

## Reed's agrees to buy Jones for \$9.8 million

### NEW YORK

Soda maker Reed's Inc. said Tuesday it signed a letter of intent to buy Jones Soda Inc. for about \$9.8 million in cash and stock.

Under terms of the deal, Reed's would give Jones shareholders 0.17 shares of Reed's stock and 10 cents in cash per Jones share they own. That works out to about 37 cents per share, based on Reed's closing price Monday of \$1.58, for an aggregate price of about \$9.8 million.

That's a 56 percent discount to Jones' closing price of 84 cents per share on Monday.

Both companies said the deal will let the two companies have a bigger size and scale and cut costs.

Reed's, based in Los Angeles, makes Ginger Brews sodas sold at natural food markets and supermarkets. Jones Soda makes a variety of drinks such as Jones Organics and Jones Naturals.

Jones Soda, based in Seattle, has seen sales slump as consumers trade down to cheaper drink options. The company has worked with North Point Advisors since February 2009 to review strategic alternatives.

"After evaluating a range of strategies aimed at improving our outlook, our board of directors determined that the proposed merger with Reed's offers our shareholders the most compelling long-term benefits of the available alternatives," said Jones Chairman Rick Elswirth.

Jones also said its CEO Joth Ricci will leave, effective April 2, to pursue other business opportunities.

Reed's and Jones Soda have until April 5 to negotiate a definitive agreement, which would then be subject to companies' shareholder approval.

Reed shares rose 14 cents, or 8.8 percent, to \$1.72 per share in afternoon trading. The stock has traded between 80 cents and \$2.60 per share. Jones Soda Co. shares fell 31 cents, or 37 percent, to 53 cents. The stock has traded between 40 cents and \$1.53 over the past year.