

Reed's, Inc.

**Making the Best Sodas in
the World... Naturally**



Investor Presentation

December 2011

SAFE HARBOR STATEMENT

Some portions of this presentation, particularly those describing Reed's goals and strategies, contain "forward-looking statements." These forward-looking statements can generally be identified as such because the context of the statement will include words, such as "expects," "should," "believes," "anticipates" or words of similar import. Similarly, statements that describe future plans, objectives or goals are also forward-looking statements. While Reed's is working to achieve those goals and strategies, actual results could differ materially from those projected in the forward-looking statements as a result of a number of risks and uncertainties. These risks and uncertainties include difficulty in marketing its products and services, maintaining and protecting brand recognition, the need for significant capital, dependence on third party distributors, dependence on third party brewers, increasing costs of fuel and freight, protection of intellectual property, competition and other factors, any of which could have an adverse effect on the business plans of Reed's, its reputation in the industry or its expected financial return from operations and results of operations. In light of significant risks and uncertainties inherent in forward-looking statements included herein, the inclusion of such statements should not be regarded as a representation by Reed's that they will achieve such forward-looking statements. For further details and a discussion of these and other risks and uncertainties, please see our most recent reports on Form 10-KSB and Form 10-Q, as filed with the Securities and Exchange Commission, as they may be amended from time to time. Reed's undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Company History



Launched Reed's ice cream and expanded candy line



Purchased Virgil's Root Beer brand



Introduced additional varieties of Reed's Ginger Brew's



Reed's launched



1992

Reed's goes national

Products received trade industry recognition



2000



Acquired China Cola, launched Reed's ginger candy and opened the Brewery in LA, CA



Expanded Virgil's product line to include Cream Soda and new packaging



2004

IPO Dec 2006

2008

Expansion of Virgil's brand: Diet, draught sodas & Real Cola

Sales force re-focused on grocery accounts

Virgil's Black Cherry Cream Soda launched



Reed's Natural Energy Elixir launched



Launches 'Zero' line

Begins private label initiative



2010

Launches 'Reed's Rx' Nausea Relief



Launches 55 Calorie Extra Ginger Brew & Dr. Better



2011

Company Overview

- ✓ **Top selling natural soda company in Natural Foods***
 - ✓ Our Ginger Ale has replaced Cola for natural foods' top flavor
 - ✓ Reed's Extra Ginger Brew #1 selling product according to SPINS*
 - ✓ Fastest growing premium soft drink in mainstream supermarkets**
 - ✓ Outselling SoBe, Hansen, Arizona, Snapple and Orangina in natural foods stores
 - ✓ 2011 revenues to reach approx \$25 million; 25% growth YoY

*Source: SPINS Fruit Juice & Sugar/Fructose Sweetened Sodas Natural Supermarkets > \$2MM 52 weeks ending 11/27/10

**Source: IRI data – 2011

Natural foods is test market for soda industry

✓ **\$70 billion U.S. beverage market**

- ✓ ***Beverage World, April 2009----****“Newer beverage categories, especially those with a health and wellness positioning, continue to steal market share from the larger categories such as carbonated soft drinks (CSDs).”*
- ✓ ***Beverage buyouts traditionally occur at multiples to Sales much higher than REED current market valuation***

✓ **U.S. sales of healthy foods, which includes functional beverages, topped \$143 billion in 2009**

- ✓ Forecast to reach \$217 billion by 2017, according to Nutrition Business Journal
- ✓ This is seen as the growth space in beverage industry

