redhook and Widmer each produce less than two million barrels annually, each of Redhook and Widmer are currently eligible for a small brewer's federal excise tax exemption which provides that each pays federal excise taxes at a reduced rate of \$7 per barrel, rather than the \$18 per barrel, on the first 60,000 barrels sold each year. Both Redhook and Widmer are required to pay \$18 per barrel on all shipments above 60,000 barrels per year. Upon merging, though, the combined company will be eligible for a single 60,000 barrel small brewer's exemption, effectively resulting in the loss of one 60,000 barrel exemption, or \$660,000, and an overall increase in the weighted average federal excise tax rate paid by the combined company.

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

In 2006, the Washington state legislature passed a bill removing the long-standing requirement that small producers of wine and beer distribute their products through wholesale distributors, thus permitting these small producers to distribute their products directly to retailers. The law further provides that any in-state or out-of-state brewery that produces more than 2,500 barrels annually may distribute its products directly to retailers if it does so from a facility located in the state that is physically separate and distinct from its production facilities. The legislation stipulates that prices charged by a brewery must be uniform to all distributors and retailers, but does not restrict prices retailers may charge consumers. In 2007, Redhook and Widmer shipments to Washington wholesalers totaled approximately 18% of total shipments on a pro forma basis. Although not all of these shipments were attributable to beer produced in Washington state, the combined company's operations will continue to be substantially impacted by the Washington state regulatory environment. While it is difficult to predict what impact, if any, this law will have on the combined

company's operations, the beer and wine market may experience an increase in competition that could cause future sales and results of operations to be adversely affected. This law may also impact the financial stability of Washington state wholesalers on which the combined company will rely.

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

The combined company intends to maintain insurance coverage that is customary for businesses of its size and type. There are, however, certain types of catastrophic losses that are not generally insured because it is not economically feasible to insure against such losses. Should an uninsured loss or a loss in excess of insured limits occur, such loss could have an adverse effect on the combined company's results of operations and financial condition.

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

As of December 31, 2007, Redhook's deferred tax assets were primarily comprised of federal net operating losses, which we refer to as NOLs, of \$24.7 million, or \$8.4 million tax-effected; federal and state alternative minimum tax credit carryforwards of \$185,000; and state NOL carryforwards of \$196,000 tax-effected. The ultimate realization of deferred tax assets is dependent upon the existence of, or generation of, taxable income during the periods in which those temporary differences become deductible. To the extent that the combined company is unable to generate adequate taxable income in future periods, it will be unable to utilize the NOLs and may also be unable to recognize additional tax benefits. In addition, the combined company may be required to record a greater valuation allowance covering potentially expiring NOLs. Redhook and Widmer have reviewed Section 382 of the Code, which can limit the use of NOLs in instances where there has been a change in ownership of greater than 50% of the stock owned by one or more shareholders holding five percent or more of the outstanding stock, and do not believe that this Code section will impact the combined company's ability to utilize the NOLs in the future. While Redhook and Widmer are not aware of any plans by the federal or state governments to amend the rules regarding utilization of NOLs, any such modification could have an adverse effect on the combined company's financial condition and results of operations.

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

The combined company will continue to distribute its draft beer in kegs that are owned by the company as well as leased from A-B and a third-party vendor. During periods when the combined company experiences stronger sales, the company may need to rely on kegs leased from A-B and the third-party vendor to address the additional demand. If shipments of draft beer increase, the combined company may experience a shortage of available kegs to fill sales orders. If the combined company cannot meet its keg requirements through either lease or purchase, the company may be required to delay some draft shipments. Such delays could have an adverse impact on sales and relationships with wholesalers and A-B. As well, the combined company may decide to pursue other alternatives for leasing or purchasing kegs. There is no assurance, though, that the combined company will be successful in securing additional kegs.

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

According to industry and media sources, the cost of barley, wheat and hops, all primary ingredients in Redhook and Widmer products, has increased significantly in recent months. Media sources explain that the cost of barley increased 48% from August 2006 through June 2007, largely driven by a lower supply of barley as farmers shift their focus to growing corn, a key component of biofuels. The beer industry appears to also be experiencing a decline in the supply of hops, driven by a number of factors: excess supply in the 1990s led some growers to switch to more lucrative crops, resulting in an estimated 40% decrease in worldwide hop-growing acreage; poor weather in eastern Europe and Germany caused substantial hops crop losses in 2007; hops crop production in England has declined approximately 85% since the mid-1970s; and 2007 U.S., New Zealand, and Australia hops crop yields were only average. And wheat exports have increased by 30% because of the weak U.S. dollar and poor worldwide harvests, leading to U.S. supplies of wheat that are at the lowest levels in 60 years.

While Redhook and Widmer have historically utilized fixed price contracts to secure adequate supplies of key raw materials, including barley, wheat and hops, recent fixed price contracts reflect current market pricing that is significantly higher than historical pricing. On average, Redhook has experienced cost increases of

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approximately 27%, 1%, and 8% for 2008 purchases of malted barley, hops and wheat, respectively. On average, Widmer has experienced cost increases of approximately 48%, 20%, and 41% for 2008 purchases of malted barley, hops and wheat, respectively. Redhook and Widmer estimate that these higher raw material and packaging costs will result in an increase in 2008 cost of sales of approximately \$3.75 per barrel. If 2008 Redhook and Widmer production levels remained unchanged from 2007 levels, cost of sales for the combined company will likely increase by approximately \$1,900,000 for the full year. If the combined company experiences difficulty in securing its key raw materials or continues to experience increases in the cost of these materials, it will have a material adverse impact on the combined company's gross margins and results of operations.

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

At any given time, the combined company will be subject to claims and actions incidental to the operation of its business. The outcome of these proceedings cannot be predicted. If a plaintiff were successful in a claim against the combined company, it could be faced with the payment of a material sum of money. If this were to occur, it could have an adverse effect on the company's financial condition.

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

If the merger occurs, the market price of the combined company's common stock could be subject to significant fluctuations. Some of the factors that may cause the market price of the combined company's common stock to fluctuate include:

- the entry into, or termination of, key agreements;

- the loss of key employees;

- the introduction of new products by competitors of the combined company;

- changes in estimates or recommendations by securities analysts, if any, who cover the combined company's common stock;

- future sales of the combined company's common stock; and

- period-to-period fluctuations in the combined company's financial results.

Moreover, the stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies. These broad market fluctuations may also adversely affect the trading price of the combined company's common stock.

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against that company. Such litigation against the combined company, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the combined company's profitability and reputation.

The expiration of lock-up agreements entered into with certain Widmer shareholders in connection with the merger could cause the market price of the combined company's common stock to decline.

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. It is expected that these Widmer shareholders will receive 3,911,627 shares of Redhook common stock pursuant to the merger, which will represent approximately 23.4% of the outstanding shares of the combined company immediately 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). Upon the expiration of the lock-up agreements, all of these shares will be available for sale in the public market, subject (in the case of

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shares held by any of these shareholders who are affiliates of the combined company) to volume, manner of sale and other limitations under Rule 144. Such sales in the public market after the lock-up agreements expire, or the perception that such sales could occur, could cause the market price of the combined company's common stock to decline.

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

The combined company anticipates that it will retain its earnings, if any, for future growth and therefore does not anticipate paying cash dividends in the future. As a result, only appreciation of the price of the combined company's common stock will provide a return to shareholders. Investors seeking cash dividends should not invest in the combined company's common stock.

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.

The combined company may have to raise additional capital in order to construct or expand production capacity. Additional financing may not be available on terms that are favorable to the combined company, or at all. A failure to obtain additional financing could impair the combined company's ability to grow sales. Any inability to raise adequate funds to support its growth plans will materially adversely affect the combined company's business.

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FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus contains forward-looking statements of Redhook within the meaning of the Private Securities Litigation Reform Act of 1995, which is applicable to Redhook because Redhook is a public company subject to the reporting requirements of the Exchange Act, but is not applicable to Widmer because Widmer is not a public company and is not currently subject to the reporting requirements of the Exchange Act. These forward-looking statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results and performance; statements about Redhook's plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by words such as anticipates, believes, forecast, potential, contemplates, expects, intends, plans, believes, seeks, would, will, may, can or words of similar meaning.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

those discussed and identified in public filings with the Securities and Exchange Commission made by Redhook;

the vote of Redhook shareholders on the issuance of Redhook common stock pursuant to the merger agreement at the Redhook annual meeting;

the vote of Widmer shareholders on the on the merger at the Widmer special meeting;

the timing of the completion of the merger;

the combined company's ability to integrate both businesses and to achieve expected synergies, operating efficiencies and other benefits; and

the expenses and other liabilities incurred or accrued between the signing of the merger agreement and the closing of the merger.

These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements, including those discussed in the section entitled Risk Factors beginning on page 19 of this joint proxy statement/prospectus.

Many of the important factors that will determine these results and values are beyond Redhook's and Widmer's ability to control or predict. You are cautioned not to put undue reliance on any forward-looking statements. Except as otherwise required by law, Redhook and Widmer do not assume any obligation to update any forward-looking statements.

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THE MERGER

*This section and the section entitled *The Merger Agreement* in this joint proxy statement/prospectus describe the material aspects of the merger, including the merger agreement. While Redhook and Widmer believe that this description covers the material terms of the merger and the merger agreement, it may not contain all of the information that is important to you. You should read carefully this entire joint proxy statement/prospectus for a more complete understanding of the merger and the merger agreement, including the merger agreement, attached as Annex A, and the other documents to which you are referred or that are incorporated by reference herein.*

Background of the Merger

Widmer and Redhook have had contractual relationships since 2003 when Widmer and Redhook entered into a licensing agreement for Redhook to brew and sell *Widmer Hefeweizen* in the midwest and eastern U.S. On July 1, 2004, Redhook and Widmer entered into agreements to form and operate Craft Brands as a joint venture of the two companies. Craft Brands purchases products from Redhook and Widmer, and markets, advertises, sells and distributes these products in the Western Territory (the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington and Wyoming) pursuant to a distribution agreement with A-B. Widmer and Redhook are each a 50% member of Craft Brands, and each has the right to designate two directors to its six-member board; A-B is entitled to designate the remaining two directors. The restated operating agreement of Craft Brands governs the operations of Craft Brands and the obligations of its members, including capital contributions, loans and allocations of profits and losses.

This close working relationship through Craft Brands and the licensing agreement for the midwest and eastern U.S. markets led to the discussions which resulted in the merger agreement. Because A-B not only held significant equity positions in both Redhook and Widmer but also played a critical role in the distribution of their products, a combination of the two companies was the natural next step in the evolution of their relationship. Any alternative transaction would likely require termination of the distribution relationship with A-B. Redhook and Widmer both believe that any such termination would have such negative ramifications that this was not an outcome that either company ever felt was practical or desirable. As a result, neither company entertained possible alternative transactions to the merger between them.

On October 13, 2005, Kurt Widmer and Robert Widmer of Widmer and Terry Michaelson of Craft Brands met with Paul Shipman and David Mickelson of Redhook in Centralia, Washington, to discuss the relationship between Redhook and Widmer. During this meeting, Mr. Michaelson advised Mr. Shipman and Mr. Mickelson that Widmer was in discussions with investors who were interested in acquiring a substantial stake in Widmer and funding a proposal to acquire Redhook. Mr. Michaelson stated that a written proposal would follow later in the year if the discussions with the investors produced an agreement between Widmer and the investors.

On November 3, 2005, the Widmer board of directors met and authorized continued negotiations with Redhook regarding a business combination transaction between the two companies. The A-B representatives on the Widmer board abstained from voting.

At meetings of the board of Craft Brands over the next twelve months, Mr. Michaelson advised the Redhook directors on the Craft Brands board that there had been no progress in the negotiations with the prospective investors in Widmer but that discussions were continuing. Following such a discussion on August 3, 2006, Mr. Shipman and Mr. Mickelson came to Portland to meet on August 11, 2006 with Mr. Michaelson. At that meeting, Mr. Michaelson advised that the discussions with an outside investor had not progressed, but that Widmer still hoped to present a

proposal for combining the two companies, and that the proposal was expected to involve the purchase of Widmer stock from some of the Widmer shareholders as well as acquisition of the stock of Redhook.

At a meeting between Mr. Michaelson and Mr. Mickelson on October 11, 2006, the parties discussed setting an outside date for Widmer to make its offer. Mr. Michaelson explained to Mr. Mickelson that

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Widmer's strong preference was to have a date in place to complete discussions, but that any date might have to be extended. The parties agreed to exchange additional information and, on October 13, 2006, Mr. Mickelson provided Mr. Michaelson with information about the future capital expenditures that might be needed if capacity of the Redhook breweries was to be expanded to handle Widmer product.

In November and December 2006, the attorneys for the two companies prepared and negotiated reciprocal confidentiality and nondisclosure agreements so the companies could exchange information for the discussions of a combination between the two companies.

On December 13, 2006, Widmer management reported to the Widmer board of directors regarding the status of negotiations regarding a potential business combination and the possibility that the resulting entity would continue to be publicly traded.

On December 19, 2006, the Frank Clement, David Lord, Michael Loughran and John Rogers, whom we refer to as the Redhook independent directors, and management met in Seattle to discuss how a transaction might happen and how to encourage Widmer either to advance negotiations or to confirm that there would be no combination so that Redhook could develop a new strategic plan for itself.

On January 3, 2007, Redhook and Widmer executed reciprocal confidentiality and nondisclosure agreements and Redhook issued a press release announcing that the two companies were entering into preliminary discussions regarding a possible combination. This press release was also disclosed in a current report on Form 8-K filed with the Securities and Exchange Commission by Redhook on January 5, 2007 and an amended Schedule 13D that A-B filed with the Securities and Exchange Commission on January 3, 2007.

This was followed by a meeting on January 9, 2007 between Mr. Michaelson and Mr. Shipman to discuss how to carry the discussions forward. On January 10, 2007, the Redhook independent directors formed a Corporate Strategy Committee, which we refer to as the CSC, to assess proposals from Widmer and to participate with management in the negotiations. The CSC requested Anthony Short and John Glick of A-B, who were serving on the boards of Redhook and Widmer, to act as facilitators to help advance discussions on ways the companies could be combined.

On February 15, 2007, an electronic document room was established as a location for the parties to deposit and exchange information about the two companies.

On March 21, 2007, Mr. Short and Mr. Glick met in Seattle with Kurt Widmer, Robert Widmer and Mr. Michaelson, and then following that meeting with the Redhook board to discuss concepts for merging the two entities. This was followed by a meeting, held on March 29 at the offices of Riddell Williams, between David Mickelson and Jay Caldwell of Redhook, the Redhook independent directors, Terry Michaelson and Rich Shawen of Widmer, Ulrich Pilz, a financial consultant to Widmer, and John Glick and David West of A-B. The attendees discussed how the operations could be combined in light of the terms being discussed for the potential transaction.

Meetings were held on April 14, 2007 in Portland attended by Mr. Shipman, Mr. Mickelson, Kurt Widmer, Robert Widmer and Mr. Michaelson to discuss the details of the proposed transaction.

On April 27, 2007, Mr. Shipman, Mr. Mickelson and Mr. Caldwell met with the CSC to formulate a proposal to present to Widmer for merging the two companies, which contemplated issuing a number of shares of Redhook common stock to be determined at a later date plus \$5,000,000 in cash in exchange for all of the issued and outstanding stock of Widmer.

Later on April 27, 2007, Messrs. Shipman, Mickelson, Caldwell, Clement, Loughran, Michaelson and Shawen discussed at a meeting held at the offices of Riddell Williams in Seattle the possible scenarios in regards to the capital, organization and board structure of the merged company. The two parties agreed to proceed with negotiating an agreement for merger on this basis.

On May 4, 2007, Mr. Shipman, Mr. Mickelson and Mr. Caldwell met with the CSC to review the proposal to present to Widmer for merging the two companies, and agreed to present a proposal to issue 6,000,000 shares of Redhook common stock plus \$25,000,000 in cash in exchange for all of the issued and

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outstanding stock of Widmer to meet Widmer's requirements for immediate liquidity. This proposal was then discussed by the two parties in telephone conferences and they agreed to proceed with negotiating an agreement for merger on this basis.

Mr. Mickelson and Mr. Michaelson had a telephone call on June 5, 2007, on which they discussed the proposed transaction. This was followed by meetings in Sunriver, Oregon, on June 13-15, 2007 among Mr. Shipman, Mr. Mickelson, Mr. Michaelson and Sebastian Pastore of Widmer, and a telephone conference on June 26, 2007 among Mr. Mickelson, Mr. Pastore and Mr. Caldwell of Redhook to discuss integration planning and financial issues related to the merger. During the period from July through September of 2007, draft merger agreements were exchanged by the parties' attorneys and open issues were discussed weekly at the attorney level.

On July 23, 2007, Mr. Shipman and Michael Loughran, Chair of the CSC, met with James Hoffmeister, retired A-B executive, to discuss the issues presenting the most difficulty in the negotiations, including the concern about the financing required for the \$25,000,000 cash portion of the merger consideration and the financing required for the Widmer brewery expansion in Portland. These issues were discussed further by Mr. Michaelson and Mr. Mickelson on a telephone conference on August 7, 2007 and were the subject of meetings by the CSC for Redhook on August 21, 2007 and the Widmer board on August 27, 2007. A commitment for debt financing was obtained on September 4, 2007 from a money center bank on favorable terms.

At a meeting held on September 27, 2007, the Widmer board concluded that the proposed structure involved too much debt and directed management to develop an alternative structure. Widmer's management then developed a proposal for a stock-for-stock merger transaction which was discussed and, with Messrs. Glick, Goeler and Short abstaining, approved at a Widmer board meeting held on September 28. Kevin Kelly of the Widmer board then met with the Redhook CSC in Seattle on October 4, and presented the revised terms for the transaction. The Redhook board met later that day and agreed, with Messrs. Glick and Short abstaining, with the proposal presented by the Widmer Board. During the period from October 4, 2007 through October 18, 2007, the attorneys and parties revised the draft merger documents to reflect the new terms.

The revised merger documents were approved, with Messrs. Glick and Short abstaining, by the Redhook board at a board meeting on October 18, 2007, and Redhook management was authorized to proceed on the basis of the revised merger agreements, subject to the completion of due diligence by the time of the November 13, 2007 Redhook board meeting. The revised merger documents were approved by the Widmer board on October 19, 2007.

On November 13, 2007, at the regular quarterly board meeting of the Redhook board, management advised the board that the due diligence issues had been resolved. The merger agreement was then signed by both parties and announced publicly. The merger transaction was disclosed in a Form 8-K filed with the Securities and Exchange Commission on November 13, as well as a press release issued on the same day.

Reasons for the Merger

The following discussion of the parties' reasons for the merger contains a number of forward-looking statements that reflect the current views of Redhook or Widmer with respect to future events that may have an effect on future financial performance. Forward-looking statements are subject to risks and uncertainties. Actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. Cautionary statements that identify important factors that could cause or contribute to differences in results and outcomes include those discussed in the sections entitled "Risk Factors" and "Forward Looking Statements" in this joint proxy statement/prospectus.

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Mutual Reasons for the Merger

The combined company will have an annual volume that will make it one of the largest independent craft brewing companies in the United States. Redhook and Widmer believe that the combined company will have the following potential advantages:

The merger of Redhook and Widmer is a natural extension of an existing working relationship. In 2003, Redhook licensed the right to produce, market and sell *Widmer Hefeweizen* in 27 midwest and eastern states. In 2004, the Craft Brands joint venture was created to market and sell the products of both companies in the western United States. The merger will permit the combined company to extend these combined sales and marketing efforts nationwide for all of their products. The parties believe that this focused marketing will improve visibility with wholesalers and will permit the wholesalers to compete more effectively for on-premises retail exposure and retail shelf placement for off-premises distribution.

While some economies of scale have been achieved through the existing contractual relationships, the companies believe additional efficiencies will be realized as a result of utilization of all three breweries, the combined nationwide sales force, and reduction of duplicate functions.

The nationwide sales force will enhance existing sales relationships with 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.

Acceleration of the utilization of Redhook's tax NOL carryforwards and other tax credits will improve cash flow.

The two companies considered a number of negative factors, including the challenges of integrating their accounting and information technology functions, and the higher federal and state excise taxes that will be payable by the combined company inasmuch as it will be entitled to only one small brewer's excise tax exemption while each of Redhook and Widmer is currently entitled to one such exemption.

Redhook's Reasons for the Merger and Recommendation of the Redhook Board of Directors

At a special meeting held on October 18, 2007, the Redhook board of directors, with A-B designees Messrs. Glick and Short abstaining, unanimously determined that the merger with Widmer is in the best interests of Redhook and its shareholders, adopted the merger agreement and recommended that Redhook shareholders vote FOR the issuance of Redhook common stock pursuant to the merger agreement. On November 13, 2007, Redhook entered into the merger agreement with Widmer.

In reaching its decision to adopt the merger agreement and recommend that Redhook shareholders vote to approve the issuance of Redhook common stock pursuant to the merger agreement, the Redhook board of directors considered a number of factors, including the following:

The merger should enhance the market's perception of the combined company's stock. The larger market capitalization and anticipated greater average trading volume of the combined company might help meet the threshold for better analyst coverage. Elimination of the contractual relationships with Widmer will make the stock easier for analysts and investors to understand.

The combined company will have Redhook's significant tax NOL carryforwards and will quickly achieve a larger size, both of which items could enhance the value of the stock.

The board was concerned that, if the companies did not combine and the contractual relationships with Widmer ended, Redhook would be faced with over-capacity in its Woodinville, Washington, and Portsmouth, New Hampshire breweries.

