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- Very concerned.
- Moderately concerned.
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Posted date: 3/9/2010

Reed's Buys Soda Competitor

By DEBORAH CROWE

LOS ANGELES BUSINESS JOURNAL STAFF

Shares of Reed's Inc. jumped 13 percent Tuesday after the Los Angeles gourmet soda maker said it planned to acquire Seattle competitor Jones Soda Inc. for about \$9.8 million in cash and stock.

Under terms of the letter of intent, Reed's would give Jones shareholders 0.17 shares of Reed's stock and 10 cents in cash per Jones share. Based on Reed's Monday closing price that's about 37 cents per share, a 56 percent discount off Jones' 84 cents closing price.

The companies said the merger will create a larger designer soda maker with greater market share and economies of scale. Reed's flagship product line features naturally flavored Ginger Brews sodas and candies. Jones is known for its unusual soda flavors and distinctive labels.

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

Jones' sales had suffered during the recession and the company had been working with an adviser since February 2009 to review strategic alternatives. Jones CEO Joth Ricci plans to leave the company effective April 2 to pursue other business opportunities.

"We have watched Jones for years and have been impressec

with its innovative marketing programs, strong brand recognition, and loyal customer following,” said Reed’s Chief Executive Chris Reed, a company founder.

Reed’s shares jumped 21 cents, or 13 percent, to \$1.79 on the Nasdaq.

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