✓ **Natural and premium moving into the mainstream**

- ✓ Natural and premium beverage growth 10% annual and 15% respectively

Products

Reed's Ginger Brews



Reed's Rx Energy Elixir



Candies & Ice Cream



Virgil's



Virgil's Zero



China Cola



NASDAQ:REED

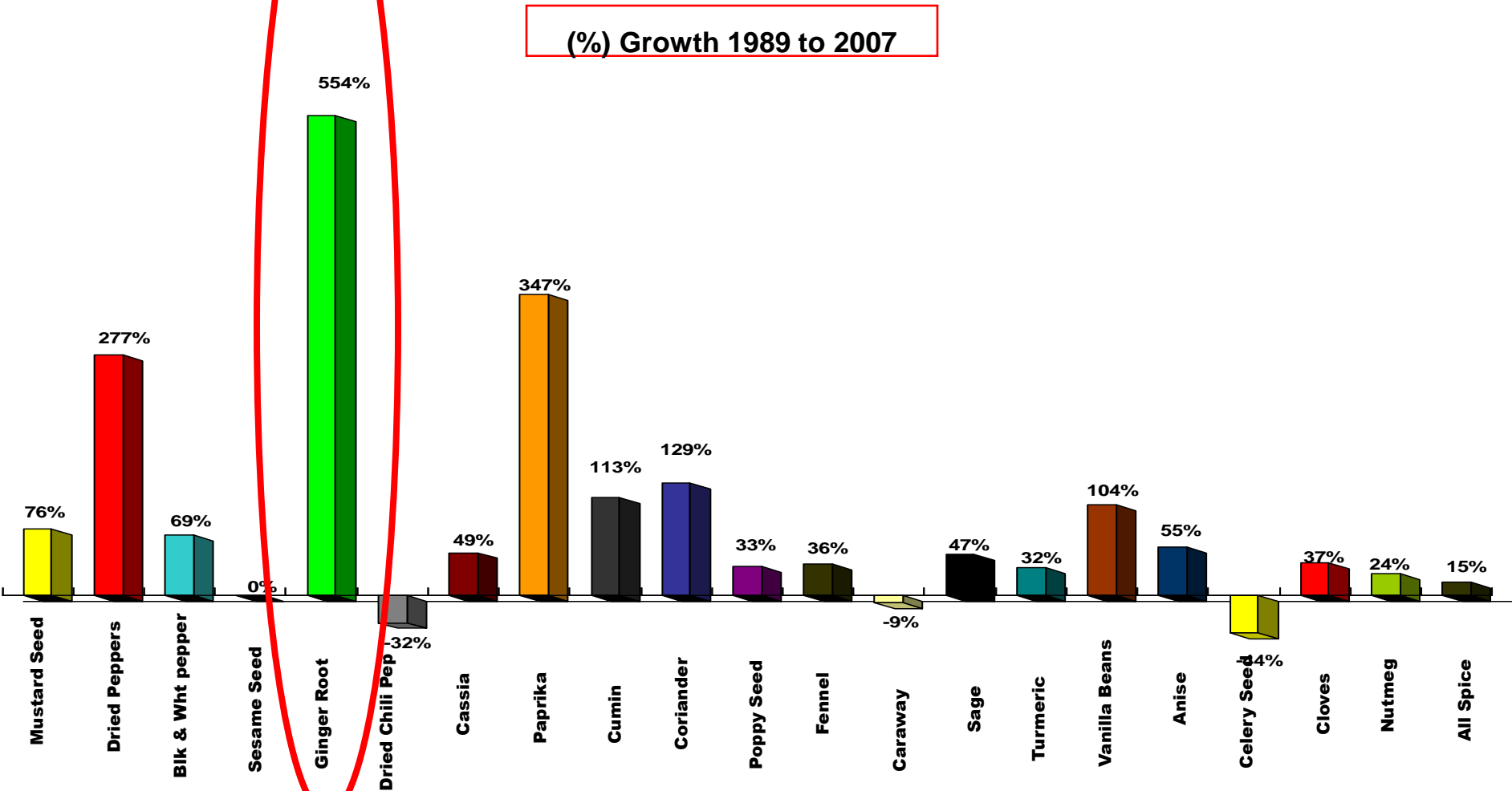
Ginger Health Properties

May, 2009: New study finds that
Ginger eases chemotherapy nausea

- ✓ **One of the most researched natural ingredients**
 - ✓ Better than Dramamine for motion sickness in medical tests
 - ✓ Used for arthritis in Europe
 - ✓ Anti-Cancer in a number of recent medical studies-
 - ✓ Cold remedy in Chinese Medicine
 - ✓ Effective in Irritable Bowel Condition
 - ✓ Improves Digestion
 - ✓ Relieves Nausea
 - ✓ High Antioxidants