The foregoing discussion is not intended to be exhaustive, but Redhook believes it addresses the material information and factors considered by the Redhook board of directors in its consideration of the merger,

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including factors that may support the merger as well as factors that may weigh against it. In view of the variety of factors and the amount of information considered, the Redhook board of directors did not find it practicable to, and did not make specific assessments of, quantify or otherwise assign relative weights to, the specific factors considered in reaching its determination. In addition, the Redhook board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and individual members of Redhook's board of directors may have given different weights to different factors.

In considering the recommendation of the Redhook board of directors to approve the merger agreement, Redhook shareholders should be aware that certain executive officers and directors of Redhook have certain interests in the merger that may be different from, or in addition to, the interests of Redhook shareholders generally. The Redhook board of directors was aware of these interests and considered them when adopting the merger agreement and recommending that Redhook shareholders vote to approve the issuance of Redhook common stock pursuant to the merger agreement. The interests of the Redhook 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."

Widmer's Reasons for the Merger and Recommendation of the Widmer Board of Directors

At a special meeting held on October 19, 2007, the Widmer board of directors, with A-B designees Messrs. Glick and Goeler abstaining (Mr. Short was absent from the meeting), unanimously determined that the merger with Redhook was in the best interests of Widmer and its shareholders, adopted the merger agreement and recommended that Widmer shareholders vote FOR approval of the merger agreement. On November 13, 2007, Widmer entered into the merger agreement with Redhook.

In reaching its decision to adopt the merger agreement and recommend that Widmer shareholders vote to approve the merger agreement, the Widmer board of directors considered a number of factors, including the following:

The merger will facilitate implementation of the national sales strategy developed by Widmer management in consultation with Redhook and Craft Brands, giving the combined organization the resources to address expanded market opportunities for the broad portfolio of beer styles and brands offered by the two companies, with the prospect for achieving associated revenue growth.

Widmer brands will have access to expanded brewing capacity through Redhook's Washington state and New Hampshire production facilities and to Redhook's sales force in the east and midwest, offering an avenue to achieving national brand status more quickly through efficient, less expensive access to eastern markets, as well as eliminating the need for cumbersome contract brewing arrangements between Widmer and Redhook.

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 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.

The integration of the two companies may present substantial difficulties in bringing together different organizational cultures and styles.

Significant expenditures may be required to integrate the financial reporting and information technology functions of the two companies and to enable the combined entity to achieve continued full and timely compliance with Exchange Act reporting requirements.

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The merger transaction will entail severance and other restructuring costs estimated to total approximately \$5.7 million in 2008.

The merger agreement imposes restrictions on the operation of Widmer's business pending completion of the merger without the prior consent of Redhook.

The foregoing discussion is not intended to be exhaustive, but Widmer believes it addresses the material information and factors considered by the Widmer board of directors in its consideration of the merger, including factors that may support the merger as well as factors that may weigh against it. In view of the variety of factors and the amount of information considered, the Widmer board of directors did not find it practicable to, and did not make specific assessments of, quantify or otherwise assign relative weights to, the specific factors considered in reaching its determination. In addition, the Widmer board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, and individual members of Widmer's board of directors may have given different weights to different factors.

In considering the recommendation of the Widmer board of directors to approve the merger agreement, Widmer shareholders should be aware that certain executive officers and directors of Widmer have certain interests in the merger that may be different from, or in addition to, the interests of Widmer shareholders generally. The Widmer board of directors was aware of these interests and considered them when adopting the merger agreement and recommending that Widmer shareholders vote to approve the merger agreement. The interests of the Widmer board of 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."

Opinion of Redhook's Financial Advisor

On November 13, 2007, at a meeting of Redhook's board of directors held to evaluate the proposed merger, Houlihan Smith delivered to Redhook's board of directors a written opinion dated November 13, 2007, to the effect that, as of that date and based on and subject to various assumptions, procedures followed, matters considered and limitations described in its opinion, the aggregate consideration to be paid by Redhook in the merger and the other terms of the merger are fair, from a financial point of view, to the shareholders of Redhook. Houlihan Smith's opinion does not address the fairness of the merger to Widmer shareholders.

Redhook has paid Houlihan Smith a non-contingent fee of \$99,000 for its services in providing the fairness opinion. Redhook has also agreed to indemnify Houlihan Smith with respect to its services relating to the fairness opinion. Houlihan Smith has had no prior investment banking relationships with Redhook or Widmer.

The aggregate merger consideration was determined through negotiation between Redhook and Widmer and Redhook's decision to enter into the merger was solely that of its board of directors. Houlihan Smith's opinion and financial analyses were only one of many factors considered by Redhook's board of directors in its evaluation of the merger and should not be viewed as determinative of the views of Redhook's board of directors or management with respect to the merger or the aggregate merger consideration.

The full text of Houlihan Smith's opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Houlihan Smith. This opinion is attached as Annex B and is incorporated into this joint proxy statement/prospectus by reference. **Houlihan Smith's opinion is directed only to the fairness, from a financial point of view, 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 opinion does not address the relative merits of**

the merger as compared to other business strategies or transactions that might be available to Redhook, or Redhook's underlying business decision to effect the merger. The opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to the merger. Holders of Redhook common stock are encouraged to read this opinion carefully in its entirety. The summary of Houlihan Smith's opinion described below is qualified in its entirety by reference to the full text of its opinion.

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In arriving at its opinion, Houlihan Smith:

reviewed the financial terms and conditions of the merger agreement;

reviewed financial and other information with regard to Widmer, including Widmer's audited consolidated financial statements for the fiscal years ended December 31, 2001 through December 31, 2006, Widmer's unaudited consolidated financial statements for the six month periods ended June 30, 2005 and 2006, the audited financial statements for Craft Brands for the fiscal years ended December 31, 2005 and 2006, and other financial information and projections prepared by Widmer;

reviewed publicly available financial information and other data with respect to Redhook, including its Annual Report on Form 10-K for the year ended December 31, 2006, its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007, and other such publicly available financial information;

conducted an on-site visit and held discussions with the senior management of Widmer regarding, among other items, the historic performance, current situation, and future prospects for Widmer;

conducted an on-site visit and held discussions with the senior management of Redhook regarding the selection process conducted with regard to the acquisition, Redhook's decision to form a business combination with Widmer, and Redhook's outlook for the future prospects of Widmer;

reviewed an appraisal of Widmer prepared by an independent third party appraiser as of May 4, 2007;

reviewed a proposal dated as of August 15, 2007 from a potential lender to provide credit facilities to Redhook to finance the potential acquisition of Widmer and to complete a facility expansion ;

reviewed financial and operating information with respect to certain publicly-traded companies in the brewery industry which Houlihan Smith believed to be generally comparable to the business of Redhook;

reviewed the financial terms of certain recent business combinations in the brewery industry specifically and in other industries generally; and

performed other financial studies, analyses and investigations, and considered such other information, as it deemed necessary or appropriate.

In connection with its review, Houlihan Smith relied upon and assumed, without independent verification, the accuracy, completeness and reasonableness of the financial, legal, tax, and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering its fairness opinion. In addition, Houlihan Smith did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of Widmer. Houlihan Smith further relied upon the assurances from senior management of both Redhook and Widmer that they were unaware of any facts that would make the information provided to it to be incomplete or misleading for the purposes of its fairness opinion. Houlihan Smith has not assumed responsibility for any independent verification of this information nor has it assumed any obligation to verify this information.

In connection with its fairness opinion, Houlihan Smith performed valuation analyses of Widmer on a fair market basis, using the following methods:

A market valuation approach, using the guideline public company and comparable transactions methods; and

An income valuation approach, applying the discounted cash flow method.

Houlihan Smith then compared the merger consideration range offered in the merger to Houlihan Smith's concluded fair market value range for Widmer in arriving at its conclusion that, as of the date of their opinion, the merger consideration was fair, from a financial point of view, to the shareholders of Redhook.

Market valuation analysis – Guideline public company. In performing its market valuation using the guideline public company method, Houlihan Smith applied the trading multiples of certain publicly traded

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companies to Widmer to derive an indication of value. Houlihan Smith searched the universe of publicly traded companies on public exchanges and found five companies that met its criteria for comparability: Houlihan Smith based this criterion on industry similarity, focusing mainly on breweries; market capitalization below \$1 billion; historic revenue growth of less than 20%; leverage ratio below 50%; and annual profitability in terms of EBITDA ranging from \$1 million to \$50 million. Houlihan Smith also looked for companies that had operating structures and customers as similar to Widmer as possible. Based on these criteria, Houlihan Smith selected the following five publicly traded companies in the brewing industry, which we refer to as the guideline companies: Redhook, Pyramid Breweries, Inc. (PMID), Big Rock Brewery Income Trust (BR.UN), Boston Beer Co. Inc. (SAM), and Mendocino Brewing Co. Inc. (MENB). A quantitative comparison of these guideline companies to Widmer based on revenue, growth and leverage, as of the twelve months ended September 30, 2007, is set forth below:

	Historical Growth Rates					
	Revenue	EBITDA	Assets	Revenue	EBITDA	Net Income
Widmer Brothers Brewing Company	\$ 86,021	\$ 5,349	\$ 63,628	22.9%	(14.5)%	(38.5)%
Pyramid Breweries, Inc.	48,933	1,066	34,577	(2.2)%	(51.3)%	NM
Big Rock Brewery Income Trust	38,646	10,146	40,769	(4.9)%	(3.5)%	(6.7)%
Boston Beer Co. Inc.	314,526	41,385	175,868	19.1%	43.1%	28.8%
Redhook Ale Brewery, Incorporated	38,423	772	75,323	14.7%	77.4%	NM
Mendocino Brewing Co. Inc.	34,397	1,388	23,841	9.6%	NM	NM
			Debt/ Equity (%)	Debt/ Total Cap%	Debt/ EBITDA	EBITDA/ Interest
Widmer Brothers Brewing Company			76.3%	30.3%	3.6x	16.8x
Pyramid Breweries, Inc.			43.5%	30.3%	7.79x	1.65x
Big Rock Brewery Income Trust			0.0%	0.0%	0.00x	3,229.14x
Boston Beer Co. Inc.			0.0%	0.0%	0.00x	0.00x
Redhook Ale Brewery, Incorporated			7.4%	6.9%	5.89x	2.24x
Mendocino Brewing Co. Inc.			3.47%	77.7%	9.03x	1.30x

Houlihan Smith believes that the population of companies examined was of a sufficient size to provide adequate data for comparison; therefore, Houlihan Smith does not believe it was limited by sample size used. Houlihan Smith examined the criteria in the tables above and Widmer's position among the comparables. Through this examination, Houlihan Smith found Widmer to be toward the midpoint in the majority of these metrics. As such, Houlihan Smith utilized a median multiple in arriving at its value indications. Houlihan Smith found no multiple adjustments necessary.

Houlihan Smith determined that valuations derived from multiples of EBITDA, or earnings before interest, taxes depreciation and amortization, and EBIT, or earnings before interest and taxes, of the guideline companies would provide the most meaningful indications of value. Utilizing publicly available information, Houlihan Smith calculated twelve month median multiples of EBITDA and EBIT for the guideline public companies as of September 28, 2007 of

12.8 and 33.8, respectively. After multiplying Widmer's twelve month EBITDA and EBIT for the period ending June 30, 2007 by these selected median multiples, Houlihan Smith concluded an enterprise value range of \$68.4 million to \$106.3 million for Widmer.

Market valuation analysis – Comparable transactions. The comparable transactions method is a market approach which analyzes transactions involving companies operating in similar industries. While it is known that no two companies are exactly alike, nor are any two transactions structured exactly the same, consideration is given to the similarity in capital structure, operations, size and profitability, as well as other operating characteristics of the target companies. Houlihan Smith searched the universe of publicly traded companies on public exchanges and found five relatively recent transactions within the brewery industry for comparison. Houlihan Smith limited its selection criteria by Standard Industrial Classification, or SIC code, specifying breweries and brewers as the target industry, a minimum transaction size of at least \$25 million, and transactions for which a control position was obtained. Houlihan Smith believes that the population of

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companies examined was of a sufficient size to provide adequate data for comparison; therefore, Houlihan Smith does not believe it was limited by sample size used. However, given Widmer's unique operating structure and target niche market as a craft brewer, there was a lack of reasonable and justifiable similarity, and therefore Houlihan Smith placed less weight on this approach when performing its analysis than the guideline public company method. The five comparable transactions selected by Houlihan Smith and the transaction values are set forth in the table below.

Close Date	Target	Buyers	Total Transaction Value (\$mm)	Implied Enterprise	Implied
				Value/ EBITDA	Enterprise Value/EBIT
3/29/2007	Lakeport Brewing	Labbatt Brewing Company	\$ 163.5	9.2	10.8
2/09/2005	Molson Inc.	Molson Coors Brewing Co	\$ 4,994.1	11.7	13.5
10/17/2006	Sleeman Breweries	Sapporo Breweries Limited	\$ 344.6	12.4	16.9
4/20/2006	Unibroue	Sleeman Breweries	\$ 28.1	7.9	14.7
4/11/2006	Buergerliches Brauhaus Ingolstadt AG	VIB Vermoegen AG (DB:VIH)	\$ 25.1	26.1	102.6

In order to arrive at an enterprise value range for Widmer, Houlihan Smith first determined the median EBITDA and EBIT multiples of the comparable transactions, which were 11.7 and 14.7, respectively, and then compared those multiples to Widmer's EBITDA and EBIT for the period ending June 30, 2007. This analysis resulted in an enterprise value range of \$46.2 million to \$62.8 million for Widmer.

Discounted cash flow analysis. Houlihan Smith also performed a discounted cash flow analysis of Widmer, and concluded a range of enterprise values of \$71.8 million to \$91.2 million. In performing this analysis, Houlihan Smith developed five-year projections for Widmer and performed reasonableness tests upon these projections based on discussions with both Redhook and Widmer management, an examination of industry trends and growth, an analysis of economic growth trends in general, and a review of the guideline public companies' historical growth rates. Houlihan Smith assumed a discount rate of 15%, and terminal growth rate of 6%. Houlihan Smith's detailed financial projections for Widmer and the fair market enterprise value of Widmer after conducting the discounted cash flow analysis, are included in this joint proxy statement/prospectus as an attachment to Annex B, and are incorporated herein by reference.

Redhook believes that the projections used by Houlihan Smith for its discounted cash flow analysis of Widmer were prepared in good faith and on bases believed to be reasonable. However, the projections (and the assumptions and information upon which they are based) are forward-looking statements that are inherently subjective, imprecise and subject to considerable uncertainties and risks. In particular, most of the assumptions and information upon which the projections are based relate to future events, conditions and circumstances which cannot be reliably predicted and over which Redhook may have little or no control. Redhook cannot predict whether the assumptions and other future variables upon which the projections are based will ultimately prove to be accurate.

The projections were prepared and the underlying assumptions were made on the basis of the information existing and available at the time of such preparation. The projections have not been updated, and Redhook does not intend to

update the projections or the underlying assumptions to reflect any subsequent or future developments or otherwise. Redhook specifically disclaims any duty to update the projections or the underlying assumptions unless required to do so by applicable law.

The projections were not prepared in compliance with any regulations or guidelines promulgated by the Securities and Exchange Commission or the American Institute of Certified Public Accountants relating to the presentation of prospective financial information, nor were they prepared in accordance with GAAP. Neither Redhook's auditors nor any other independent accountants have compiled, examined or performed any procedures with respect to the information contained in the projections. In addition, neither Redhook's auditors

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nor any other independent accountants have expressed any opinion or any other form of assurance with respect to such information, the projections or their achievability.

The inclusion of the projections should not be regarded as an indication that Redhook, Widmer, Houlihan Smith or any other person who received the projections considered, or now considers, such information to be a reliable prediction of future events, and such information should not be relied on as such. Neither Redhook, Widmer nor Houlihan Smith has made any representations or warranties, or provided any other assurances, with respect to the projections or the underlying assumptions.

Each of the analyses conducted by Houlihan Smith was carried out to provide a particular perspective of the merger. Houlihan Smith did not form a conclusion as to whether any individual analysis, when considered in isolation, supported or failed to support its opinion as to the fairness to the shareholders of Redhook of the aggregate consideration to be paid in the merger. Houlihan Smith did not place any specific reliance or weight on any individual analysis, but instead, concluded that its analyses taken as a whole supported its conclusion and fairness opinion. Accordingly, Houlihan Smith believes that its analyses must be considered in their entirety and that selecting portions of its analyses or the factors it considered, without considering all analyses and factors collectively, could create an incomplete view of the processes underlying the analyses performed by it in connection with the preparation of the fairness opinion.

Widmer Valuation Report

In connection with its written opinion, Houlihan Smith reviewed a written valuation report of Widmer as of March 31, 2007 prepared for Redhook by Corporate Advisory Associates, which we refer to as CAA. CAA, and its principal T.S. Tony Leung, has provided business valuation services to its clients in connection with mergers and acquisitions, corporate reorganizations, estate and gift tax reporting and business litigation since 1978.

In March, 2007, the corporate strategy committee of the Redhook board of directors, which we refer to as the CSC, retained CAA to assist the board in determining the range of market values as of March 31, 2007 for a 100 percent equity interest in Widmer. Redhook agreed to pay CAA a non-contingent fee of \$25,000 for its services in providing the valuation report. Redhook has also agreed to indemnify CAA with respect to its services relating to the valuation report. CAA has had no prior material relationships with Widmer or Redhook.

In connection with its report, CAA:

- visited Widmer's facilities in Portland, Oregon and met with its management to discuss the business operations of Widmer and Craft Brands Alliance LLC;

- reviewed various financial reports prepared by Widmer management, including Widmer's audited financial statements from 2002 through 2005, and draft audited statements for 2006, unaudited financial statements for Widmer for the two months ending February 28, 2007, financial reports for Craft Brands for the fiscal years ended December 31, 2004 through 2006, and other financial information and projections prepared by Widmer;

- reviewed Widmer's Articles of Incorporation, with amendments, Widmer's restated Bylaws, and the Operating Agreement of Craft Brands;

- reviewed material agreements of Widmer and Craft Brands, including the Master Distributor Agreement between Widmer Brothers Brewing Company and Anheuser-Busch, Incorporated; dated July 1, 2004; and the Supply, Distribution, and Licensing Agreement by and between Craft Brands Alliance LLC and Widmer Brothers Brewing Company, dated July 1, 2004;

reviewed certain minutes of the Widmer board of directors;

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reviewed certain property appraisals relating to Widmer property;
researched and reviewed certain market pricing information; and
performed such other analyses and review as CAA deemed appropriate.

In connection with its report, CAA did not independently verify the information discussed with or reviewed by it and assumed its accuracy and completeness of such information in all material respects in rendering its report.

In connection with providing its report on the range of market values as of March 31, 2007 for a 100 percent equity interest in Widmer, CAA used the following methods of analysis:

- a precedent transaction analysis, which looked at other transactions of domestic craft brewing companies where control ownership changed hands;
- a comparable public company analysis, which involved review of the stock price, financial information, and implied valuation ratios of certain publicly-traded companies operating in the domestic craft brewing industry;
- a future projection analysis of Widmer's projected financial results for 2007 and 2008;
- a valuation of Widmer on a going-concern basis; and
- a valuation of Widmer on a net asset value basis.

Based upon its analysis, CAA concluded that the range of market value for a 100 percent equity interest in Widmer could be reasonably stated at \$60,000,000 to \$77,000,000. This range of value considered the impact of Widmer's brewery expansion project and the associated debt. It also recognized the risk of the operation before and after expansion, including the risk that the capacity addition may not be fully utilized.

The full text of CAA's valuation report describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by CAA. This report dated May 4, 2007 is attached to this joint proxy statement/prospectus as Annex C and is incorporated herein by reference. CAA's report is a summary of the material financial analyses undertaken by CAA on behalf of the CSC. It does not purport to be a complete description of analyses performed by CAA. Analysis and conclusion of a range of market value for a business ownership interest is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. CAA made no attempt to assign specific weights to particular analyses or factors considered, but rather made qualitative judgments as to the significance and relevance of all the analyses and factors considered. Accordingly, CAA believes that its analyses must be considered as a whole, and that selecting portions of the analysis or the report without considering the analyses as a whole, could create an incomplete view of the process underlying CAA's report.

Form of the Merger

The merger agreement provides that at the effective time, Widmer will be merged with and into Redhook. Upon the consummation of the merger, Redhook will continue as the surviving corporation and will be renamed Craft Brewers Alliance, Inc.

Merger Consideration

Exchange Ratio

At the effective time of the merger, each holder of shares of common or preferred stock of Widmer will be entitled to receive, in exchange for each share held, 2.1551 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

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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.

There will be no adjustment to the total number of shares of Redhook common stock. Widmer security holders will be entitled to receive for changes in the market price of Redhook common stock. The merger agreement does not include a price-based termination right.

Fractional Shares

No fractional shares of Redhook common stock will be issued in connection with the merger. Instead, each Widmer shareholder who would otherwise be entitled to receive a fraction of a share of Redhook common stock, after aggregating all fractional shares of Redhook common stock issuable to such shareholder, will be entitled to receive in cash the dollar amount, rounded to the nearest cent, determined by multiplying such fraction by the closing price of Redhook common stock reported on the Nasdaq Stock Market on the last trading day before the closing date of the merger.

