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REDHOOK ALE BREWERY INC

Form 8-K

January 19, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

January 19, 2006 (January 12, 2006)
Date of Report (Date of earliest event reported)

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

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

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

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

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

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

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Item 1.01. Entry into a Material Definitive Agreement

Director Compensation

On January 12, 2006, the Compensation Committee of the Redhook Ale Brewery, Incorporated ("the Company") approved several changes to the compensation paid to the non-employee directors of the Company, effective January 1, 2006. Each

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non-employee director will receive annual compensation of \$10,000, which will be paid quarterly. The Chair of each of the Nominating and Governance, Audit, Marketing and Compensation Committees will receive additional annual compensation of \$4,000, representing an increase of \$1,500 from 2005 compensation, which will be paid following the Annual Meeting of Shareholders. Each Audit Committee member, other than the Chair, will receive an additional annual payment of \$1,000.

In addition, on an annual basis, each non-employee director (other than Anheuser-Busch, Incorporated Designated directors) will receive a grant of 3,500 shares of common stock of the Company. The stock grant will be awarded upon a director's election to the Board following the Company's Annual Meeting of Shareholders. The non-employee directors will no longer participate in the 2002 Stock Option Plan.

Executive Officer Compensation

On January 12, 2006, the Company's Compensation Committee approved cash bonuses for services rendered in 2005 to each of the Company's named executive officers, as that term is defined in Item 402(a)(3) of Regulation S-K. The amount of cash bonuses approved by the Compensation Committee is set forth in the table below.

The following table sets forth the 2005 cash bonuses awarded to each of the Company's named executive officers and the 2006 base salaries for each of the Company's named executive officers:

| Name ----- | Title ----- | 2005 Cash Bonus ----- | 2006 Base Salary ----- |
|--------------------|---|--------------------------|---------------------------|
| Paul S. Shipman | Chairman of the Board, Chief Executive Officer | \$37,500 | \$200,000 |
| David J. Mickelson | President, Chief Financial Officer, Chief Operating Officer | \$16,500 | \$150,000 |
| Gerald C. Prial | Vice President - Sales and Eastern Operations | \$10,000 | \$100,000 |
| Allen L. Triplett | Vice President - Brewing | \$10,000 | \$100,000 |

 (1) Represents a three percent increase from 2005 salary, retroactive to January 1, 2006.

The Company also pays a monthly car allowance. In 2005, the Company made \$10,200 in car allowance payments to each of its named executive officers.

SIGNATURE

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

REDHOOK ALE BREWERY, INCORPORATED

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Dated: January 19, 2006

By: s/ LORRI L. JONES

Lorri L. Jones
Principal Accounting Officer