Exchange of Certificates

Prior to the effective time of the merger, Redhook will appoint a bank or trust company, which we refer to as the exchange agent, to assist in the exchange of Widmer stock certificates for certificates representing the Redhook common stock that will be issued in the merger. The merger agreement provides that, as soon as reasonably practicable after the closing of the merger, Redhook will cause the exchange agent to send, to each record holder of Widmer capital stock immediately prior to the effective time of the merger, a letter of transmittal and instructions for surrendering and exchanging the record holder's Widmer stock certificates. Upon surrender of a Widmer stock certificate for exchange to the exchange agent, together with a duly signed letter of transmittal and such other documents as the exchange agent may reasonably require, the holder of the Widmer stock certificate will be entitled to receive the following:

a certificate representing the number of whole shares of Redhook common stock that such holder has the right to receive pursuant to the provisions of the merger agreement; and

cash in lieu of any fractional share of Redhook common stock.

The Widmer stock certificates surrendered will be cancelled.

At the effective time of the merger, all holders of certificates representing shares of Widmer capital stock that were outstanding immediately prior to the effective time of the merger will cease to have any rights as shareholders of Widmer. In addition, no transfer of Widmer capital stock after the effective time of the merger will be registered on the stock transfer books of Widmer.

If any Widmer stock certificate has been lost, stolen or destroyed, the exchange agent may, in its discretion, and as a condition to the delivery of a certificate representing the shares of Redhook common stock issuable pursuant to the merger with respect to the lost, stolen or destroyed certificate, require the owner of such lost, stolen or destroyed certificate to deliver an affidavit claiming such certificate has been lost, stolen or destroyed, to post a bond indemnifying Redhook and the exchange agent against any claim suffered related to the lost, stolen or destroyed certificate, and to pay a handling or other fee in an amount determined by the exchange agent in its discretion.

From and after the effective time of the merger, until it is surrendered, each certificate that previously evidenced Widmer capital stock will be deemed to represent only the right to receive shares of Redhook common stock and cash

in lieu of any fractional share of Redhook common stock. Redhook will not pay dividends or other distributions on any shares of Redhook common stock to be issued in exchange for any unsurrendered Widmer stock certificate until the Widmer stock certificate is surrendered as provided in the merger agreement.

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Effective Time of the Merger

The merger agreement requires Redhook and Widmer, unless they agree to another time, to complete the merger no later than three business days after all of the conditions to the merger, as specified in the merger agreement, are satisfied or waived, including the adoption of the merger agreement by the shareholders of Widmer and the approval by the Redhook shareholders of the issuance of Redhook common stock pursuant to the merger. The merger will become effective upon the filing of articles of merger with the Secretary of State of the State of Washington and the Secretary of State of the State of Oregon or at such later time as is agreed by Redhook and Widmer and specified in the articles of 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.

Interests of Redhook's Directors and Executive Officers in the Merger

In considering the recommendation of the Redhook board of directors with respect to issuing shares of Redhook common stock as contemplated by the merger agreement, Redhook's 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, the interests of Redhook's shareholders. Redhook's board of directors was aware of these potential conflicts of interest and considered them, among other matters, in reaching its decision to approve the merger agreement and recommend that Redhook's shareholders approve the issuance of shares of Redhook common stock as contemplated by the merger agreement at the Redhook annual meeting.

John Glick and Anthony Short, who serve on Redhook's board of directors as designees of A-B, also serve as directors of Widmer. Mr. Short will serve as a director of the combined company following the merger. As of February 29, 2008, Busch Investment Corporation, an affiliate of 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, Busch Investment Corporation 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 and A-B does not exercise statutory dissenters' rights, 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 to acquire 689,140 shares of Redhook common stock are not exercised prior to consummation of the merger.

During the course of the merger discussions between Redhook and Widmer, A-B representatives communicated to Redhook management that A-B concurred that a business combination between the two companies could be beneficial to the shareholders of Redhook. In addition, at the request of Redhook, Messrs. Glick and Short, who also were serving as designees of A-B on the board of Widmer, acted as facilitators to help advance discussions regarding the parameters of integrating the business operations and management of the two companies, both of whose products were distributed by A-B. David West, a representative of A-B, also participated in a portion of these discussions. However, neither Mr. Glick, Mr. Short or Mr. West nor any other representative of A-B participated in negotiations regarding the economic or other terms of the merger. In addition, Messrs. Glick and Short each abstained during Redhook board meetings from voting and deliberations concerning the merger.

As of February 29, 2008, the directors and executive officers of Redhook beneficially owned a total of 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

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will receive certain severance benefits from Redhook. These arrangements are discussed below in greater detail in the section entitled **Agreements Related to the Merger Employment and Consulting Agreements Employment Agreement with Paul Shipman**.

It is anticipated that, following the closing of the merger, the combined company accounting and information systems functions will be relocated to Portland, Oregon and a new Chief Financial Officer will be appointed. 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 has 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. This agreement is discussed below in greater detail in the section entitled **Agreements Related to the Merger Employment and Consulting Agreements Other Employment and Consulting Agreements**.

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 a letter agreement with David Mickelson that will provide for at-will employment at a specified base salary and with a specified bonus opportunity and severance entitlement.

Two individuals resigned as executive officers of Redhook in February 2008. 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. These arrangements are discussed below in greater detail in the section entitled **Agreements Related to the Merger Employment and Consulting Agreements Other Employment and Consulting Agreements**.

Interests of Widmer's Directors and Executive Officers in the Merger

In considering the recommendation of the Widmer board of directors with respect to approval of the merger agreement by Widmer's shareholders at the Widmer special meeting, Widmer's shareholders should be aware that certain members of the board of directors and executive officers of Widmer have interests in the merger that may be different from, or in addition to, the interests of Widmer's shareholders. Widmer's board of directors was aware of these potential conflicts of interest and considered them, among other matters, in reaching its decision to approve the merger agreement and the merger and to recommend that Widmer's shareholders approve the merger agreement at the Widmer special meeting.

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 the combined company following the merger. Busch Investment Corporation, an affiliate of A-B, is a significant shareholder of Widmer and also a significant shareholder of Redhook, as discussed above in greater detail in the section entitled **The Merger Interests of Redhook's Directors and Executive Officers in the Merger**.

During the course of the merger discussions between Redhook and Widmer, A-B representatives communicated to Widmer management that A-B concurred that a business combination between the two companies could be beneficial to the shareholders of Widmer. In addition, Messrs. Glick and Short, who also were serving as designees of A-B on the board of Redhook, acted as facilitators to help advance discussions regarding the parameters of integrating the business operations and management of the two companies, both of whose products were distributed by A-B. David West, a representative of A-B, also participated in a portion of these discussions. However, neither Mr. Glick, Mr. Goeler, Mr. Short or Mr. West nor any other representative of A-B participated in negotiations regarding the

economic or other terms of the merger. In addition, Messrs. Glick, Goeler and Short each abstained during Widmer board meetings from voting and deliberations concerning the merger.

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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 dated 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 as 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 with specified bonus opportunities and severance entitlements. The agreements with Kurt Widmer and Robert Widmer will have a term of approximately two years, and the agreements with the other individuals will provide for at-will employment.

Regulatory Approvals Required for the Merger

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.

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.

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.

Tax Treatment of the Merger

Each of Widmer and Redhook expects the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code.

Material United States Federal Income Tax Consequences

The following discussion summarizes the material U.S. federal income tax considerations of the merger that are expected to apply generally to Widmer shareholders upon an exchange of their Widmer common or preferred stock

for Redhook common stock in the merger. This summary is based upon current provisions of the Code, existing Treasury Regulations, and current administrative rulings and court decisions, all of which are subject to change and to differing interpretations, possibly with retroactive effect. Any change could alter the tax consequences to Redhook, Widmer, or the shareholders of Widmer, as described in this summary. This

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summary is not binding on the Internal Revenue Service, which we refer to as the IRS, and there can be no assurance that the IRS (or a court, in the event of an IRS challenge) will agree with the conclusions stated herein.

This summary applies only to a Widmer shareholder that is a U.S. person, defined to include:

a citizen or resident of the United States;

a corporation created or organized in or under the laws of the United States, or any political subdivision thereof (including the District of Columbia);

an estate the income of which is subject to U.S. federal income taxation regardless of its source;

a trust if either a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust, or the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes; and

any other person or entity that is treated for U.S. federal income tax purposes as if it were one of the foregoing.

For purposes of this discussion, any Widmer shareholder that is neither a U.S. person as defined above nor an entity that is treated as a partnership or disregarded entity for U.S. federal income tax purposes is, a non-U.S. person.

No attempt has been made to comment on all U.S. federal income tax consequences of the merger that may be relevant to particular holders of Widmer common or preferred stock that are subject to special treatment under U.S. federal income tax laws, including, without limitation:

dealers, brokers, and traders in securities;

non-U.S. persons;

tax-exempt entities;

financial institutions, regulated investment companies, real estate investment trusts, or insurance companies;

partnerships, limited liability companies that are not treated as corporations for U.S. federal income tax purposes, subchapter S corporations, and other pass-through entities and investors in such entities;

holders who are subject to the alternative minimum tax provisions of the Code;

holders who acquired their shares in connection with stock option or stock purchase plans or in other compensatory transactions;

holders who hold shares that constitute small business stock within the meaning of Section 1202 of the Code;

holders with a functional currency other than the U.S. dollar;

holders who hold their shares as part of an integrated investment such as a hedge or as part of a hedging, straddle, or other risk reduction strategy; or

holders who do not hold their shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment will be a capital asset).

If an entity treated as a partnership for U.S. federal income tax purposes holds Widmer common or preferred stock, the tax treatment of a person holding interests in that entity generally will depend upon the status of that person and the activities of that entity. Such entities and persons holding interests in such entities should consult a tax advisor regarding the tax consequences of the merger.

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The following discussion does not address:

the tax consequences of the merger under U.S. federal non-income tax laws or under state, local, or foreign tax laws;

the tax consequences of transactions effectuated before, after, or at the same time as the merger, whether or not they are in connection with the merger, including, without limitation, transactions in which Widmer shares are acquired or Redhook shares are disposed of;

the tax consequences of the receipt of Redhook shares other than in exchange for Widmer shares;

the tax consequences of the ownership or disposition of Redhook shares acquired in the merger; or

the tax implications of a failure of the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code.

Accordingly, holders of Widmer common and preferred stock are advised and expected to consult their own tax advisors regarding the U.S. federal income tax consequences of the merger in light of their personal circumstances and the consequences of the merger under U.S. federal non-income tax laws and state, local, and foreign tax laws.

The opinion of Riddell Williams P.S., corporate counsel for Redhook, regarding the U.S. federal income tax consequences of the merger to holders of Widmer common and preferred stock is attached as Exhibit 8.1 to the registration statement of which this joint proxy statement/prospectus is a part. The opinion concludes, subject to the limitations, qualifications, assumptions and caveats set forth therein, that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. No ruling has been or will be requested from the IRS in connection with the merger.

Assuming that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368a of the Code, the following material U.S. federal income tax consequences will result:

Redhook, Widmer and the Redhook shareholders will not recognize any gain or loss solely as a result of the merger.

Shareholders of Widmer will not recognize any gain or loss upon the receipt of solely Redhook common stock for their Widmer common or preferred stock, other than with respect to cash received in lieu of fractional shares of Redhook common stock.

The aggregate tax basis of the shares of Redhook common stock received by a Widmer shareholder in the merger (including any fractional share deemed received, as described below) will be equal to the aggregate tax basis of the shares of Widmer common and preferred stock surrendered in exchange therefor.

The holding period of the shares of Redhook common stock received by a Widmer shareholder in the merger will include the holding period of the shares of Widmer common and preferred stock surrendered in exchange therefor.

Generally, cash payments received by Widmer shareholders in lieu of fractional shares of Redhook common stock will be treated as if such fractional shares were issued in the merger and then sold. A shareholder of Widmer who receives a cash payment in lieu of a fractional share will recognize gain or loss equal to the

difference, if any, between the shareholder's basis in the fractional share and the amount of cash received. The gain or loss will be a capital gain or loss and will be long term capital gain or loss if the Widmer common or preferred stock is held by the shareholder as a capital asset at the effective time of the merger and the shareholder's holding period for his, her, or its Widmer common or preferred stock is more than one year.

Each Widmer shareholder that owned at least one percent (by vote or value) of the total outstanding stock of Widmer is required to attach a statement to the shareholder's federal income tax return for the year in which the merger occurs that contains the information listed in Treasury Regulations Section 1.368-3(b). Such statement must include the shareholder's tax basis in the shareholder's Widmer common and preferred stock and the fair market value of such stock.

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For purposes of the above discussion of the bases and holding periods for shares of Widmer common or preferred stock and Redhook common stock, shareholders who acquired different blocks of Widmer common or preferred stock at different times for different prices must calculate their gains and losses and holding periods separately for each identifiable block of such stock exchanged, converted, cancelled, or received in the merger.

The above discussion does not apply to Widmer shareholders who properly perfect dissenters' rights. Generally, a Widmer shareholder who perfects dissenters' rights with respect to such shareholder's shares of Widmer common or preferred stock will recognize capital gain or loss equal to the difference between such shareholder's tax basis in those shares and the amount of cash received in exchange for those shares.

Certain noncorporate Widmer shareholders may be subject to backup withholding, at a rate of 28% for 2008, on cash received pursuant to the merger. Backup withholding will not apply, however, to a Widmer shareholder who (1) furnishes a correct taxpayer identification number and certifies that the Widmer shareholder is not subject to backup withholding on IRS Form W-9 or a substantially similar form, (2) provides a certification of foreign status on an appropriate Form W-8 or successor form, or (3) is otherwise exempt from backup withholding. If a Widmer shareholder does not provide a correct taxpayer identification number on IRS Form W-9 or a substantially similar form, the Widmer shareholder may be subject to penalties imposed by the IRS. Amounts withheld, if any, are generally not an additional tax and may be refunded or credited against the Widmer shareholder's U.S. federal income tax liability, provided that the Widmer shareholder timely furnishes the required information to the IRS.

THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL OF THE MERGER'S POTENTIAL TAX EFFECTS. WIDMER SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING TAX RETURN REPORTING REQUIREMENTS, AND THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL, AND OTHER APPLICABLE TAX LAWS.

Dissenters' Rights

Under Oregon law, holders of Widmer common stock are entitled to dissenters' rights in connection with the merger. Holders of Redhook common stock and Widmer preferred stock do not have dissenters' rights. The dissenters' rights of holders of Widmer common stock are governed by the provisions of Section 60.551 to Section 60.594 of the OBCA, a copy of which is attached to this joint proxy statement/prospectus as Annex D. Under these provisions of the OBCA, holders of Widmer common stock who comply with the applicable statutory procedures are entitled to receive a judicial appraisal of the fair value of their shares (excluding any appreciation or depreciation in anticipation of the merger, unless exclusion would be inequitable) and to receive payment of such fair value in cash, together with accrued interest. Any such judicial determination of the fair value of the shares could be based upon factors other than, or in addition to, the consideration to be paid in the merger. The value so determined could be more or less than the value of the consideration payable in the merger. Failure to follow the steps required by the OBCA for perfecting dissenters' rights may result in the loss of such rights.

To perfect dissenters' rights, a shareholder must send or deliver a written notice of dissent to Widmer prior to the vote on the merger at the special meeting and must not vote in favor of the merger. If the shareholder does not provide written notice of dissent before the meeting, the shareholder is not entitled to payment for the shareholder's shares.

If the merger agreement is approved, Widmer will deliver a written dissenters' notice to all shareholders who have satisfied the requirements described above. The notice will be sent no later than 10 days after the special shareholders meeting. The notice will, among other things, state where the payment demand must be sent and where and when

stock certificates, if any, must be deposited, and will include a form for demanding payment. The form will include the date of the first announcement of the terms of the merger and will require certification as to whether or not the dissenter acquired beneficial ownership before that date. The dissenters

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notice will also set a date by which Widmer must receive the payment demand. The date will not be fewer than 30 nor more than 60 days following the date Widmer delivers the written dissenters' notice as described above. The notice will also include a copy of applicable provisions of the OBCA.

A shareholder receiving a dissenters' notice must demand payment, certify whether the shareholder acquired beneficial ownership of the shares before the date required to be set forth in the dissenters' notice, and deposit stock certificates, if any, in accordance with the terms of the notice. A shareholder who does not properly and timely satisfy these requirements will not be entitled to payment for his or her shares under the dissenters' rights statutes and will instead receive the merger consideration.

Upon its receipt of a proper and timely payment demand, Widmer will pay each dissenter the amount that Widmer estimates to be the fair value of such dissenter's shares, plus accrued interest. The payment will be accompanied by, among other things, a copy of Widmer's balance sheet and income statement, a statement of the estimate of the fair value of the shares, an explanation of how interest was calculated, and a copy of the applicable provisions of the OBCA.

Within 30 days of Widmer's offer, a dissenter may notify Widmer in writing of the dissenter's own estimate of the fair value of the shares and the amount of interest due. The dissenter may then reject Widmer's offer and demand payment of the dissenter's estimate under the following limited conditions: (i) if the dissenter believes that Widmer's offer is less than the fair value of the dissenter's shares or that Widmer has incorrectly calculated the interest, (ii) if Widmer fails to make payment within 60 days of the date set for demanding payment, or (iii) if Widmer does not act on the merger and fails to return the deposited certificates within 60 days after the date set for demanding payment.

If a demand for payment remains unsettled, Widmer will commence a proceeding within 60 days after receiving the dissenter's payment demand and petition the court to determine the fair market value of the shares and accrued interest.

The foregoing summary of the rights of dissenting shareholders under the OBCA does not purport to be complete and is qualified in its entirety by reference to the OBCA. The preservation and exercise of dissenters' rights, if any, require strict adherence to the applicable provisions of the OBCA.

Any failure to follow the steps required by the OBCA for perfecting dissenters' rights may result in the loss of such rights.

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THE MERGER AGREEMENT

The following is a summary of the material terms of the merger agreement. A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference into this joint proxy statement/prospectus. The merger agreement has been attached to this joint proxy statement/prospectus to provide you with information regarding its terms. It is not intended to provide any other factual information about Redhook or Widmer. The following description does not purport to be complete and is qualified in its entirety by reference to the merger agreement. You should refer to the full text of the merger agreement for details of the merger and the terms and conditions of the merger agreement.

The merger agreement contains representations and warranties that Redhook and Widmer have made to one another as of specific dates. The assertions embodied in the representations and warranties are qualified by information in confidential disclosure schedules exchanged by the parties in connection with signing the merger agreement. While Redhook and Widmer do not believe that these disclosure schedules contain information required to be publicly disclosed under applicable securities laws, other than information that has already been so disclosed, the disclosure schedules do contain information that qualifies and creates exceptions to the representations and warranties set forth in the attached merger agreement. Accordingly, you should not rely on the representations and warranties as current characterizations of factual information about Redhook or Widmer because they were made as of specific dates, may be intended merely as a risk allocation mechanism between Redhook and Widmer and are modified by the disclosure schedules.

General

Widmer will merge with and into Redhook, with Redhook continuing as the surviving corporation under the new name Craft Brewers Alliance, Inc., which we refer to as CBAI.

Closing and Effective Time of the Merger

The merger will close on a date agreed upon by Redhook and Widmer not more than three business days after the date on which the last of the conditions provided in the merger agreement is satisfied or waived.

The effective time of the merger will be the date and time mutually agreed upon by Redhook and Widmer and specified in the articles of merger filed with the Secretary of State of the State of Washington and the Secretary of State of the State of Oregon.

Merger Consideration

At the effective time of the merger, Widmer security holders will be entitled to receive the number of shares of Redhook common stock calculated by multiplying 2.1551 times the number of Widmer shares that are then outstanding, excluding any dissenting Widmer shares (i.e., those for which dissenters' rights have been exercised under the OBCA). The shares of Redhook common stock will be allocated among the holders of Widmer common stock and the holders of Widmer Series D preferred stock as follows:

Each outstanding share of Widmer common stock that has not exercised dissenters' rights will be canceled and converted into, and represent the right to receive, 2.1551 shares of Redhook common stock.

Each outstanding share of Widmer Series D preferred stock will be canceled and converted into, and represent the right to receive, 2.1551 shares of Redhook common stock.

Each share of Widmer common stock that has exercised dissenters' rights will be converted into the right to receive payment from CBAI in accordance with the OBCA.

No fractional shares of Redhook common stock will be issued by virtue of the merger. Instead, each Widmer security holder otherwise entitled to receive a fractional share of Redhook common stock will receive a cash payment, rounded to the nearest cent, equal to such fraction multiplied by the closing price of Redhook common stock on the Nasdaq Stock Market on the last trading day before the closing date of the merger.

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The shares of Redhook common stock to be issued in the merger will be equal to 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.

Articles of Incorporation and Bylaws of Redhook

At the effective time of the merger, the Redhook articles of incorporation will be amended to change the name of the corporation to Craft Brewers Alliance, Inc. The Redhook bylaws in effect immediately prior to the effective time of the merger will be the bylaws of the combined company.

Directors and Officers of Redhook Following the Merger

Effective as of the closing of the merger, the combined company's board of directors will consist of a total of two current Redhook independent directors, 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 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.

Effective as of the closing of the merger, the officers of the combined company will be as follows:

Co-Chief Executive Officer	Terry E. Michaelson
Co-Chief Executive Officer	David J. Mickelson
Chief Financial Officer and Treasurer	Jay T. Caldwell
Chief Accounting Officer	Mark D. Moreland
Vice President of Marketing	Timothy G. McFall
Vice President of Brewing Operations and Technology	V. Sebastian Pastore
Vice President of Sales	Martin J. Wall, IV
Vice President of Corporate Quality Assurance and Industry Relations and Assistant Secretary	Robert P. Widmer
Secretary	Mary Ann Frantz

Conditions to the Completion of the Merger

Each party's obligation to complete the merger is subject to the satisfaction or waiver by each of the parties, at or prior to the merger, of various conditions, which include the following:

The registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, must have become effective in accordance with the Securities Act and must not be subject to any stop order or proceeding, or any proceeding threatened by the Securities and Exchange Commission, seeking a stop order.

The issuance of shares of Redhook common stock in connection with the merger must have been duly approved by the affirmative vote of a majority of the total votes cast on the proposal.

The shares of Redhook common stock to be issued in connection with the merger must have been approved for listing on the Nasdaq Stock Market.

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No statute, rule, or regulation enacted or promulgated, nor any action, suit, or proceeding pending or threatened before any court or quasi judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, stipulation, ruling, or charge would: (A) prevent consummation of the merger, or any other transaction or agreement contemplated by the merger agreement; or (B) cause the merger, or any other transaction or agreement contemplated by the merger agreement, to be rescinded following consummation (and no such judgment, order, decree, stipulation, injunction, ruling or charge shall be in effect).

Employment agreements between Redhook and the following individuals must have been duly executed and delivered by the parties thereto: Kurt Widmer, Robert Widmer, Terry Michaelson, David Mickelson, Timothy McFall, Martin Wall, and Sebastian Pastore.

Widmer's shareholders must have duly approved the merger.

In addition, each party's obligation to complete the merger is further subject to the satisfaction or waiver by that party of the following additional conditions:

All representations and warranties of the other party in the merger agreement must be true and correct in all material respects as of the closing date of the merger with the same force and effect as if made on that date, except to the extent such representations and warranties are expressly made only as of an earlier date, in which case as of such earlier date.

The other party to the merger agreement must have given all notices, made all filings and obtained all authorizations, consents, and approvals required by the merger agreement.

The other party must have given all notices, made all filings, and obtained all authorizations, consents, and approvals that relate to the regulation of alcoholic beverages and that are required by any governmental authority to be given, made, or obtained by that other party in order to consummate the merger.

The other party's board of directors must have duly approved the merger.

The other party must have delivered a certificate executed by its Chief Executive Officer and Secretary on behalf of that party stating that certain conditions specified in the merger agreement have been satisfied in all respects.

The other party must have performed and complied in all material respects with its covenants and obligations under the merger agreement.

In addition, the obligation of Redhook to complete the merger is subject to the satisfaction or waiver by Redhook, at or prior to the closing, of each of the following conditions:

The total number of Widmer shares held by Widmer shareholders who have exercised dissenters' rights must be less than 5% of the outstanding Widmer shares.

Widmer must have provided Redhook with certified copies of resolutions of Widmer's board of directors and shareholders authorizing the execution and delivery of the merger agreement and the consummation of the merger.

There must not have been any statute, rule, or regulation enacted or promulgated, nor any action, suit, or proceeding pending or threatened before any court or quasi judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, stipulation, ruling, or charge would adversely affect Redhook's right to own its assets and to operate its businesses (and no such injunction, judgment, order, decree, stipulation, ruling, or charge must be in effect).

Redhook must have received confirmation that any title policies for Widmer real property that Redhook has requested will be issued.

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Non-competition and non-solicitation agreements between Redhook and Kurt Widmer and Robert Widmer must have been duly executed and delivered to Redhook. The terms of these non-competition and non-solicitation agreements are summarized under Agreements Related to the Merger below.

Shareholder lock-up agreements between Redhook and each of the following Widmer security holders must have been duly executed and delivered to Redhook: Kurt Widmer, Robert Widmer, Ann Widmer, Barbara Widmer, Timothy Boyle and Kristen Maier-Lenz. The terms of these shareholder lock-up agreements are summarized under Agreements Related to the Merger below.

Redhook must have received satisfactory evidence from A-B of A-B's waiver of its rights under the two Master Distributor Agreements between A-B and Widmer dated June 6, 2006, and July 1, 2004, respectively, to terminate those agreements as a result of consummation of the merger.

Widmer must have entered into long-term leases for certain parcels of real property.

Redhook must have received satisfactory evidence from Widmer that Goose Holdings, Inc., and Fulton Street Brewery, LLC, have each consented to the merger and have agreed to enter into an amended operating agreement for Fulton Street Brewery, LLC after the closing date of the merger.

Redhook must have received an opinion letter dated as of the closing date from Miller Nash LLP, corporate counsel for Widmer, regarding certain corporate and other matters in connection with the merger.

Widmer must have delivered to Redhook: (i) a certificate of existence of Widmer issued by the Oregon Secretary of State; (ii) a certified copy of Widmer's articles of incorporation and bylaws; and (iii) a tax certification in form and substance reasonably satisfactory to Redhook.

All actions to be taken by Widmer in connection with consummation of the merger and all certificates, opinions, instruments, and other documents required to effect the merger must be reasonably satisfactory in form and substance to Redhook.

In addition, the obligation of Widmer to complete the merger is further subject to the satisfaction or waiver by Widmer, at or prior to the closing, of each of the following conditions:

Redhook and Paul Shipman must have entered into a consulting agreement. The terms of this consulting agreement are summarized under Agreements Related to the Merger below.

Paul Shipman must have tendered his resignation from all officer positions with Redhook as of the effective date of the merger.

Paul Shipman and two of Redhook's independent directors must have tendered their resignations as directors of Redhook as of the effective date of the merger.

Widmer must have received an opinion letter from Riddell Williams P.S., corporate counsel for Redhook, regarding certain corporate and other matters in connection with the merger.

Redhook must have delivered to Widmer a certificate of existence of Redhook issued by the Washington Secretary of State.

All actions to be taken by Redhook in connection with consummation of the merger and all certificates, opinions, instruments, and other documents required to effect the merger must be reasonably satisfactory in form and substance to Widmer.

Covenants

Redhook and Widmer have each agreed to use commercially reasonable efforts to take all actions and to do all things necessary, proper, or advisable in order to consummate the merger in accordance with the terms of the merger agreement.

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Notices and Consents

Each of Redhook and Widmer has agreed to give the notices to third parties and governmental authorities, and to use commercially reasonable efforts to obtain or make the filings, authorizations, consents, and approvals for which it is responsible under the merger agreement. Each party has also agreed that it will not make any agreements or understandings adversely affecting it or its business or assets in any material way as a condition to obtaining any such authorizations, consents, or approvals, except with the prior written consent of the other party.

Regulatory Matters and Approvals

Redhook has agreed to prepare a registration statement and joint proxy statement/prospectus on Form S-4 and file it with the Securities and Exchange Commission in connection with the issuance of Redhook common stock in the merger. In connection with the registration statement and the joint proxy statement/prospectus, Widmer has agreed to prepare and furnish all information concerning itself as may be required or reasonably requested by Redhook, including information relating to it and its directors, officers, and shareholders. Widmer and its counsel must cooperate with and assist Redhook and its counsel in the preparation of these documents. Widmer must also cooperate with Redhook and Redhook's counsel, financial advisor, and accountants in requesting and obtaining appropriate opinions, consents, and letters from its independent registered public accounting firm.

Redhook has agreed to use all reasonable efforts to cause the registration statement to be declared effective under the Securities Act as promptly as reasonably practicable after its filing. The parties have agreed that after the registration statement is declared effective under the Securities Act, each will, at its own expense, promptly mail the joint proxy statement/prospectus to its shareholders.

Redhook and Widmer have each agreed to give all notices, make all filings, and obtain all authorizations, consents, and approvals that relate to the regulation of alcoholic beverages and that are required by any governmental authority to be given, made, or obtained by that particular party in order to consummate the merger.

Operation of Business

Each party has agreed that, except as expressly agreed to in writing, after the date of the merger agreement it will conduct its business in the same manner as before, and only in the ordinary course consistent with past practice. Each party has agreed to use its commercially reasonable efforts to preserve its business organization and keep available the services of its current officers and employees, to the end that its goodwill and ongoing business will not be impaired at the closing date in any material respect. During such time, each party has agreed that, unless expressly agreed to in writing, it will not:

institute any new methods of operation, purchase, sale, lease, management, or accounting (except as may be required under GAAP), or engage in any transaction or activity other than in the ordinary course of business consistent with past practice;

amend its articles of incorporation or bylaws;

purchase, issue, sell, transfer, pledge, dispose of, grant any option in or encumber any shares of its capital stock or other securities;

declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to any shares of its capital stock or other securities;

split, combine or reclassify any shares of its capital stock or other securities;

redeem, purchase or otherwise acquire directly or indirectly any shares of its capital stock or other securities;

purchase or otherwise invest in any securities issued by any entity;

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organize any subsidiary or acquire any capital stock or other equity securities, or equity or ownership interest in the business of any other entity;

modify, amend or terminate any of its material contracts, waive, release or assign any material rights or claims thereunder, or fail to continue to perform its obligations thereunder;

other than in the ordinary course of business consistent with past practice:

incur or assume any indebtedness;

modify the terms of any indebtedness or other liability;

assume, guarantee, endorse or otherwise become liable or responsible for the obligations of any other person or entity;

make any loans, advances, or capital contributions to, or investments in, any other person or entity;

enter into any material contract; or

dispose of any material intellectual property or fail to perform any acts which permit to lapse any rights to any material intellectual property;

dispose of any assets (other than inventory) with a value in excess of \$100,000;

incur or create any encumbrance on any assets which, collectively, have a value in excess of \$100,000 in the aggregate;

fail to maintain its assets in good working order in the ordinary course of business;

purchase or lease assets other than in the ordinary course of business consistent with past practice and for fair consideration;

adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

take any action:

that would or is reasonably likely to result in any of the conditions to the closing (summarized above) not being satisfied;

that would make any representation or warranty of the party inaccurate in any material respect at the closing date;

that would result in a breach of the merger agreement in any material respect;

or that would materially impair the party's ability to consummate the merger or materially delay such consummation;

adopt or amend any employee benefit plan, or enter into or make any change in the compensation payable or to become payable to any of its officers or directors, or any other employees of the party, except in the ordinary course of business consistent with past practice or as required by applicable law;

enter into or amend any contract with any of its officers or directors;

enter into or make any loans to any of its officers, directors, employees, affiliates, agents or consultants or make any change in its existing borrowing or lending arrangements for or on behalf of any of such persons;

enter into any settlement, conciliation, or similar agreement, the performance of which will involve payment or receipt of consideration in excess of \$25,000 or place restrictions on the conduct of its business;

fail to maintain or permit to lapse or expire any professional license or registration required for the conduct of its business or its performance of any material contract;

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change, modify or make any new tax elections; or

enter into any agreement, contract, or arrangement to do any act referred to above, or authorize, recommend, propose, or announce an intention to do any of those acts.

The parties have agreed that the following changes will not constitute a breach of this covenant:

changes resulting from developments or occurrences relating to or affecting the United States economy in general or the craft brewing industry in general; and

changes resulting from actions taken by the parties prior to the closing that are in furtherance of the merger but that have an effect on the business of a party, including any disruptions to the business of a party as a result of the execution of the merger agreement, the announcement by the parties of the proposed merger, or the consummation of the merger.

Shareholder Approval

Redhook has agreed to take, in accordance with applicable law and Redhook's articles of incorporation and bylaws, all action necessary to convene as soon as practicable a meeting of its shareholders to consider and vote upon the approval of the issuance of Redhook common stock pursuant to the merger, and any other matters required to be approved by Redhook's shareholders for consummation of the merger.

Widmer has agreed to take, in accordance with applicable law and Widmer's articles of incorporation and bylaws, all action necessary to convene as soon as practicable a meeting of its shareholders to consider and vote upon the approval of the merger agreement and any other matters required to be approved by Widmer's shareholders for consummation of the merger.

Subject to fiduciary obligations under applicable law, each party has agreed that its board of directors will, at all times prior to and during such meetings, recommend approval of the merger, and that each party will take all reasonable lawful action to solicit such approval by its shareholders.

Other Covenants

Each party has agreed to permit representatives of the other party to have full access, at all reasonable times and in a manner so as not to unreasonably interfere with normal business operations, to all premises, properties, books, records, contracts, and documents of or pertaining to the disclosing party, including access to the party's independent accountants. Each party will also authorize its accountants to release all information reasonably requested by the other party in connection with its review of that party. But, neither party is permitted to contact the other party's customers, employees, or suppliers in relation to the merger agreement, except by prior approval of the other party.

Each party will provide the other party with copies of its monthly financial statements beginning with the month of October 2007 within 30 days following the end of each month through the closing date. The disclosing party is not required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of that party's customers, jeopardize the attorney-client privilege or contravene any law, rule, regulation, order, judgment, decree, fiduciary duty or binding agreement entered into prior to the date of the merger agreement. But, the disclosing party will use all commercially reasonable efforts to obtain any necessary authorizations or consents from its customers to provide the other party full access to such information. Subject to the terms and conditions of nondisclosure agreements signed by both parties, the party receiving such information will treat and hold it as confidential.

Each party has agreed to give prompt written notice to the other of any material breach of any of its covenants contained in the merger agreement or in other agreements contemplated by the merger.

Redhook has agreed, to the extent it deems necessary, to obtain title insurance commitments, policies, endorsements, and riders with respect to any of Widmer's owned and leased real property.

Redhook has agreed to use its reasonable best efforts to list the shares of Redhook common stock to be issued to the Widmer shareholders on the Nasdaq Stock Market prior to the effective date of the merger.

Both parties have agreed to cooperate to select and engage a new Chief Financial Officer with substantial public company experience in accounting and finance.

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Conduct After Closing

Redhook has agreed to maintain, for a period of three years after the closing, director and officer insurance coverage insuring the directors and officers of Widmer currently insured by Widmer's existing director and officer policies, with the same scope of coverage and subject to the same deductibles and limits.

Redhook has agreed that each employee of Widmer or Craft Brands who is retained in the service of Redhook after the closing will be eligible to participate in all of the benefit plans of Redhook that are generally available to similarly situated employees of Redhook in accordance with and subject to the terms of such plans. Redhook has agreed that, for purposes of participation in Redhook's benefit plans, current employees' prior service with Widmer or Craft Brands will constitute prior service with Redhook for purposes of determining eligibility and vesting (including vacation time).

Termination

Either party may terminate the merger agreement at any time before closing as follows.

The parties may terminate the merger agreement by mutual written consent.

Either party may terminate the merger agreement by giving written notice to the other party if any of the following are true:

The other party has breached a covenant contained in the merger agreement in any material respect, the terminating party has notified the other party of the breach, and the breach has continued without cure for a period of 10 days after the notice of breach.

There is an applicable law that makes consummation of any transaction contemplated by the merger illegal or otherwise prohibited, or any final judgment, injunction, order, or decree permanently enjoining any of the parties from consummating such transaction is entered.

The closing has not occurred on or before August 1, 2008, and the terminating party is not in default of any of its obligations under the merger agreement.

Either party may terminate the agreement if it is notified by A-B that A-B will not consent to the merger.

If either party properly terminates the merger agreement, all rights and obligations of the parties thereunder terminate without any liability of either party to the other party (except for any liability of any party then in breach). The confidentiality provisions contained in the merger agreement and the nondisclosure agreements, and the fee and expense provisions summarized below, survive termination. If the merger agreement is terminated by a party because of a breach of the merger agreement by the other party, the terminating party's right to pursue all legal remedies also survives such termination unimpaired.

Each party is solely responsible for paying its own costs and expenses (including its respective advisors, accountants and attorneys' fees and expenses) incurred in connection with the merger agreement, whether or not the closing occurs. If the merger agreement is terminated prior to closing, the costs associated with obtaining any title policies will be shared equally by Redhook and Widmer.

Representations and Warranties

The merger agreement contains customary representations and warranties of Redhook and Widmer relating to, among other things:

corporate organization and power and similar corporate matters;

capital structure;

authority to enter into the merger agreement and the related agreements;

any conflicts or violations of each party's agreements as a result of the merger or the merger agreement;

consents and notices required in connection with the merger;

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governmental authorizations and regulatory compliance;
any brokerage or finder's fee or other fee or commission payable in connection with the merger;
any material changes or events;
tax matters;
licenses and permits; and
product quality.

In addition, the merger agreement contains representations and warranties of Widmer relating to, among other things:

title to and condition of properties and assets;
liens and encumbrances;
subsidiaries;
financial statements;
internal controls;
undisclosed liabilities;
condition of books and records;
compliance with legal requirements;
owned and leased real property;
intellectual property;
the validity of material contracts to which the parties or their subsidiaries are a party and any violation, default or breach of such contracts;
material customers and suppliers;
accounts receivable;
disputed accounts payable;
affiliate transactions;
legal proceedings;
employees, employee benefits, and related matters;

environmental, health, and safety matters;

insurance matters;

bank accounts;

product liability;

outstanding indebtedness; and

keg deposits.

In addition, the merger agreement contains representations and warranties of Redhook relating to, among other things:

actions that would jeopardize the tax treatment of the merger; and

documents filed with the Securities and Exchange Commission and the accuracy of information contained in those documents.

Some of the representations and warranties are qualified by materiality and knowledge.

Amendments

Amendments to the merger agreement must be evidenced by a written instrument duly executed and delivered by Redhook and Widmer. Any further amendment made after shareholder approval is subject to the restrictions contained in the WBCA and the OBCA.

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AGREEMENTS RELATED TO THE MERGER

Lock-up Agreements

As a condition under the merger agreement to the obligation of Redhook to consummate the merger, each of Kurt Widmer, Robert Widmer, Ann Widmer, Barbara Widmer, Timothy Boyle and Kristen Maier-Lenz must execute lock-up agreements with Redhook, pursuant to which such holders will agree not to, directly or indirectly, sell, offer, contract to sell, sell any option to contract to purchase (including any short sale), purchase any option or contract to sell, pledge, transfer, grant any option, right, or warrant for the sale of, establish or increase an open put equivalent position, liquidate or decrease a call equivalent position, or otherwise dispose of any of the shares of Redhook common stock received by each such holder following the closing of the merger, subject to certain permitted exceptions, during the period starting on the date of the lock-up agreement and ending on the first anniversary of the effective date of the merger. This restriction has been designed to preclude these Widmer shareholders from engaging in any hedging or other transaction that is designed to or reasonably expected to lead to or result in a disposition of Redhook common stock during the lock-up period, even if such common stock would be disposed of by someone other than such holder.

As of April 30, 2008, the shareholders of Widmer who will enter into lock-up agreements as required by the merger agreement collectively owned 1,815,057 shares of common stock of Widmer. The shares of Redhook common stock that these Widmer shareholders will be entitled to receive pursuant to the merger are expected to represent approximately 46.8% 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 dissenters' rights in connection with the merger.

Employment and Consulting Agreements

Employment Agreement with Paul Shipman

On November 19, 2007, Redhook and Paul S. Shipman, Chief Executive Officer and Chairman of the Board of Redhook, entered into a letter agreement, which was substantially amended and restated on February 13, 2008. We refer to this letter agreement as the Shipman agreement. The Shipman agreement is the consulting agreement referred to in the merger agreement and its execution is a condition to the obligation of Widmer to consummate the merger. The term of the Shipman agreement commences on the effective date of the merger and ends on the last day of the month in which the first anniversary of the effective date occurs. The terms of Mr. Shipman's current letter of agreement regarding employment, dated June 23, 2005, will remain in effect until the effective date of the Shipman agreement.

The Shipman 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 current letter of agreement, prorated through the effective date of the Shipman agreement, as well as payments for accrued but unused vacation and sick leave. During the term of the Shipman agreement, Mr. Shipman will be employed as a consultant to the combined company's board with the title Chairman Emeritus, and will render consulting services as directed by the board of directors of the combined 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, Redhook will compensate Mr. Shipman at a rate of \$500 per day. The combined company will also provide Mr. Shipman with four weeks of vacation, retirement, and other fringe benefits provided to other similarly situated executive employees.

After the term of the Shipman agreement ends, or in the event the Shipman agreement is terminated early. Mr. Shipman will be paid severance of \$267,800 per year for two years in accordance with Redhook'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 of the Shipman agreement, the combined company will also pay the monthly premium for continuation of coverage under the combined company's health care plans (COBRA). Redhook estimates that the total value of the severance payments payable to Mr. Shipman in connection with his termination will be approximately \$567,000. For three years following the termination date of the Shipman agreement, Mr. Shipman will make himself available for consultation at \$500

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per day, during which period, and for an additional 90 days thereafter, certain of the unexercised stock options held by Mr. Shipman will not expire in accordance with his option agreements.

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

Other Employment and Consulting Agreements

In November 2007, in anticipation of the merger, Redhook entered into a letter of agreement with Jay T. Caldwell, its Chief Financial Officer and Treasurer, under which he is 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 an annual bonus equal to 20% of his base salary, subject to approval by Redhook's board of directors upon recommendation of its compensation committee. Upon termination of his employment without cause, Mr. Caldwell will be entitled to a lump-sum severance payment equal to twelve months base salary, based on a salary of \$15,000 per month, plus accrued vacation and sick pay, and reimbursement of COBRA premiums for twelve months or until he finds new employment with comparable health care coverage. Payment of severance is subject to Mr. Caldwell signing a release in a form satisfactory to Redhook. The release will include a six-month non-competition component for employment in the craft beer brewing business.

Gerald Prial, who had served as Redhook's Vice President, Sales and Eastern Operations, resigned that position effective February 8, 2008. Redhook and Mr. Prial have agreed that Mr. Prial will remain as a non-executive employee of Redhook and receive a monthly base salary of \$14,333 until August 31, 2008 or his earlier termination by Redhook. Upon termination, Mr. Prial will be entitled to a lump-sum severance payment equal to sixteen months base salary, plus accrued vacation and sick pay, and reimbursement of COBRA premiums for sixteen months or until he finds new employment with comparable health care coverage. Payment of severance is subject to Mr. Prial signing a release in a form satisfactory to the company. The release will include a twelve-month non-competition component for employment in the craft beer brewing business.

Allen Triplett, who had served as Redhook's Vice President of Brewing, resigned that position on February 12, 2008, effective as of March 1, 2008. Redhook and Mr. Triplett have agreed that Mr. Triplett will remain as a non-executive employee of Redhook and receive a monthly base salary of \$14,333 until June 30 2008 or his earlier termination by Redhook. Upon termination, Mr. Triplett will be entitled to a lump-sum severance payment equal to twenty-three months base salary, plus accrued vacation and sick pay, and reimbursement of COBRA premiums for eighteen months or until he finds new employment with comparable health care coverage. Payment of severance is subject to Mr. Triplett signing a release in a form satisfactory to the company. The release will include a twelve-month non-competition component for employment in the craft beer brewing business.

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 one of these agreements, 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 dated 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.

One of the conditions to closing under the merger agreement is that Redhook enter into employment agreements with certain other individuals who will serve as employees of the combined company following the merger. Redhook anticipates entering into agreements with Kurt Widmer, Robert Widmer, David Mickelson, Terry Michaelson, Timothy McFall, Sebastian Pastore and Martin Wall that will provide for

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employment of each of these individuals at fixed base salaries with specified bonus opportunities and severance entitlements. The agreements with Kurt Widmer and Robert Widmer will have a term of approximately two years and the agreements with the other individuals will provide for at-will employment.

Non-Competition and Non-Solicitation Agreements

Under the terms of the merger agreement, the two Widmer founders, Kurt Widmer and Robert Widmer, will become employees of the combined company. As a condition under the merger agreement to the obligation of Redhook to consummate the merger, each founder must execute a non-competition and non-solicitation agreement with the combined company, pursuant to which each founder must not, during the period ending on the third anniversary of the date of termination of the founder's employment by the combined company:

directly or indirectly engage in the manufacturing, advertising, marketing, sale or distribution, whether for himself or for others, of any malt beverage, soda beverage, or alcoholic beverage product, in North America;

directly or indirectly (except on behalf of the combined company), solicit or encourage any employees of the combined company to leave employment with the combined company or enter into an employment or service arrangement with a competitive business;

hire or enter into any service arrangement with any combined company employees; or

solicit or encourage any customer or potential customer of the combined company to limit, restrict, or cease use of the combined company's services or products related to malt beverages, soda beverages, or alcoholic beverage products

Agreements with Anheuser-Busch

Redhook, Widmer, and A-B are currently negotiating changes to the documents governing the parties' relationship which, if embodied in a document executed and delivered by all parties in a form consistent with Widmer's and Redhook's current expectations based on discussions with A-B will result in the following:

A-B will consent to the consummation of the transactions contemplated by the merger agreement.

A-B will agree that the execution of the merger agreement and the consummation of the transactions contemplated by the merger agreement will not constitute an event of default under the Redhook, Widmer or Craft Brands distribution agreements or the Redhook exchange and recapitalization agreement.

The following documents will be terminated upon consummation of the merger:

the Exchange and Recapitalization Agreement, dated June 30, 2004, between Widmer and A-B;

the Master Distributor Agreement, dated July 1, 2004, between Widmer and A-B;

the Registration Rights Agreement, dated July 1, 2004, between Widmer and A-B; and

the Craft Brands Distribution Agreement, dated July 1, 2004, between Craft Brands and A-B.

The Master Distributor Agreement, dated July 1, 2004, between Redhook and A-B will be amended to, among other things:

add distribution of Widmer and Kona brand malt beverage products; and

extend the initial term through December 31, 2018, and extend the renewal term through December 31, 2028.

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The Exchange and Recapitalization Agreement dated June 30, 2004, between Redhook and A-B will be amended to, among other things:

change the threshold amounts triggering restrictions on Redhook's ability, without A-B's consent, to acquire or invest in assets or businesses related to the production or distribution of malt beverage products or to dispose of all or a portion of its assets other than as part of a sale-leaseback transaction; and

prohibit Redhook from taking any action that would cause A-B to own 50 percent or more of Redhook's outstanding common stock.

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THE ANNUAL MEETING OF REDHOOK SHAREHOLDERS

Date, Time and Place

The annual meeting of Redhook shareholders will be held on June 24, 2008, at Redhook's principal executive offices located at 14300 NE 145th Street, Suite 210, Woodinville, Washington 98072-6950 commencing at 2:00 p.m. local time. Redhook is sending this joint proxy statement/prospectus to its shareholders in connection with the solicitation of proxies by the Redhook board of directors for use at the Redhook annual meeting and any adjournments or postponements of the annual meeting. This joint proxy statement/prospectus is first being furnished on or about May 13, 2008 to all shareholders of record as of the close of business on May 5, 2008.

Purposes of the Redhook Annual Meeting

The purposes of the Redhook annual meeting are:

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 merger agreement;
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 Redhook annual meeting or any adjournment or postponement thereof.

Recommendation of Redhook's Board of Directors

The Redhook board of directors has determined and believes that it is advisable to, and in the best interests of Redhook and its shareholders that each named nominee serve as a member of Redhook's board of directors until the 2009 Annual Meeting of Shareholders or until their earlier retirement, resignation or removal. The Redhook board of directors unanimously recommends that Redhook shareholders vote FOR each named nominee.

The Redhook board of directors has determined and believes that the issuance of shares of Redhook common stock pursuant to the merger is advisable to, and in the best interests of, Redhook and its shareholders. The Redhook board of directors has approved the merger agreement and recommends that Redhook shareholders vote FOR approval of the issuance of shares of Redhook common stock pursuant to the merger.

The Redhook board of directors has determined and believes that it is advisable to, and in the best interests of Redhook and its shareholders, to ratify the appointment of Moss Adams LLP as Redhook's independent registered public accounting firm for the fiscal year ending December 31, 2008. The Redhook board of directors unanimously recommends that Redhook shareholders vote FOR the ratification of the appointment of Moss Adams LLP.

Record Date and Voting Power

Only holders of record of Redhook common stock at the close of business on the record date, May 5, 2008, are entitled to notice of, and to vote at, the Redhook annual meeting. At the close of business on the record date, 8,380,239 shares of Redhook common stock were issued and outstanding. There were approximately 671 holders of record of Redhook common stock at the close of business on the record date. Because many of such shares are held by brokers and other institutions on behalf of others, Redhook is unable to estimate the total number of beneficial owners represented by these record holders.

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In deciding all matters at the meeting, other than Redhook Proposal No. 1 to elect seven directors, each shareholder is entitled to one vote for each share of Redhook common stock held on the record date. For Redhook Proposal No. 1, the election of directors, cumulative voting applies, so the number of votes each shareholder will have will be equal to the number of shares held on the record date multiplied by seven, the number of directors to be elected. Each shareholder may cast all such votes for a single nominee, distribute them among the seven nominees for directors equally, or distribute them among the seven nominees in any other way the shareholder deems fit. If a shareholder voting by proxy wishes to distribute votes among the nominees for director, he or she may do so on the enclosed proxy card in the space provided. If votes are not distributed on the proxy card, the persons named as proxies will use their discretion to distribute such votes FOR each of the seven individuals nominated to serve as director.

See the section entitled **Principal Shareholders of Redhook** beginning on page 145 of this joint proxy statement/prospectus for information regarding persons known to the management of Redhook to be the beneficial owners of more than 5% of the outstanding shares of Redhook common stock.

Voting and Revocation of Proxies

The proxy accompanying this joint proxy statement/prospectus is solicited on behalf of the board of directors of Redhook for use at the Redhook annual meeting.

If you are a shareholder of record of Redhook as of the record date referred to above, you may vote in person at the Redhook annual meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the Redhook annual meeting, Redhook urges you to vote by proxy to ensure that your vote is counted. You may still attend the Redhook annual meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the Redhook annual meeting and Redhook will give you a ballot when you arrive.

To vote using the proxy card, simply mark, sign and date your proxy card and return it promptly in the postage-paid envelope provided. If you return your signed proxy card to Redhook before the Redhook annual meeting, Redhook will vote your shares as you direct.

If your Redhook shares are held by your broker as your nominee (that is, in street name), you will need to obtain a proxy card from the institution that holds your shares and follow the instructions included on that proxy card regarding how to instruct your broker to vote your Redhook shares. If you do not give instructions to your broker, your broker can vote your Redhook shares with respect to a **discretionary** item but not with respect to a **non-discretionary** item. A discretionary item is a proposal considered routine under the rules of the New York Stock Exchange on which a broker may vote shares held in street name in the absence of voting instructions. A non-discretionary item is a proposal which is not considered routine under the rules of the New York Stock Exchange and on which a broker may not vote shares held in street name in the absence of voting instructions. On a non-discretionary item for which you do not give your broker instructions, the Redhook shares will be treated as broker non-votes. In the absence of timely directions, brokerage firms and other intermediaries generally will have discretion to vote their customers' shares in the election of directors and on the proposal to ratify the appointment of Moss Adams LLP, but it is anticipated that the proposal to approve the issuance of Redhook common stock pursuant to the merger agreement will be a non-discretionary item.

All properly executed proxies that are not revoked will be voted at the Redhook annual meeting and at any adjournments or postponements of the Redhook annual meeting in accordance with the instructions contained in the proxy. If a holder of Redhook common stock executes and returns a proxy and does not specify otherwise, the shares represented by that proxy will be voted **FOR** Redhook Proposal No. 1 for the election of all nominees for director; **FOR** Redhook Proposal No. 2 to approve the issuance of Redhook common stock pursuant to the merger agreement;

and FOR Redhook Proposal No. 3 to ratify the appointment of Moss Adams LLP as Redhook's independent registered public accountants for the fiscal year ending December 31, 2008.

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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 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.

Required Vote

The presence, in person or represented by proxy, at the Redhook annual meeting of the holders of a majority of the shares of Redhook common stock outstanding and entitled to vote at the Redhook annual meeting is necessary to constitute a quorum at the meeting. Abstentions and broker non-votes will be counted towards a quorum.

If a quorum exists at the meeting, the seven nominees for director who receive the greatest number of votes cast in the election of directors will be elected (Redhook Proposal No. 1). Redhook Proposal No. 2 to approve the issuance of Redhook common stock pursuant to the merger agreement and Redhook Proposal No. 3 to ratify the appointment of auditors will be approved if the number of votes cast in favor of the proposal exceed the number of votes cast against it. Votes will be counted by the inspector of election appointed for the meeting, who will separately count For and Against votes, abstentions and broker non-votes. If a brokerage firm or other intermediary votes its customers' shares on some but not all proposals, the effect of the non-vote will vary depending on the proposal. A non-vote for a nominee for director will make it less likely that the nominee will be one of the seven nominees for director who receive the greatest number of votes cast. A non-vote on the proposal to ratify the appointment of Moss Adams LLP or approve the issuance of Redhook common stock pursuant to the merger agreement will have no effect, since approval of those proposals is based solely on the number of votes actually cast.

Shares Owned by Redhook Directors, Executive Officers and Principal Shareholders

At the record date for the Redhook annual meeting, the directors and executive officers of Redhook owned approximately 5.8% of the outstanding shares of Redhook common stock entitled to vote at the Redhook annual meeting. In addition, A-B owned at the record date approximately 33% of the outstanding shares of Redhook common stock entitled to vote at the Redhook annual meeting.

Solicitation of Proxies

Redhook will bear the expense of preparing, printing and distributing proxy materials to its shareholders. In addition to solicitation by mail, the directors, officers, employees and agents of Redhook may solicit proxies from Redhook's shareholders by personal interview, telephone, telegram or otherwise. Redhook will pay the costs of the solicitation of proxies by Redhook from Redhook's 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.

Other Matters

As of the date of this joint proxy statement/prospectus, the Redhook board of directors does not know of any business to be presented at the Redhook annual meeting other than as set forth in the notice accompanying this joint proxy statement/prospectus. If any other matters should properly come before the Redhook annual meeting, it is intended

that the shares represented by proxies will be voted with respect to such matters in accordance with the judgment of the persons voting the proxies.

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MATTERS BEING SUBMITTED TO A VOTE OF REDHOOK SHAREHOLDERS

REDHOOK PROPOSAL NO. 1: ELECTION OF DIRECTORS

Seven directors are to be elected at the Redhook annual meeting to serve until the next Redhook annual meeting of shareholders, or until their earlier retirement, resignation or removal. Frank Clement, John Glick, David Lord, Michael Loughran, John Rogers, Jr., Paul Shipman and Anthony Short have been nominated by the Redhook board of directors for election or re-election at the annual meeting. All of the nominees are currently directors of Redhook. The accompanying Redhook proxy will be voted for these nominees, except where authority to so vote is withheld. Should any nominee be unable to serve, the persons named in the proxy may vote for any substitute designated by the Redhook board of directors.

If the merger is consummated, effective as of the closing date of the merger and in accordance with the merger agreement, Messrs. Shipman, Clement, Glick and Loughran will resign as directors of Redhook and the combined company's board of directors will consist of John Rogers and David Lord, two of the Redhook independent directors (as defined by Nasdaq Marketplace Rule 4200(a)(15)) elected at the annual meeting, Anthony Short and Andrew Goeler, the two A-B designated directors, 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. Mr. Goeler has been designated by A-B to replace John Glick on the combined company's board of directors. Following the merger, a majority of the board of directors of the combined company will be composed of independent directors (as defined by Nasdaq Marketplace Rule 4200(a)(15)).

THE REDHOOK BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT REDHOOK'S SHAREHOLDERS VOTE FOR EACH OF THE NAMED DIRECTOR NOMINEES.

Information Regarding the Redhook Board of Directors and Corporate Governance

The business of Redhook is currently managed under the direction of the Redhook board of directors, which consists of the following seven directors: Paul Shipman, Frank Clement, John Glick, David Lord, Michael Loughran, John Rogers, Jr. and Anthony Short.

The full Redhook board of directors met five times during Redhook's fiscal year ended December 31, 2007. No incumbent member attended fewer than 75% of the total number of meetings of the Redhook board of directors and of any board committees of which he was a member during that fiscal year. Redhook directors are encouraged to attend the Redhook annual meeting of shareholders. At the 2007 annual meeting, five Redhook directors and nominees for director were in attendance.

Director Independence

In November 2003, the National Association of Securities Dealers, which we refer to as the NASD, amended Nasdaq Marketplace Rule 4350(c) to require a majority of the board of directors of a listed company to be comprised of independent directors, as defined in NASDAQ Rule 4200(a)(15). Current nominees Messrs. Clement, Lord, Loughran and Rogers are non-executive directors of Redhook, do not have any relationship described in Nasdaq Marketplace Rule 4200(a)(15) that would disqualify them as independent directors and, in the opinion of the Redhook board of directors, do not have any other relationship that would interfere with their exercise of independent judgment in carrying out their responsibilities as directors. Therefore, the Redhook board of directors believes that Messrs. Clement, Lord, Loughran and Rogers are independent directors as defined by Nasdaq Marketplace

Rule 4200(a)(15). The Redhook board of directors believes that Messrs. Glick and Short, who are non-executive directors, have a relationship as A-B designees to the Redhook board of directors that makes them non-independent under the standards of Nasdaq Marketplace Rule 4200(a)(15). All independent Redhook directors meet in executive session, at which only independent Redhook directors are present, at least twice a year, in conjunction with a regularly scheduled board meeting.

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Nominees for Redhook Director

Seven directors are to be elected at the Redhook annual meeting to serve until the next Redhook annual meeting of shareholders, or his retirement, resignation or removal. Frank Clement, John Glick, David Lord, Michael Loughran, John Rogers, Jr., Paul Shipman and Anthony Short have been nominated by the Redhook board of directors for election or re-election at the annual meeting. All of the nominees are currently directors of Redhook. The accompanying Redhook proxy will be voted for these nominees, except where authority to so vote is withheld. Should any nominee be unable to serve, the persons named in the proxy may vote for any substitute designated by the Redhook board of directors.

Frank H. Clement (66). Mr. Clement has served as a director of Redhook since March 1989. He is a retired Vice President of Investments at UBS Financial Services (formerly UBS Paine Webber), a registered broker dealer, in Seattle, Washington, where he was employed from 1975 to March 2002. From 1995 through 1999, he served on the Advisory Board of the Institute of Brewing Studies in Boulder, Colorado. Mr. Clement serves on the Dean's Advisory Board for the School of Management and on the National Alumni Association Board, both for S.U.N.Y. at Buffalo, Buffalo, New York. Since July 2004, Mr. Clement has served as a director of Craft Brands Alliance LLC.

If the merger with Widmer is consummated, Mr. Clement will resign as a director effective as of the effective time of the merger. See *Directors Following the Merger* below.

John W. Glick (44). Mr. Glick has served as a director of Redhook since September 2005. Mr. Glick has worked with the Business and Wholesaler Development group at A-B since April 2000, serving as Senior Director, Business Development since December 1, 2006 and Senior Manager of Business Development since September 2005. He has also held positions in the Business Planning and Brewery Operations groups at A-B. Prior to joining A-B's Executive Development Program in 1992, Mr. Glick held multiple engineering and manufacturing operations positions at General Motors. He received a Master's degree in Business Administration from Indiana University and a Bachelor of Science from GMI Engineering & Management Institute in Flint, Michigan. Mr. Glick has served as a director of Widmer and as a director for Kirin Brewery of America since April 2004. Mr. Glick is one of two directors on Redhook's board of directors designated by A-B; see *Certain Transactions of Redhook* below.

If the merger with Widmer is consummated, Mr. Glick will resign as director, and Andrew Goeler, who has been designated by A-B, will replace Mr. Glick as one of the A-B designated Redhook directors. See *Directors Following the Merger* below.

Michael Loughran (50). Mr. Loughran has served as a director of Redhook since May 2005. Mr. Loughran is the President of Kiket Bay Group, LLC, a financial consulting and independent equity research firm formed by him in November 2003. From March 2005 to March 2006, Mr. Loughran served as Senior Vice President and equity analyst for First Washington Corporation, a registered broker dealer in Seattle, Washington. From August 2002 to March 2005, Mr. Loughran was employed by Crown Point Group and its affiliate, the Robins Group, a registered broker dealer in Portland, Oregon, serving most recently as Vice President and equity analyst for the Robins Group. From November 2001 to August 2002, Mr. Loughran served as a financial consultant. Mr. Loughran received a Bachelor's degree in Economics from Princeton University in 1980 and a Master's degree in Business Administration from the University of Pennsylvania, Wharton School, in 1986.

If the merger with Widmer is consummated, Mr. Loughran will resign as a director effective as of the effective time of the merger. See *Directors Following the Merger* below.

David R. Lord (59). Mr. Lord has served as a director of Redhook since May 2003. He has been the President of Pioneer Newspapers, Inc., headquartered in Seattle, Washington, since 1991. Pioneer Newspapers owns seven daily

newspapers and nine weekly, semi-weekly and monthly publications in the western United States. Prior to joining Pioneer Newspapers, Mr. Lord practiced law at Ferguson and Burdell, a Seattle firm specializing in business litigation, and was a criminal deputy prosecuting attorney for King County, Washington. Mr. Lord is president elect of the PAGE Co-op board of directors, a director on the Associated Press board of directors, the Job Network LLC board of directors, the Newspaper Association of America

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board of directors, American Press Institute board of directors, and a former chairman of the Inland Press Association.

John D. Rogers, Jr. (64). Mr. Rogers has served as a director of Redhook since May 2004. He currently serves as Managing Partner of J4 Ranch LLC. Mr. Rogers served as President, Chief Executive Officer and director of Door to Door Storage, Inc. in Kent, Washington from June 2004 to June 2007. Mr. Rogers was a director of NW Parks Foundation from November 2003 to December 2006. From 1996 to 2002, he was President and Chief Operating Officer of AWC, Inc. From 1993 to 1996, he was General Manager of British Steel Alloys and from 1986 to 1992, he was President of Clough Industries. Previous positions held by Mr. Rogers include President and Chief Executive Officer of Saab Systems Inc., NA, and National Industry Manager for Martin Marietta Aluminum of Bethesda, Maryland, following an appointment as a Sloan Fellow to M.I.T. Graduate School of Business where he graduated with a Masters of Science in Business Administration. Mr. Rogers earned a Master's degree in Business Administration from Southern Methodist University and a Bachelor's degree from the University of Washington.

Paul S. Shipman (55). Mr. Shipman is one of Redhook's founders and has served as its Chairman of the Board since November 1992, and as its Chief Executive Officer since June 1993. From September 1981 to November 2005, Mr. Shipman served as Redhook's President. Prior to founding Redhook, Mr. Shipman was a marketing analyst for the Chateau Ste. Michelle Winery from 1978 to 1981. Mr. Shipman received his Bachelor's degree in English from Bucknell University in 1975 and his Master's degree in Business Administration from the Darden Business School, University of Virginia, in 1978. Since July 2004, Mr. Shipman has served as a director of Craft Brands Alliance LLC.

If the merger with Widmer is consummated, Mr. Shipman will resign as Chairman of the Board effective as of the effective time of the merger, but will serve as Chairman Emeritus and be available to provide services as a consultant to Redhook's board of directors for one year. See *Directors Following the Merger* below.

Anthony J. Short (48). Mr. Short has served as a director of Redhook since May 2000. Mr. Short has been Vice President, Business and Wholesaler Development at A-B since September 2002. In this capacity, he is responsible for domestic business development and various initiatives involving A-B's sales and distribution system. From March 2000 to September 2002, Mr. Short was Director of Business and Wholesaler Development. Previously, Mr. Short was Director of Wholesaler System Development. He began his career at A-B in 1986 in the Corporate Auditing Department. Prior to joining A-B, Mr. Short held positions at Schowalter & Jabouri, a regional firm of Certified Public Accountants. Mr. Short has served as a director of Widmer since October 1997 and as a director of Craft Brands Alliance LLC since July 2004. Mr. Short is one of two directors on Redhook's board of directors designated by A-B; see *Certain Transactions of Redhook* below.

Directors Following the Merger

Effective as of the closing date of the merger and in accordance with the merger agreement, Messrs. Shipman, Clement, Clement and Loughran will resign as directors and the combined company's board of directors will consist of:

David Lord and John Rogers, Jr., two of Redhook's independent directors elected at the annual meeting;

Anthony Short and Andrew Goeler, two A-B designated directors; and

Three new 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. Mr. Goeler has been designated by A-B to replace John Glick as A-B's designee on the Redhook board.

Committees of the Redhook Board

The Board has standing audit, compensation, nominating and governance and marketing practices committees. In March 2007, the board formed a corporate strategy committee, consisting solely of Redhook s

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four independent directors, in connection with the proposed transaction between Redhook and Widmer. Each of these committees is responsible to the full Redhook board of directors and its activities are therefore subject to board approval. Pursuant to an exchange and recapitalization agreement between Redhook and A-B, A-B has the right to designate one of its board designees to sit on each committee of the Redhook board or to join each committee of the board in an advisory capacity, as described more fully in Redhook's Annual Report on Form 10-K for the year ended December 31, 2007, Part I, Item 1. *Business Relationship with Anheuser-Busch, Incorporated.*

The activities of each of these committees are summarized below:

Redhook Audit Committee. The Redhook audit committee is responsible for the engagement of and approval of the services provided by Redhook's independent registered public accountants. The audit committee assists Redhook's board of directors in fulfilling its oversight responsibilities by reviewing (i) the financial reports and other pertinent financial information provided by Redhook to the public and the Securities and Exchange Commission, (ii) Redhook's systems of internal controls established by management and the Board, and (iii) Redhook's auditing, accounting and financial reporting processes generally.

The Redhook audit committee is currently composed of Messrs. Clement, Loughran (Chairman), and Rogers, all of whom are independent directors as defined by Nasdaq Marketplace Rule 4200(a)(15) and 4350(d)(2). The Board has also determined that Mr. Loughran, an independent director, qualifies as an audit committee financial expert as defined by the Securities and Exchange Commission. Mr. Anthony J. Short is currently A-B's designee to the audit committee and participates in an advisory capacity only. The audit committee met five times during 2007. The board of directors has adopted a written charter for the audit committee. A copy of the audit committee charter is available on Redhook's website at www.redhook.com (select About Redhook Investor Relations Governance Highlights).

Compensation Committee. The Redhook compensation committee is responsible for establishing and administering the overall compensation policies applicable to Redhook's senior management, which includes Redhook's Chief Executive Officer, President and Chief Operating Officer, Vice Presidents, and Chief Financial Officer. The compensation committee is also responsible for establishing the general policies applicable to the granting, vesting and other terms of stock options and stock awards granted to employees under Redhook's stock option and stock incentive plans, and for determining the size and terms of stock and option grants made to Redhook's executive officers, among others.

With respect to the compensation of Redhook's Chief Executive Officer and its President, during the first calendar quarter of each year, the compensation committee reviews and approves company and individual performance goals for the current year, evaluates the officers' performance in light of the goals established for the prior year, considers competitive market data and establishes annual compensation based on this evaluation. The compensation committee determines compensation for the other executive officers based on the recommendations from the CEO and President and Chief Operating Officer, as well as by reviewing competitive market data. In 2004, and again in 2007, the Committee retained MBL Group, LLC to advise it on executive compensation matters, including advice on base salary levels and incentive programs. MBL looked at a variety of sources to determine the competitive compensation range for Redhook's CEO and other executive officers. These included formal executive salary surveys, data from several Redhook competitors, and data from selected MBL manufacturing clients who produce and sell retail products. MBL focused on manufacturing companies that were similar in size to Redhook and, where appropriate, located in the western half of the U.S. Their analysis included both publicly traded and privately held companies.

The compensation committee has no authority to delegate any of the functions described above to any other persons. Additional information on the compensation committee's roles, policies and procedures is described in Executive Compensation Compensation Discussion and Analysis set forth in this joint proxy statement/prospectus.

The Redhook compensation committee is currently composed of Messrs. Clement, Lord (Chairman) and Rogers, each an independent director, as defined by Nasdaq Marketplace Rule 4200(a)(15). Mr. Glick is A-B's designee to the compensation committee and participates in an advisory capacity only. The compensation

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committee met five times during 2007. The Redhook board has adopted a written charter for the compensation committee. A copy of the charter is available on Redhook's website at www.redhook.com (select About Redhook Investor Relations Governance Highlights).

Corporate Strategy Committee. The Redhook corporate strategy committee currently is comprised of Messrs. Clement, Lord, Loughran (Chairman), and Rogers. The corporate strategy committee is tasked with evaluating and recommending to the Redhook board and Redhook's shareholders actions relating to the potential merger or other transaction involving Redhook and Widmer. The corporate strategy committee met fourteen times during 2007. No A-B designated director participated in the activities of the corporate strategy committee.

Marketing Practices Committee. The Redhook marketing practices committee, currently composed of Messrs. Clement (Chairman) and Glick, is responsible for reviewing Redhook's marketing practices, insuring those practices comply with applicable laws and making recommendations to the board of directors as to such matters. The Marketing Practices Committee did not meet in 2007.

Nominating and Governance Committee. The Redhook nominating and governance committee recommends to the Redhook board nominees for vacant board positions; reviews and reports to the board on the nominees, including any suggested by shareholders, to be included in the slate of directors for election at the annual meeting of shareholders; recommends directors for each board committee; develops a plan of succession to be used in the event of the President and Chief Operating Officer or Chief Executive Officer's resignation, disability, removal or death; develops and recommends to the board a set of corporate governance principles applicable to Redhook; and oversees the evaluation of the board and management.

The Redhook nominating and governance committee is currently composed of Messrs. Clement, Lord and Rogers (Chairman), all of whom are independent directors as defined by Nasdaq Marketplace Rule 4200(a)(15). Mr. Short is A-B's designee to the nominating and governance committee and participates in an advisory capacity. The nominating and governance committee did not meet in 2007. The board of directors has adopted a written charter for the nominating and governance committee. The charter is reviewed annually and revised as appropriate. A copy of the charter is available on Redhook's website at www.redhook.com (select About Redhook Investor Relations Governance Highlights).

Criteria for Director Nominees

The specific, minimum qualifications that the nominating and governance committee believes must be met by a nominee for a position on Redhook's board of directors are:

The nominee must be of the highest ethical character;

The nominee must be able to read and understand financial statements;

The nominee must be over 21 years of age;

The nominee must not have any significant and material conflict, whether personal, financial or otherwise, presented by being a member of the Redhook board;

The nominee must be able to meet regulatory approval; and

The nominee must have the time to be available to devote to board activities.

The specific qualities or skills that the Redhook nominating and governance committee believes are necessary for one or more of Redhook's directors to possess are:

Nominees should have relevant expertise and experience, and be able to offer advice and guidance to Redhook's President and Chief Operating Officer based on that expertise and experience;

Nominees should possess any necessary independence or financial expertise;

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Nominees should complement the skills, experience and background of other directors; in making determinations regarding nominations of directors, the committee may take into account the benefits of diverse viewpoints; and

Nominees must be likely to have a constructive working relationship with other directors.

It is also Redhook's policy that directors retire from the board effective at the annual meeting of shareholders following their seventy-third birthday.

Shareholder Recommendations for Nominations to the Board of Directors

The Redhook nominating and governance committee will consider candidates for director recommended by any shareholder of Redhook who is entitled to vote at the meeting. The committee will evaluate such recommendations in accordance with its charter, the bylaws of Redhook and the nominee criteria described above. This process is designed to ensure that the board includes members with diverse backgrounds, skills and experience, including appropriate financial and other expertise relevant to the business of Redhook. Eligible shareholders wishing to recommend a candidate for nomination should follow the procedures set forth in Redhook's amended and restated bylaws, as further described below. In connection with its evaluation of a director nominee, the Redhook nominating and governance committee may request additional information from the candidate or the recommending shareholder and may request an interview with the candidate. The committee has discretion to decide which individuals to recommend for nomination as directors. Shareholders should submit any recommendations for director nominees to Redhook by January 13, 2009.

A shareholder of record can nominate a candidate for election to the Redhook board by complying with the procedures in Article II, Section 2.3.2 of Redhook's amended and restated bylaws. Any eligible shareholder who wishes to submit a nomination should review the requirements in the bylaws on nominations by shareholders, which are included in the excerpt from the amended and restated bylaws attached as *Annex E* to this joint proxy statement/prospectus. Any nomination should be sent in writing to the Secretary, Redhook Ale Brewery, Incorporated, 14300 N.E. 145th Street, Suite 210, Woodinville, WA 98072. Notice must be received by Redhook by January 13, 2009.

Redhook Director Compensation

Non-employee directors of Redhook are currently entitled to receive both stock-based and cash compensation for their service on the Redhook board:

Stock-based Compensation:

Each non-employee Redhook director, other than A-B designated directors, is entitled to receive a grant of 3,500 shares of Redhook common stock upon his/her election to the board of directors at the annual meeting of shareholders. In lieu of receiving 3,500 shares of Redhook common stock, directors may elect to receive a lesser number of shares plus a cash payment equal to the taxes to be paid on his/her stock grant.

Cash Compensation:

Each non-employee Redhook director is entitled to receive annual compensation of \$10,000, which will be paid quarterly.

The chairs of each of the Redhook nominating and governance, audit, marketing and compensation committees are entitled to receive additional annual compensation of \$4,000, which will be paid following the Redhook annual meeting of shareholders.

Redhook audit committee members are each entitled to receive an additional annual payment of \$1,000, which will be paid following the Redhook annual meeting of shareholders.

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Members of the Redhook corporate strategy committee are entitled to receive, for service through March 31, 2008, compensation of \$7,500 per quarter. The chair of the corporate strategy committee is also entitled to receive an additional quarterly payment of \$2,500 for service through March 31, 2008.

Redhook's Chief Executive Officer, Mr. Shipman, does not receive any additional compensation for his service as a director.

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director who served on Redhook's board of directors in 2007.

Name	Fees Earned or Paid in Cash	Stock Awards(1)	Option Awards	Total
Frank H. Clement	\$ 53,400	\$ 16,100	\$	\$ 69,500
John W. Glick	\$ 10,000	\$	\$	\$ 10,000
David R. Lord	\$ 52,400	\$ 16,100	\$	\$ 68,500
Michael Loughran	\$ 63,400	\$ 16,100	\$	\$ 79,500
John D. Rogers, Jr.	\$ 53,400	\$ 16,100	\$	\$ 69,500
Anthony J. Short	\$ 10,000	\$	\$	\$ 10,000

(1) On May 22, 2007, Messrs. Clement, Lord, Loughran and Rogers were each granted 2,300 shares of fully-vested Redhook common stock and a cash payment of \$8,400. The fair value of each stock grant was computed in accordance with FASB SFAS No. 123R, *Share-Based Payment*.

Report of the Redhook Audit Committee

The Redhook audit committee has reviewed and discussed with management and the independent auditors the audited financial statements of Redhook. The committee reviewed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended, regarding their judgments as to the quality, not just the acceptability, of the accounting principles of Redhook and such other matters as the committee and the auditors are required to discuss under auditing standards generally accepted in the United States. Additionally, the committee discussed with the auditors their independence from Redhook and its management, including the matters in the written disclosures and the letter provided by the independent auditors to the audit committee as required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and considered the compatibility of nonaudit services with the auditors' independence.

Based on the foregoing reviews and discussions, the committee recommended to the Redhook board of directors that the audited consolidated financial statements of Redhook be included in the Annual Report of Redhook on Form 10-K for the year ended December 31, 2007 for filing with the Securities and Exchange Commission.

Michael Loughran (Chairman)

Frank H. Clement

John D. Rogers, Jr.

Audit Committee Members

Shareholder Communications with Redhook Board of Directors

Shareholders wishing to communicate with the board of directors, the non-management directors, or with an individual Board member concerning Redhook may do so by writing to the Board, to the non-management directors, or to the particular Board member, and mailing the correspondence to: c/o David J. Mickelson, Redhook Ale Brewery, Incorporated, 14300 N.E. 145th Street Suite 210, Woodinville, Washington 98072. The envelope should indicate that it contains a shareholder communication. All such shareholder communications will be forwarded to the director or directors to whom the communications are addressed.

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Shareholder Proposals for 2009 Annual Meeting

An eligible shareholder who desires to have a qualified proposal considered for inclusion in the proxy statement prepared in connection with Redhook's 2009 annual meeting of shareholders must deliver a copy of the proposal to the Secretary of Redhook, at Redhook's principal executive offices, no later than January 13, 2009.

Proposals of shareholder that are not eligible for inclusion in the proxy statement and proxy for Redhook's 2009 annual meeting of shareholders, or that concern one or more nominations for directors at the meeting, must comply with the procedures, including minimum notice provisions, contained in Redhook's amended and restated bylaws. Notice must be received by the Secretary of Redhook by January 13, 2009. A copy of the pertinent provisions of the restated bylaws is available upon request to David J. Mickelson, Redhook Ale Brewery, Incorporated, 14300 N.E. 145th Street Suite 210, Woodinville, Washington 98072.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that Redhook's officers and directors, and persons who own more than ten percent of a registered class of Redhook's equity securities file reports of ownership and changes of ownership with the Securities and Exchange Commission. Officers, directors and greater than ten percent shareholders are required by the Securities and Exchange Commission regulations to furnish Redhook with copies of all such reports they file.

Based solely on its review of the copies of such reports received by Redhook, and on written representations by Redhook's officers and directors regarding their compliance with the applicable reporting requirements under Section 16(a) of the Exchange Act, Redhook believes that, with respect to its fiscal year ended December 31, 2007, all filing requirements applicable to its officers and directors, and all of the persons known to Redhook to own more than ten percent of its common stock were complied with by such persons.

REDHOOK PROPOSAL NO. 2: APPROVAL OF THE ISSUANCE OF COMMON STOCK PURSUANT TO THE MERGER

At the Redhook annual meeting, Redhook shareholders will be asked to approve the issuance of Redhook common stock pursuant to the merger agreement. Under the merger agreement, Widmer will merge with and into Redhook, and each holder of shares of common or preferred stock of Widmer will be entitled to receive, in exchange for each share held, 2.1551 shares of Redhook common stock. 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 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.

The terms of, reasons for and other aspects of the merger agreement, the merger and the issuance of Redhook common stock pursuant to the merger agreement are described in detail in the other sections in this joint proxy statement/prospectus.

Proposal No. 2 will be approved if a majority of the votes cast on the proposal are FOR the proposal.

THE REDHOOK BOARD OF DIRECTORS RECOMMENDS THAT REDHOOK'S SHAREHOLDERS VOTE FOR REDHOOK PROPOSAL NO. 2 TO APPROVE THE ISSUANCE OF REDHOOK COMMON STOCK PURSUANT TO THE MERGER AGREEMENT.

Table of Contents**REDHOOK PROPOSAL NO. 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The audit committee of the Redhook board of directors has appointed the firm of Moss Adams LLP, which we refer to as Moss Adams, independent registered public accountants, to audit Redhook's financial statements for the fiscal year ending December 31, 2008.

At the Redhook annual meeting, the Redhook shareholders are being asked to ratify the appointment of Moss Adams as Redhook's independent registered public accounting firm for the fiscal year 2008. Representatives of Moss Adams will be present at the Redhook annual meeting and will be available to respond to appropriate questions from Redhook shareholders and to make a statement if they so desire.

Fees Paid to the Independent Registered Public Accounting Firm

The following table presents aggregate fees billed to Redhook by Moss Adams for professional services rendered with respect to fiscal years ended December 31, 2007 and 2006. All of these services were approved by the Redhook audit committee:

	2007	2006
Audit Fees	\$ 176,574	\$ 113,891
Audit Related Fees	2,000	
Tax Fees		2,650
All Other Fees		
Total Fees	\$ 178,574	\$ 116,541

Audit fees include the audit of Redhook's annual financial statements, review of the financial statements included in Redhook's quarterly reports on Form 10-Q for such years, services rendered in conjunction with registration statements, and services rendered in connection with the joint proxy statement/prospectus.

Audit related fees in 2007 were due for services rendered in connection with Redhook's assessment and report on the effectiveness of Redhook's internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002.

The 2006 tax fees relate to professional services rendered by Moss Adams to review Redhook's 2005 tax return and stock option treatment for tax purposes.

Redhook anticipates that 2008 audit fees and audit related fees will exceed 2007 fees, primarily as a result of fees associated with the merger with Widmer.

Auditor Independence

In 2007, there were no other professional services provided by Moss Adams for Redhook that would have required the audit committee of the Redhook board of directors to consider their compatibility with maintaining the independence

of Moss Adams.

Pre-Approval Policies and Procedures

The Redhook audit committee is responsible for appointing and overseeing the work of Redhook's independent registered public accounting firm. The Redhook audit committee has established the following procedures for the pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm:

Before engagement of the independent registered public accounting firm for the next year's audit, the independent registered public accounting firm will submit a detailed description of services expected to be rendered during that year for each of the following categories of services to the audit committee for approval:

Audit services. Audit services include work performed for the audit of Redhook's financial statements and the review of financial statements included in Redhook's quarterly reports on Form 10-Q, as well

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as work that is normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings.

Audit related services. Audit related services are for assurance and related services that are traditionally performed by the independent registered public accounting firm and reasonably related to the performance of the audit or review of Redhook's financial statements.

Tax services. Tax services include all services performed by the independent registered public accounting firm's tax personnel for tax compliance, tax advice and tax planning.

Other services. Other services are those services not captured in the other categories.

Before engagement, the Redhook audit committee pre-approves these services by category of service. The fees are budgeted and the Redhook audit committee requires the independent registered public accounting firm to report actual fees versus budgeted fees periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the Redhook audit committee requires specific pre-approval before engaging the independent registered public accounting firm.

If this proposal does not receive the affirmative approval of a majority of the votes cast on the proposal, the board of directors will reconsider the appointment.

THE REDHOOK BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT REDHOOK SHAREHOLDERS VOTE FOR REDHOOK PROPOSAL NO. 3 TO RATIFY MOSS ADAMS LLP AS REDHOOK'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR ITS FISCAL YEAR ENDING DECEMBER 31, 2008.

OTHER MATTERS

Redhook knows of no other matters that are likely to be brought before the meeting. If, however, other matters that are not now known or determined come before the meeting, the persons named in the enclosed proxy or their substitutes will vote such proxy in accordance with their discretion.

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REDHOOK EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

The Redhook compensation committee of the board of directors, which we refer to as the Committee, is responsible for establishing and administering the overall compensation policies applicable to Redhook's senior management, which includes Redhook's Chief Executive Officer, President and Chief Operating Officer, Vice Presidents, and Chief Financial Officer. The Committee is also responsible for establishing the general policies applicable to the granting, vesting and other terms of stock options and stock grants granted to employees under Redhook's stock option and stock incentive plans, and for determining the size and terms of stock and option grants made to Redhook's executive officers, among others.

The Committee is composed entirely of independent directors. Mr. Glick, A-B's designee to the compensation committee, participates on the committee in an advisory capacity only. The compensation committee oversees Redhook's executive compensation programs pursuant to a written charter, a copy of which is available on Redhook's website at www.redhook.com (select About Redhook Investor Relations Governance Highlights Compensation Committee).

Compensation Objectives

The Committee's responsibility is to insure that Redhook's compensation programs are structured and implemented in a manner that attracts and retains the caliber of executives and other key employees required for Redhook to compete in a highly competitive and rapidly evolving business sector, while also recognizing and emphasizing the importance and value of achieving targeted performance objectives and enhancing long-term shareholder value.

Redhook's executive compensation programs include five primary components:

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

Bonuses. Discretionary bonus payments are intended to reward executives for achieving specific financial and operational goals.

Long-term incentive payments. Long term incentives, such as stock options, restricted stock and performance units, are intended to focus the executives on taking steps that they believe are necessary to ensure Redhook's long-term success, as reflected in increases to Redhook's stock price over a period of several years and growth in its earnings per share.

Severance and Change of Control payments. Severance and change of control payments are competitive measures intended to recruit and retain top quality executives, by offering executives compensation in the event their employment is involuntarily terminated without defined cause or as a result of a merger or other change in control transaction.

These primary components and their amounts for each of the Redhook executives are intended to be fair in relation to compensation received by other executives at similarly sized public and private companies and to reward Redhook's

executives for performance.

Role of the Redhook Compensation Committee, Management and External Compensation Consultants

The Committee has the ultimate authority to determine matters of compensation for Redhook's senior management, and is responsible for establishing annual compensation for Redhook's senior management, setting Redhook's policies with respect to stock options and stock grants granted to employees under Redhook's incentive plans, and for determining the size and terms of grants made to Redhook's executive officers and employees. In setting compensation amounts, the Committee relies upon recommendations from

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Redhook's Chief Executive Officer and President and Chief Operating Officer with respect to compensation involving other executive officers and with respect to stock options and other stock grants to employees. Additionally, the Committee takes into account reports from the Chief Executive Officer regarding whether payment targets for incentive awards were met. However, no executive officer participates directly in establishing the amount of any component of his own compensation package.

In addition, the Committee has solicited input from the Committee's independent executive compensation consultant, MBL Group, LLC, which we refer to as MBL. The Committee recognizes that executive compensation consultants can play an important and valuable role in the executive compensation process. Therefore, in 2004, and again in 2007, the Committee retained MBL to advise it on executive compensation matters, including advice on base salary levels and incentive programs. MBL looked at a variety of sources to determine the competitive compensation range for Redhook's CEO and other executive officers. These included formal executive salary surveys, data from several Redhook competitors, and data from selected MBL manufacturing clients who produce and sell retail products. MBL focused on manufacturing companies that were similar in size to Redhook and, where appropriate, located in the western half of the U.S. Their analysis included both publicly traded and privately held companies. The Committee believes that the MBL reports are an important point of reference for the Committee in measuring and setting executive compensation. The Committee relies on the reports from MBL as a benchmark to ensure that Redhook's compensation levels are comparable to compensation levels at other publicly traded companies in comparable industries. For the fiscal year ended December 31, 2007, the Committee used market survey information provided by MBL which included data from (a) Cascade Employers Association National Executive Compensation Survey of approximately 1550 companies; (b) Milliman & Robertson Executive Compensation Survey of approximately 300 companies; and (c) Dolan Technologies Compensation Data Survey of Northwest companies. The MBL survey contained data regarding position, survey examined and salary information, but did not identify specific companies or individuals.

Compensation Analysis

In determining executive compensation, the committee analyzes the following factors:

Redhook's performance relative to goals set forth by the Board of Directors at the beginning of the year and in comparison to past years;

MBL reports from 2004 and 2007 setting out data points for executive compensation, which included comparisons to similarly-situated executives at peer companies;

individual performance by each executive officer; and

historical compensation for each executive officer.

Determining the Amount and Mix of Compensation

In determining the amount of compensation, the Committee, after reviewing reports from MBL, compared each executive's pay to the market data provided for that named executive's position and set compensation levels for salary, bonus and long-term compensation at levels around the 50th percentile of such market data for each position. Additionally, the Committee believes that incentive pay should be significant enough to properly reward the executives if the company met certain financial and operational objectives, therefore, it is the policy of the Committee that approximately 10% to 30% of the total compensation package should be at risk in order to motivate the executives to achieve financial and operational objectives set by the board. The Committee does not have a pre-established policy for allocating between either cash and non-cash or short-term or long-term compensation.

However, as discussed below, since 2003, the Committee has not awarded stock options to its executive officers, and only added back a long-term incentive component to its executive compensation structure in 2007. Future awards of stock based compensation may be limited by the amount of shares available for grant under Redhook's stock incentive plans.

Redhook's compensation program is designed to balance the need to provide Redhook executives with incentives to achieve short-and long-term performance goals with the need to pay competitive base salaries.

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The Committee considers the amount of prior salary increases, performance of the executive, and the financial goals of the company in determining the mix of base salary and performance based compensation. For 2007, the allocation of compensation between base salary, estimated target performance bonus, estimated discretionary bonus and estimated long-term compensation for Redhook's named executives was as follows:

	Paul S. Shipman	David J. Mickelson	Jay T. Caldwell	Gerard C. Priar(1)	Allen L. Triplett(1)
Base Salary	59%	68%	83%	87%	87%
Est. Performance Bonus	22%	17%	0%	0%	0%
Est. Discretionary Bonus	4%	3%	17%	13%	13%
Est. Long-Term Incentive	15%	12%	0%	0%	0%

(1) Mr. Priar and Mr. Triplett resigned as executive officers of Redhook in February 2008.

Base Salaries. Base salaries for all executives, including the Chief Executive Officer, are set by the Committee using the MBL reports as a guideline and after a review of job responsibilities and individual contributions over the past year. The principal factors considered in decisions to adjust base salary are Redhook's recent and projected financial performance, individual performance measured against pre-established goals and objectives and changes in compensation in Redhook's general industry. The ultimate split between base salary and performance incentives in 2007 reflected the desire of the Committee to improve the cash flow of the company, as well as achieve certain strategic goals.

For 2007, base salary for Mr. Shipman, Chief Executive Officer, increased by 4%, compared to his base salary in 2006. Aggregate base salaries for Messrs. Mickelson, Priar and Triplett increased by 4% in 2007 as compared to 2006. The modest increases approved by the Committee for 2007 were cost-of-living increases. In 2007, Mr. Caldwell's base salary was increased from \$110,000 to \$125,000 in connection with his appointment to serve as the Chief Financial Officer and Treasurer.

Base salaries are reviewed by the Committee during the first quarter of each year and increases typically take effect in April or May of the same year. Base salaries are also reviewed at the time of a promotion or other changes in responsibilities. Mr. Caldwell's base salary was increased to \$180,000 effective October 1, 2007 to recognize the crucial role Mr. Caldwell would play in the closing of the proposed merger with Widmer, and for his continuing efforts in bringing together the accounting and finance functions of the two companies.

Performance Based Incentive Payments and Bonuses. Incentive payments and bonuses are based on the accomplishments of the executive team, Redhook's results relative to financial and operational objectives set at the beginning of the year, and other relevant and significant accomplishments of the company as a whole. Target bonus amounts have been established for each executive officer per the terms of such officers' agreement regarding employment and include both a discretionary bonus and nondiscretionary component. In determining what these performance based incentive payments and bonus payments should be, the Committee examined the historical relationship between salary and incentive pay for the Redhook executives to gain some perspective. The incentive pay had to be significant enough to properly reward the executives if the company met certain financial and operational objectives. It was agreed by the Committee that approximately 10% to 30% of the total compensation package should be at risk in order to motivate the executives to achieve these financial and operational objectives.

The incentive pay awards are divided into discretionary and nondiscretionary portions.

Bonus (Discretionary) Awards: Discretionary incentives reward specific financial and operational goals achieved. Some examples of specific goals tied to a discretionary incentive award might be an increase in focus on brand management or the development of new business. In setting and awarding these discretionary bonuses, the Committee focuses on more long-term, strategic objectives in order to obtain new sources of revenue and to manage brands in different ways. The Committee has discretion to increase or decrease the award, regardless of whether financial and operational goals are achieved.

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For 2007, the Committee established the operational goals of (i) developing new business, (ii) managing brands to maturity and (iii) maximizing shareholder value. The target (maximum) bonus amounts for 2007 for which each executive was eligible were as follows: Mr. Shipman, \$20,000, Mr. Mickelson, \$10,000, Mr. Caldwell, \$27,750, Mr. Prial, \$25,000 and Mr. Triplett, \$25,000.

Performance Based (Nondiscretionary) Awards: The nondiscretionary incentive component is paid to the executive if the company achieves certain performance targets set forth by the Committee. The Committee sets the incentive targets for the executive officers at the beginning of each fiscal year. Incentive targets usually relate to increasing revenues and cash flows in the short-term in order to lay a stronger foundation for long-term growth. Nondiscretionary awards have historically been limited to the CEO and the President.

The incentive targets for 2007 were as follows:

Earnings before interest, taxes and depreciation and amortization (EBITDA) greater than or equal to budgeted EBITDA of \$4,252,000 (weighted at 50% of the total nondiscretionary award),

Sales growth of 4% or greater for the Washington Brewery and Forecasters Public House over the prior year (weighted at 25% of the total nondiscretionary award), and

EBITDA growth of 4% or greater for the New Hampshire Brewery and Cataqua Public House over the prior year (weighted at 25% of the total nondiscretionary award).

The target (maximum) amounts to be awarded for achieving these performance targets for 2007 were: Mr. Shipman, \$100,000, Mr. Mickelson, \$50,000.

2007 Awards. In 2007, Mr. Shipman and Mr. Mickelson were awarded nondiscretionary performance bonuses of \$25,000 and \$12,500, respectively, as a result of achieving sales growth of greater than 4% at the Washington Brewery. The Committee believes it would have been relatively difficult for these executives to earn the target bonuses established for 2007, which were four times as much as the bonuses actually paid. The Committee also awarded discretionary bonuses of \$10,000 and \$5,000 bonus to Mr. Shipman and Mr. Mickelson, respectively, for their success in meeting the brand management targets established for Redhook ESB and Long Hammer IPA. Upon the recommendation of the CEO and the President, the Committee awarded Mr. Caldwell a discretionary bonus of \$27,000 in consideration for his extra efforts associated with the planned merger with Widmer and in bringing together the finance and accounting functions at the two companies. Mr. Prial was awarded a discretionary bonus of \$20,000 in consideration for his assistance with the transition to a new sales force on the east coast in anticipation of the merger.

A summary of the incentive payments awarded to Redhook's executive officers for 2007 performance is set forth below:

Named Executive Officer	Target	Target	Performance	Discretionary	Total
	Performance	Discretionary	Award	Bonus	
	Award	Bonus	Received	Received	Awarded
Paul S. Shipman	\$ 100,000	\$ 20,000	\$ 25,000	\$ 10,000	\$ 35,000
David J. Mickelson	50,000	10,000	12,500	5,000	\$ 17,500
Jay T. Caldwell		27,750		27,000	\$ 27,000

Gerard C. Prial	25,000	20,000	\$ 20,000
Allen L. Triplett	25,000		\$

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The Committee has set the following performance incentive targets for its executive officers for 2008:

	Incentive Target	Amount
Paul S. Shipman, <i>Chief Executive Officer</i>	Delivering the Company in good financial condition at closing of merger with Widmer	Up to 10% of base salary paid to date of merger
	Closing of merger with Widmer	Up to 10% of base salary paid to date of merger
David J Mickelson, <i>President and Chief Operating Officer</i>	Delivering the Company in good financial condition at closing of merger with Widmer	Up to 10% of base salary paid to date of merger
	Closing of merger with Widmer	Up to 10% of base salary paid to date of merger
	EBITDA greater than or equal to budgeted EBITDA	10% of base salary
	Demonstrating leadership during the first half of 2008 during the merger negotiations with Widmer	10% of base salary
	Successfully directing the search and hiring of a controller and a CFO for the combined company	\$20,000
Jay T. Caldwell, <i>Chief Financial Officer and Treasurer</i>	Delivering the Company in good financial condition at closing of merger with Widmer	Up to 10% of base salary paid to date of merger
	Closing of merger with Widmer	Up to 10% of base salary paid to date of merger

All of the above listed incentive awards are discretionary. Achievement of these performance goals is dependent on the closing of the merger with Widmer. The Committee felt that for 2008 it was important to incentivize its executive team to keep Redhook in good financial condition while at the same time focusing the team on the successful closing of the merger with Widmer. While there can be no assurance that the proposed merger with Widmer will occur, the Committee believes that the likelihood that these incentive payments will be made in 2008 is high.

Long-Term Incentives. Prior to 2003, Redhook provided long-term incentives to executives through the grant of stock options. The options generally vested over five years and had an exercise price equal to the fair market value of Redhook's stock at the time of the grant, with the number of options awarded based on the executive's position. Since fair market value stock options can only produce value to an executive if the price of Redhook's stock increases above the exercise price, these option grants provided a direct link between executive compensation and Redhook's stock price performance. The Committee believed that stock options directly motivated an executive to maximize long-term shareholder value. The options were also utilized, through the option's vesting terms, to encourage key executives to continue in the employment of the company. Options were granted under Redhook's 1992 Stock Incentive Plan and 2002 Stock Option Plan. In 2003, the Committee decided to stop awarding option grants to its executive officers. The Committee determined that the level of total pay, and the split between base salary and incentive payments, was sufficient to compensate its executives as compared with the compensation paid to executives of comparably sized and similarly situated craft beer companies and other similarly sized public companies. The Committee further felt

that the number of vested stock options already held by executive officers and their direct ownership of company stock was sufficient to foster the long-term perspective necessary to ensure that the executive team stays properly focused on shareholder value. In addition, the Committee's decision to stop the option program was based on a recommendation by management to the Committee that the granting of new stock options

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should be discontinued because the legal and accounting cost related to any new option grants was not deemed to be worth the investment.

In 2007, the Committee determined that adding back a long-term incentive component to Redhook's executive compensation plan was appropriate. The Committee believes that granting long-term incentives, such as restricted stock and performance units, will focus its executives on taking steps that they believe are necessary to ensure the long-term success of the company, as reflected in increases to Redhook's stock prices over a period of several years, growth in its earnings per share and other elements. The Committee determines actual award levels based on its review of individual performance, the amount of past rewards granted to an executive, and any change in responsibility.

In March 2007, the Committee granted a bonus of 10,000 shares of common stock to Mr. Shipman, and 5,000 shares of common stock to Mr. Mickelson under Redhook's 2007 Stock Incentive Plan. The grant was made to reward the executives for achievement of their performance goal of increasing EBITDA at least 32% year over year, and to provide an incentive for continued focus on revenue growth and growth in Redhook's earnings per share.

No stock awards were granted to Redhook's executive officers in 2008 for 2007 performance. The Committee felt, given the proposed merger with Widmer and the changes in Redhook's executive team that will result from the merger, long-term incentive payments were not necessary at this time. The Committee anticipates that the executive compensation packages offered to the new executive officers of the combined company will include an appropriate long-term incentive component.

The Committee has no policy, plan or practice regarding timing long-term incentive grants to executives, and does not time its grants or its release of material non-public information for the purpose of affecting the value of executive compensation.

Severance and Change of Control Arrangements. The current employment agreements with Redhook's executive officers contain provisions for severance payments in the event an officer's employment is involuntarily terminated without defined cause. The terms of each employment agreement was set through the course of arms-length negotiations with each of the named executive officers, and each employment agreement (other than Mr. Mickelson's employment agreement) was negotiated or re-negotiated in anticipation of the proposed merger with Widmer. In entering into these agreements, the Committee wished to ensure that Redhook would have the continued dedication of its executive team and the availability of their advice and counsel, notwithstanding the uncertainty which would surround such executive's employment when faced with the possibility of the merger transaction. The Committee believes their severance arrangements are comparable with severance arrangements offered to executives at similarly-situated companies.

Generally, in the event of termination of employment, each officer is entitled to severance equal to one month of base salary for each year of the officer's service with the company, capped at a severance payment equal to 24 months of base salary. The officer is additionally entitled to be reimbursed for COBRA premiums to maintain the same health benefits provided to the officer for the term of the severance period paid by the company, not to exceed 18 months. The specific terms of these arrangements, including an estimate of compensation that would have been payable if they had been triggered at December 31, 2007 are described in detail under "Employment Arrangements; Severance and Change of Control Arrangements" below.

Other Policies and Considerations:

Benefits. Redhook offers employee benefits coverage in order to provide employees with a reasonable level of financial support in the event of illness or injury, and to enhance productivity and job satisfaction through programs

that focus on work/life balance. The benefits available are the same for all employees and executive officers and include medical and dental coverage, disability insurance, and life insurance. In addition, the company has a 401(k) plan, which includes a company match, as described further in **Other Compensation** below. All employees who meet certain plan eligibility requirements, including executive officers, are eligible to participate in these plans. The cost of employee benefits is partially borne by the employee, including each executive officer.

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Perquisites. Redhook does not provide significant perquisites or personal benefits to executive officers. Executive officers are entitled to receive a car allowance of \$850 per month. Additionally, all employees of Redhook, including executive officers, are entitled to receive a substantial discount on purchases made at any of Redhook's pub operations.

Other Compensation. Redhook's 401(k) plan currently provides for the company to match eligible participants contributions dollar-for-dollar up to 4% of the employee's gross earnings. Redhook's match is discretionary and determined annually. In order to be eligible for a matching contribution in any particular year, a participant must be an employee on the last day of that year and must have worked at least 1,000 hours during that year. All company matching contributions vest as follows: (i) 20% after one Year of Service (a Year of Service is one in which the employee worked at least 1,000 hours) and (ii) an additional 20% vests for each additional Year of Service completed. Executive officers are permitted to participate in Redhook's matching program.

Redhook made the following matching contributions to executive officers under its 401(k) plan for 2007 service: Mr. Shipman, \$9,000; Mr. Mickelson, \$9,000; Mr. Triplett, \$7,869; Mr. Prial, \$7,869 and Mr. Caldwell, \$5,758.

Redhook Compensation Committee Report

The compensation committee, comprised of independent directors, has reviewed and discussed the above Compensation Discussion and Analysis, which we refer to as the CD&A, with Redhook's management. Based on the review and discussions, the compensation committee recommended to Redhook's board of directors that the CD&A be included in this joint proxy statement/prospectus.

David R. Lord (Chairman)

Frank H. Clement

John D. Rogers, Jr.

Compensation Committee Members

Summary Compensation Table

The following table sets forth information regarding compensation earned during Redhook's fiscal years ended December 31, 2007, 2006 and 2005 (a) by the Chief Executive Officer, (b) by the Chief Financial Officer and (c) by the three other most highly compensated executive officers for the fiscal year ended December 31, 2007. The individuals included in the table will be collectively referred to as the named executive officers.

Name of Executive Officer	Year	Salary	Bonus(1)	Stock Awards(2)	Option Awards(3)	Non-Equity Incentive Plan Compensation(4)	Change in Pension Value and Nonqualified Deferred Compensation(5)	Other Compensation(6)	Total
Paul S. Shipman <i>Chief Executive Officer and Chairman of the Board</i>	2007	\$ 267,800	\$ 10,000	\$ 70,000	\$	\$ 25,000	\$	\$ 56,892	\$ 429,692
	2006	257,500	8,000			100,000		19,000	384,500

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David J. Mickelson	2007	\$ 199,243	\$ 5,000	\$ 35,000	\$	\$ 12,500	\$	\$ 38,046	\$ 289,789
<i>President and Chief Operating Officer</i>	2006	191,580	4,000			50,000		18,404	263,984
Jay T. Caldwell(5)	2007	\$ 138,750	\$ 27,000	\$	\$	\$	\$	\$ 15,958	\$ 181,708
<i>Chief Financial Officer and Treasurer</i>	2006	53,778	10,000						63,778
Gerard C. Prial(6)	2007	\$ 171,990	\$ 20,000	\$	\$	\$	\$	\$ 18,069	\$ 210,059
<i>Vice President, Sales and Eastern Operations</i>	2006	165,375	25,000					17,215	207,590
Allen L. Triplett(6)	2007	\$ 171,990	\$	\$	\$	\$	\$	\$ 18,069	\$ 190,059
<i>Vice President, Brewing</i>	2006	165,375	25,000					17,215	207,590

(1) Represents bonuses awarded at the discretion of the Compensation Committee.

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- (2) Represents compensation expense recognized in 2007 for financial reporting purposes under Statement of Financial Accounting Standards No. 123(R). Stock awards for 2007 were granted upon shareholder approval of the Redhook 2007 Stock Incentive Plan at the 2007 Annual Meeting of Shareholders, and represent awards for 2006 performance. No stock awards were granted in 2007 or 2008 for 2007 performance.
- (3) Represents performance based incentive awards. Performance based incentive awards earned in a fiscal year are paid in the following fiscal year, after confirmation that performance goals were met.
- (4) Amounts shown for 2007 represent a car allowance of \$10,200 and 401(k) employer matching contributions for each officer. Also includes cash compensation of \$37,692 and \$18,846 paid to Messrs. Shipman and Mickelson, respectively, to approximate the federal income tax obligation resulting from the stock award.
- (5) Mr. Caldwell joined Redhook as Controller in July 2006 and was appointed Chief Financial Officer and Treasurer in March 2007.
- (6) Mr. Prial and Mr. Triplett resigned as executive officers of Redhook in February 2008.

Grants of Plan-Based Awards for Fiscal Year 2007

Name	Grant Date	Estimated Future Payments under Non-Equity Incentive Plan Awards			All Other Stock Awards Number of Shares of Stock (#)(3)	Grant Date Fair Value of Stock Awards
		Threshold(1)	Target(1)(2)	Maximum(2)		
Paul S. Shipman	May 22, 2007	\$ 25,000	\$ 100,000	\$ 100,000	10,000	\$ 70,000
David J. Mickelson	May 22, 2007	\$ 12,500	\$ 50,000	\$ 50,000	5,000	\$ 35,000

- (1) The Compensation Committee of the Board of Directors sets target payouts for Redhook's Chief Executive Officer and President and COO at the beginning of the fiscal year. For 2007, the Committee chose three specific performance criteria, for which fixed amounts were payable if the specific performance criteria were achieved by the executive officer. Payment for the achievement of one performance criteria was not dependent on the success of the executive in meeting the other criteria. Therefore, the threshold number in the table above represents the minimum amount the executive officer could receive if only one specific performance criteria was met.
- (2) The Target and Maximum column above represent total payout if all three specific performance criteria are met. Actual award payments are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.
- (3) Represents stock grants awarded under Redhook's 2007 Stock Incentive Plan. The shares were fully vested upon grant. Cash compensation paid to Messrs. Shipman and Mickelson to approximate the federal income tax obligation resulting on the stock award is reflected in the All Other Compensation column of the Summary Compensation Table.

Table of Contents**Outstanding Equity Awards Value at Fiscal Year End**

The following table shows information concerning the number and value of unexercised options held by the named executive officers on December 31, 2007.

Name of Executive Officer	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price	Option Expiration Date
Paul S. Shipman	49,250		\$ 3.97	May 20, 2009
	76,500		\$ 1.87	August 3, 2011
	30,000		\$ 2.02	August 27, 2012
David J. Mickelson	29,500		\$ 3.97	May 20, 2009
	76,500		\$ 1.87	August 3, 2011
	27,500		\$ 2.02	August 27, 2012
Jay T. Caldwell				
Gerard C. Prial	19,750		\$ 3.97	May 20, 2009
	76,500		\$ 1.87	August 3, 2011
	27,500		\$ 2.02	August 27, 2012
Allen L. Triplett	19,750		\$ 3.97	May 20, 2009
	76,500		\$ 1.87	August 3, 2011
	27,500		\$ 2.02	August 27, 2012

Option Exercises and Stock Vested. No stock options were exercised by the named executive officers during Redhook's fiscal year ended December 31, 2007. On November 29, 2005 the board of directors of Redhook approved an acceleration of vesting of all of Redhook's unvested stock options, including those held by executive officers, which we refer to as the acceleration. The acceleration was effective for stock options outstanding as of December 30, 2005. These options were granted under Redhook's 1992 Stock Incentive Plan and 2002 Stock Option Plan. As a result of the acceleration, options to acquire approximately 136,000 shares of Redhook's common stock, or 17% of total outstanding options, became exercisable on December 31, 2005. Of the options that were subject to the acceleration, options to acquire approximately 106,200 shares of Redhook's common stock were held by executive officers, as follows:

Executive Officer	Number of Options	Exercise Price	Original Vesting Date
Paul S. Shipman	15,300	\$ 1.87	August 2006

	12,000	\$	2.02	August 2006 and August 2007
David J. Mickelson	15,300	\$	1.87	August 2006
	11,000	\$	2.02	August 2006 and August 2007
Gerard C. Prial	15,300	\$	1.87	August 2006
	11,000	\$	2.02	August 2006 and August 2007
Allen L. Triplett	15,300	\$	1.87	August 2006
	11,000	\$	2.02	August 2006 and August 2007

Employment Arrangements; Severance and Change of Control Arrangements

Employment Agreements

Each of Messrs. Shipman, Mickelson, Caldwell, Prial and Triplett has executed a letter of agreement with Redhook regarding employment. Under their letter of agreement, each executive officer is provided with an

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annual compensation plan under which they receive a specified minimum base compensation plus the opportunity to earn bonus amounts depending on attainment of various performance goals.

In June 2005, Redhook executed a letter of agreement with Mr. Shipman regarding employment. The agreement became effective on August 1, 2005 following the July 2005 expiration of the previous employment agreement. The letter of agreement provided for a minimum base salary of \$250,000, subject to annual review by the compensation committee, and stipulates that Mr. Shipman is an at-will employee. Mr. Shipman's current base salary under this agreement is \$267,800 per year. Under the agreement, Mr. Shipman is eligible for a yearly bonus, of which 50% is discretionary and 50% is to be paid upon achieving certain targets per terms set forth by, and as approved by, the Compensation Committee or the Board. Mr. Shipman's target bonus for 2007 was \$100,000 and the Compensation Committee awarded Mr. Shipman a bonus of \$35,000, \$10,000 of which was discretionary. Mr. Shipman is also entitled to severance payments under the agreement in the event his employment is terminated by Redhook for any reason, other than for cause, including upon termination of his employment in connection with the merger. For additional information about severance, see [Severance and change of control arrangements](#) and the table entitled [Table of Severance Payments and Benefits](#) below.

In June 2005, Redhook executed a letter of agreement with Mr. Mickelson regarding employment. The agreement became effective on August 1, 2005 following the July 2005 expiration of the previous employment agreement. The letter of agreement provided for a minimum base salary of \$186,000, subject to annual review by the compensation committee, and stipulates that Mr. Mickelson is an at-will employee. Mr. Mickelson's current base salary under this agreement is \$199,243 per year. Under the agreement, Mr. Mickelson is eligible for a yearly bonus, of which 50% is discretionary and 50% is to be paid upon achieving certain targets per terms set forth by, and as approved by, the Compensation Committee or the Board. Mr. Mickelson's target bonus for 2007 was \$50,000 and the Compensation Committee awarded Mr. Mickelson a bonus of \$17,500, \$5,000 of which was discretionary. Mr. Mickelson is also entitled to severance payments under the agreement in the event his employment is terminated by Redhook for any reason, other than for cause, including upon termination of his employment in connection with the merger. For additional information about severance, see [Severance and change of control arrangements](#) and the table entitled [Table of Severance Payments and Benefits](#) below.

On December 7, 2007, Redhook executed a letter of agreement with Mr. Caldwell regarding employment. The letter of agreement provided for a minimum base salary of \$180,000, retroactive to October 1, 2007, subject to annual review by the compensation committee. Under the agreement, Mr. Caldwell will be eligible for a yearly bonus equal to 20% of base salary, to be paid in the discretion of the compensation committee or the board. Mr. Caldwell's target bonus for 2007 was \$27,750 and the compensation committee awarded Mr. Caldwell a bonus of \$27,000, all of which was discretionary. The letter of agreement also anticipated that Mr. Caldwell would remain in the employ of the Company to assist with the proposed merger through June 30, 2008, and later extended this date by mutual agreement to August 15, 2008. In the event that Redhook requires assistance past June 30, 2008, Redhook will pay Mr. Caldwell \$20,000.00 per month for his service. Mr. Caldwell is also entitled to severance payments under the agreement in the event his employment is terminated by Redhook for any reason, other than for cause, including upon termination of his employment in connection with the merger. For additional information about severance, see [Severance and change of control arrangements](#) and the table entitled [Table of Severance Payments and Benefits](#) below.

The Company also executed letters of agreement regarding employment with Messrs. Prial and Triplett that were in effect for the fiscal year ended December 31, 2007. The letters of agreement provide the officers with the following minimum base salaries: Mr. Prial \$171,990; and Mr. Triplett \$171,990. Messrs. Prial and Triplett were also eligible for a yearly bonus, all of which was to be paid in the discretion of the compensation committee or the board. The 2007 target bonuses established for each of Messrs. Prial and Triplett were \$25,000 and the Compensation Committee awarded Mr. Prial \$20,000 and Mr. Triplett \$0.

On February 12, 2008 Redhook executed a revised letter of agreement with Mr. Prial regarding employment, in connection with Mr. Prial's resignation as Vice President, Sales and Eastern Operations of the Company. The letter of agreement provided for the continuation of Mr. Prial's annual base salary of \$171,990,

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subject to annual review by the compensation committee. Under the agreement, Mr. Prial is eligible for a yearly bonus equal to 20% of base salary, to be paid in the discretion of the compensation committee or the board. The letter of agreement anticipated that Mr. Prial would remain as an employee of Redhook to assist with the proposed merger through August 31, 2008. Mr. Prial is also entitled to severance payments under the agreement in the event his employment is terminated by Redhook for any reason, other than for cause, including upon termination of his employment in connection with the merger. For additional information about severance, see *Severance and change of control arrangements* and the table entitled *Table of Severance Payments and Benefits* below.

On February 25, 2008, Redhook executed a revised letter of agreement with Mr. Triplett regarding employment, in connection with Mr. Triplett's resignation as Vice President, Brewing of the Company. The letter of agreement provided for the continuation of Mr. Triplett's annual base salary of \$171,990, subject to annual review by the compensation committee. The letter of agreement anticipated that Mr. Triplett would remain as an employee of Redhook to assist with the proposed merger through June 30, 2008. Mr. Triplett is also entitled to severance payments under the agreement in the event his employment is terminated by Redhook for any reason, other than for cause, including upon termination of his employment in connection with the merger. For additional information about severance, see *Severance and change of control arrangements* and the table entitled *Table of Severance Payments and Benefits* below.

Severance and change of control arrangements

Each of Messrs. Shipman, Mickelson, Caldwell, Prial and Triplett's letter of agreement with Redhook regarding employment provides for certain payments if the officer is terminated by Redhook for any reason, other than for cause, including termination that results from the proposed merger with Widmer. In general, in the event that an officer's employment is terminated by Redhook other than for cause, the officer is entitled to severance equal to one month of base salary for each year of such officer's service, plus accrued vacation and sick pay, capped at a severance payment equal to 24 months of base salary. Severance is to be paid in accordance with Redhook's standard payroll policies then in effect. Additionally, the officer is entitled to be reimbursed for COBRA premiums to maintain the same health benefits provided to the officer, then in place, for the term of the severance period paid by the company or until the officer finds new employment with comparable health care coverage, not to exceed 18 months.

Mr. Mickelson's letter of agreement regarding employment provides for severance equal to twenty-one months base salary, plus accrued vacation and sick pay, and reimbursement of COBRA premiums for eighteen months or until Mr. Mickelson finds new employment with comparable health care coverage. This severance policy is subject to revision at any time by the Board of Directors upon six months written notice.

Mr. Caldwell's letter of agreement regarding employment provides for a lump-sum severance payment equal to twelve months base salary, plus accrued vacation and sick pay, and reimbursement of COBRA premiums for twelve months or until Mr. Caldwell finds new employment with comparable health care coverage. Payment of severance is subject to Mr. Caldwell signing a release in a form satisfactory to the company. The release will also include a non-competition component for employment in the craft beer brewing business for six months post employment. Redhook expects to pay the severance amounts to Mr. Caldwell on or before August 15, 2008 in connection with the merger with Widmer.

Mr. Prial's letter of agreement regarding employment provides for a lump-sum severance payment equal to sixteen months base salary, plus accrued vacation and sick pay, and reimbursement of COBRA premiums for sixteen months or until Mr. Prial finds new employment with comparable health care coverage. Payment of severance is subject to Mr. Prial signing a separation and release agreement in a form satisfactory to the company. The release will also include a non-competition component for employment in the craft beer brewing business for twelve months post employment. Redhook expects to pay the severance amounts to Mr. Prial on or before August 31, 2008 in connection

with the merger with Widmer.

Mr. Triplett's letter of agreement regarding employment provides for a lump-sum severance payment equal to twenty-three months base salary, plus accrued vacation and sick pay, and reimbursement of COBRA premiums for eighteen months or until Mr. Triplett finds new employment with comparable health care

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coverage. Payment of severance is subject to Mr. Triplett signing a separation and release agreement in a form satisfactory to the company. The release will also include a non-competition component for employment in the craft beer brewing business for twelve months post employment. Redhook expects to pay the severance amounts to Mr. Triplett on or before June 30, 2008 in connection with the merger with Widmer.

Mr. Shipman has executed an amended and restated employment agreement dated February 13, 2008, which is effective as of the effective date of the merger with Widmer. Under this employment agreement, Mr. Shipman's employment as Chief Executive Officer of Redhook will terminate as of the effective date of the merger, and on such date Mr. Shipman will be entitled to receive all salary and bonuses due under his current letter of agreement with Redhook. On the one year anniversary of the effective date of the merger with Widmer, Mr. Shipman will be entitled to receive a severance payment equal to two additional years of his current base salary, which is \$267,800, plus any accrued vacation and sick leave. The severance payment shall be paid in accordance with Redhook's standard payroll policies then in effect. In addition, Mr. Shipman will be entitled to be reimbursed for COBRA premiums to maintain the same health benefits under Redhook's health care plans for a period of 18 months, or until Mr. Shipman finds new employment with comparable health care coverage. The agreement requires execution of a general release of claims against the company as a condition to payment of severance, and, unless the company materially breaches the agreement or is declared bankrupt or insolvent, also prohibits Mr. Shipman from participating in any other business which brews, packages, markets or distributes craft alcoholic malt beverages in the continental U.S. or any foreign country where Redhook brews, packages, markets or distributes its products. The non-compete does not apply to providing consulting services in the Canadian market to Canadian business entities.

For purposes of Redhook's severance arrangements, "for cause" is generally defined as: (i) conduct which, if the officer were to remain employed by Redhook, would substantially and adversely impair the interests of Redhook, (ii) fraud, dishonesty or self-dealing relating to or arising out of his employment with Redhook, (iii) the violation of any criminal law relating to his employment or to Redhook, (iv) material failure to perform required duties, or the repeated refusal to obey lawful directions of Redhook's Board of Directors, or (v) a material breach of the officer's employment agreement.

The following table describes the potential payments and benefits under Redhook's compensation and benefit plans and arrangements to which the named executive officers would have been entitled upon termination of employment other than "for cause," assuming the termination had taken place as of December 31, 2007. The actual amounts to be paid out can only be determined at the time of such executive's separation from the company, and such amounts may be subject to re-negotiation at the time of actual termination. The information presented in this table assumes that the current terms of the employment agreements with Messrs. Shipman, Caldwell, Prial and Triplett were in effect as of the end of Redhook's fiscal year ended December 31, 2007. However, with the exception of severance payable to Mr. Caldwell, the amount of severance payable to Redhook's executive officers under their original letters of agreement are the same as the amounts shown below.

Table of Severance Payments and Benefits

Named Executive	Years of Service	Continuation of		Medical/ Welfare Benefits	Pro-rata Bonus Payments(7)	Value of Unexercised Stock Options(8)	Total Potential Payments
		Monthly Base Salary	Cash Severance(6)				

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Paul S. Shipman	26(1)	\$ 22,317	\$ 605,784	\$ 17,008	\$ 53,560	\$ 637,022	\$ 1,313,374
David J. Mickelson	21(2)	16,604	393,393	17,008	99,697	572,495	1,082,593
Jay T. Caldwell	2(3)	15,000	194,693	8,310	36,000		239,003
Gerard C. Prial	16(4)	14,333	263,622	15,118	34,398	546,355	859,493
Allen L. Triplett	23(5)	14,333	349,395	5,941	34,398	546,355	936,089

- (1) Mr. Shipman's employment agreement provides for severance of \$267,800 per year for two years, plus Mr. Shipman will also be paid for any vacation and sick leave that accrues during the term but is not used, plus reimbursement of COBRA premiums for up to eighteen months.
- (2) Mr. Mickelson's letter of employment provides for severance equal to one month of base salary for each year of service with the company, capped at a severance payment equal to twenty-four months of base

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salary, plus reimbursement of COBRA premiums for the term of the severance period, not to exceed eighteen months.

- (3) Mr. Caldwell's letter of employment provides for severance equal to twelve months base salary, plus reimbursement of COBRA premiums for the severance period. Prior to the execution of his letter of employment in December 2007, Mr. Caldwell served without an employment agreement. Therefore, if his employment had terminated prior to that date, he would not have been entitled to severance.
- (4) Mr. Prial's letter of employment provides for severance equal to sixteen months base salary, plus reimbursement of COBRA premiums for the severance period.
- (5) Mr. Triplett's letter of employment provides for severance equal to twenty-three months base salary, plus reimbursement of COBRA premiums for up to eighteen months.
- (6) Includes value of accrued but unpaid vacation and sick leave as of December 31, 2007.
- (7) Assumes performance targets for the executive set forth by the Compensation Committee were met.
- (8) Represents the number of unexercised stock options held by the executive, multiplied by \$6.65, the closing price of the Company's common stock on December 31, 2007, less the aggregate exercise price of the stock options. All outstanding stock options held by the Company's executive officers are fully vested and exercisable.

CERTAIN TRANSACTIONS OF REDHOOK

Statement of Policy on Related Party Transactions

Redhook has adopted a policy of not engaging in business transactions with its officers, directors, nominees for director, beneficial owners of more than 5% of its common stock and immediate family members or affiliates of the foregoing, each of which we refer to as a related party, except upon terms that are deemed to be fair and reasonable by Redhook's audit committee. Nevertheless, Redhook recognizes that there may be situations where such transactions with a related party may be in, or may not be inconsistent with, the best interests of Redhook and its shareholders. Therefore, Redhook has adopted a statement of policy with respect to such related party transactions that guides the review and approval or ratification of these related party transactions by Redhook.

Under the statement of policy, a related party transaction is a transaction between Redhook and any related party (including any transactions requiring disclosure under Item 404 of Regulation S-K under the Exchange Act), other than transactions available to all employees generally and transactions involving less than \$10,000 when aggregated with all similar transactions. The Redhook audit committee has been tasked with the review and approval of all related party transactions. The audit committee considers all relevant facts and circumstances available in making its determination as to a related party transaction, including (if applicable) but not limited to: the benefits to Redhook; the impact on a director's independence in the event the related party is a director, an immediate family member of a director or an entity which is owned or controlled in substantial part by a director; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. The audit committee will approve only those related party transactions that are in, or are not inconsistent with, the best interests of Redhook and its shareholders, as the committee determines in good faith. A copy of Redhook's statement of policy with respect to related party transactions is available on Redhook's website at www.redhook.com (select About Redhook Investor Relations Governance Highlights).

Certain Related Party Transactions

Transactions with A-B. Since October 1994, Redhook has been party to an exchange and recapitalization agreement with A-B, as well as a master distributor agreement pursuant to which Redhook distributes its products in substantially all of its markets through A-B's wholesale distribution network.

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Exchange and Recapitalization Agreement

On July 1, 2004, Redhook completed a restructuring of its relationship with A-B and entered into an exchange and recapitalization agreement and a new distribution agreement. The terms of the exchange and recapitalization agreement provided that Redhook issue 1,808,243 shares of common stock to A-B in exchange for 1,289,872 shares of Series B Preferred Stock held by A-B. The Series B Preferred Stock, reflected on Redhook's balance sheet at approximately \$16.3 million, was cancelled. In connection with the exchange, Redhook also paid \$2.0 million to A-B in November 2004.

Board representation. The exchange and recapitalization agreement provides that A-B is entitled to designate two members of the board of directors of Redhook. A-B also generally has the contractual right to have one of its designees sit on each committee of the board of directors of Redhook. Messrs. Glick and Short are the A-B designated nominees and are both currently employees of A-B.

Restrictive covenants. The exchange and recapitalization agreement also contains certain covenants restricting the ability of Redhook to enter into certain transactions. Without the prior consent of A-B, Redhook has agreed that it will not:

issue equity securities exceeding 20% of its outstanding common stock as of January 1, 2008 (other than securities issued to employees or directors for compensatory purposes) or with more than one vote per share or with a class vote on any matter;

issue any stock to any person engaged in the malt beverage or alcoholic beverage business;

acquire any assets related to the production or distribution of malt beverages which exceed 50% of the book value of its assets as of the date of such acquisition, or acquire any assets unrelated to the production or distribution of malt beverages which exceed 10% of the book value of its assets as of the date of such acquisition;

sell any assets which have a book value in excess of 30% of the aggregate book value of its assets;

dispose of any of its interest in Craft Brands;

amend its articles of incorporation or bylaws,

grant board representation rights to any party,

enter into certain transactions with affiliates, except upon fair and reasonable terms that are no less favorable to Redhook than would be obtained in a comparable arm's-length transaction with a non-affiliate and that has been approved by a majority of the independent directors of the Board of Directors;

distribute its products in the United States other than through A-B, Craft Brands or as provided in the A-B distribution agreement,

voluntarily delist or terminate its listing on the NASDAQ Stock Market.

Additionally, A-B has the right to terminate the distribution agreement in the event any competitor of A-B acquires more than 10% of the outstanding common stock of Redhook.

The practical effect of these restrictions is to grant to A-B the ability to veto certain transactions that management may believe to be in the best interest of Redhook and its shareholders, including expansion of the combined company through acquisitions of other craft brewers or new brands, merger with other brewing companies or distribution of Redhook's products outside the U.S. As a result, the results of operations and the trading price of Redhook's common stock may be adversely effected.

Master Distributor Agreement

Under the master distributor agreement with A-B, which we refer to as the A-B distribution agreement, Redhook is required to sell its product in the midwest and eastern United States through sales to A-B. Redhook has also granted A-B the first right to distribute Redhook products, including future new products, in

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the midwest and eastern territory. Redhook is responsible for marketing its products to A-B's distributors in the midwest and eastern territory, as well as to retailers and consumers. A-B distributors then place orders with Redhook, through A-B, for Redhook products. Redhook separately packages and ships the orders in refrigerated trucks to the A-B distribution center nearest to the distributor or, under certain circumstances, directly to the distributor.

For the year ended December 31, 2007, sales to A-B through the A-B distribution agreement represented 41% of total sales during the same period, or \$18,879,000.

Termination. The A-B distribution agreement has a term that expires on December 31, 2014, subject to automatic renewal for an additional ten-year period unless A-B provides written notice of non-renewal to Redhook on or prior to June 30, 2014. The A-B distribution agreement is also subject to early termination, by either party, upon the occurrence of certain events. The A-B distribution agreement may be terminated immediately, by either party, upon the occurrence of any one or more of the following events:

1) a material default by the other party in the performance of any of the provisions of the A-B distribution agreement or any other agreement between the parties, which default is either:

i) curable within 30 days, but is not cured within 30 days following written notice of default; or

ii) not curable within 30 days and either:

(1) the defaulting party fails to take reasonable steps to cure as soon as reasonably possible following written notice of such default; or

(2) such default is not cured within 90 days following written notice of such default;

2) default by the other party in the performance of any of the provisions of the A-B distribution agreement or any other agreement between the parties, which default is not described in (1) above and which is not cured within 180 days following written notice of such default;

3) the making by the other party of an assignment for the benefit of creditors; or the commencement by the other party of a voluntary case or proceeding or the other party's consent to or acquiescence in the entry of an order for relief against such other party in an involuntary case or proceeding under any bankruptcy, reorganization, insolvency or similar law;

4) the appointment of a trustee or receiver or similar officer of any court for the other party or for a substantial part of the property of the other party, whether with or without the consent of the other party, which is not terminated within 60 days from the date of appointment thereof;

5) the institution of bankruptcy, reorganization, insolvency or liquidation proceedings by or against the other party without such proceedings being dismissed within 90 days from the date of the institution thereof;

6) any representation or warranty made by the other party under or in the course of performance of the A-B distribution agreement that is false in material respects; or

7) the distribution agreement between Craft Brands and A-B is terminated or the distribution thereunder of the products of Redhook is terminated pursuant to its terms.

Additionally, the A-B distribution agreement may be terminated by A-B, upon six months prior written notice to Redhook, in the event:

- 1) Redhook engages in certain incompatible conduct which is not curable or is not cured to A-B's satisfaction (in A-B's sole opinion) within 30 days. Incompatible conduct is defined as any act or omission of Redhook that, in A-B's determination, damages the reputation or image of A-B or the brewing industry;
- 2) any A-B competitor or affiliate thereof acquires 10% or more of Redhook's outstanding equity securities of Redhook, and one or more designees of such person becomes a member of Redhook's board of directors;

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3) Redhook's current chief executive officer ceases to function as chief executive officer and within six months of