Ginger ...The Fastest Growing Spice in the US



Reed's one of the First Non-Medical Brands Authorized to Exhibit at ASCO Annual meeting

Study: Ginger capsules ease chemotherapy nausea

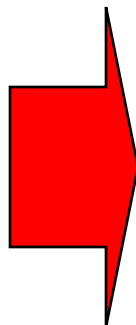
By MARILYNN MARCHIONE AP Medical Writer

Posted: 05/14/2009 04:11:18 PM MDT

Ginger, long used as a folk remedy for soothing tummy aches, helped tame one of the most dreaded side effects of cancer treatment—nausea from chemotherapy, the first large study to test the herb for this has found. People who started taking ginger capsules several days before a chemo infusion had fewer and less severe bouts of nausea afterward than others who were given dummy capsules, the federally funded study found.

ASCO

ASCO
AMERICAN SOCIETY OF CLINICAL ONCOLOGY



NASDAQ:REED

Introduces 'Reed's Rx' Ginger-Based Over-the-Counter Nausea Relief Remedy

- ✓ Relieves Motion Sickness
- ✓ Morning Sickness
- ✓ Upset Stomachs

- ✓ No Salicylates
- ✓ No Drowsiness
- ✓ Safe for Children

- ✓ Publix Supermarkets
- ✓ Whole Foods



Distribution

- ✓ **Founded in 1989, Reeds is now an industry leader**
 - ✓ Distributed in over 100 supermarket chains
 - ✓ Present in more than 10,500 mainstream supermarkets nationwide
 - ✓ Recognized brand with international distribution
 - ✓ 98% penetration in US natural food markets
 - ✓ Currently 24% penetration, and growing, in US mainstream grocers
 - ✓ Growing sales in select international markets

Fast Growing Brands: IRI

- ✓ Fastest growing premium soft drink in mainstream supermarkets according to IRI supermarket data
- ✓ Total dollar sales for Reed's and Virgil's brands grew 26.4% vs. 0.4% for CSD category*
- ✓ Virgil's as stand alone grew at 34.1% while Reed's grew at 20.8% during the same period
- ✓ Unit sales for Virgil's and Reed's grew 40.5% and 20.3% respectively for the period
- ✓ Currently #6 player in Premium Bottle CSD category; on track to surpass key competition

*Source: IRI Data. For the 26 weeks ended February 13, 2011

Growing our Leading Position in the Natural Foods Channel

**WHOLE
FOODS**



NASDAQ:REED

Reed's Channels of Distribution

Channels

Accounts

Natural



Gourmet & Specialty



Grocery



Club Stores



Convenience stores, restaurants, delis, mom & pop shops

Private Label

✓ Private Label Opportunities










- ✓ Goal is to double Reed's, Inc. & Private Label in next 12-18 months
- ✓ Leverage our product development and manufacturing capability
- ✓ Unique capability giving high margin business
- ✓ Lead book of 10, negotiating between \$0.25-5 million each
- ✓ Acceleration of deals closing
- ✓ Obtained SQF quality control certification
- ✓ Gross Profit fuels brand growth
- ✓ Seven major private label customers on board

REED'S POM WONDERFUL MOMENT

- ✓ **Reed's Bulking Up to Fuel and Fund Pull Campaigns**
 - ✓ Private Label Business Fuels Pull Campaigns
 - ✓ Reed's Ginger Brew is a better POM
 - ✓ More Medical Benefits and Research
 - ✓ Universally known flavor
 - ✓ POM's rumored over \$200 Million in sales
 - ✓ Follow POM's brilliant trail to market

Management Team

Management team in place to drive growth in 2011 & beyond

Team Member	Title	Years with REED	Years of industry experience	Industry Experience
Chris Reed	Founder, CEO	22	22	
James Linesch	CFO	2	17	  
Terry Foucaut	COO	3	20	 
Neal Cohane	Senior VP – Sales & Marketing	3	22	  

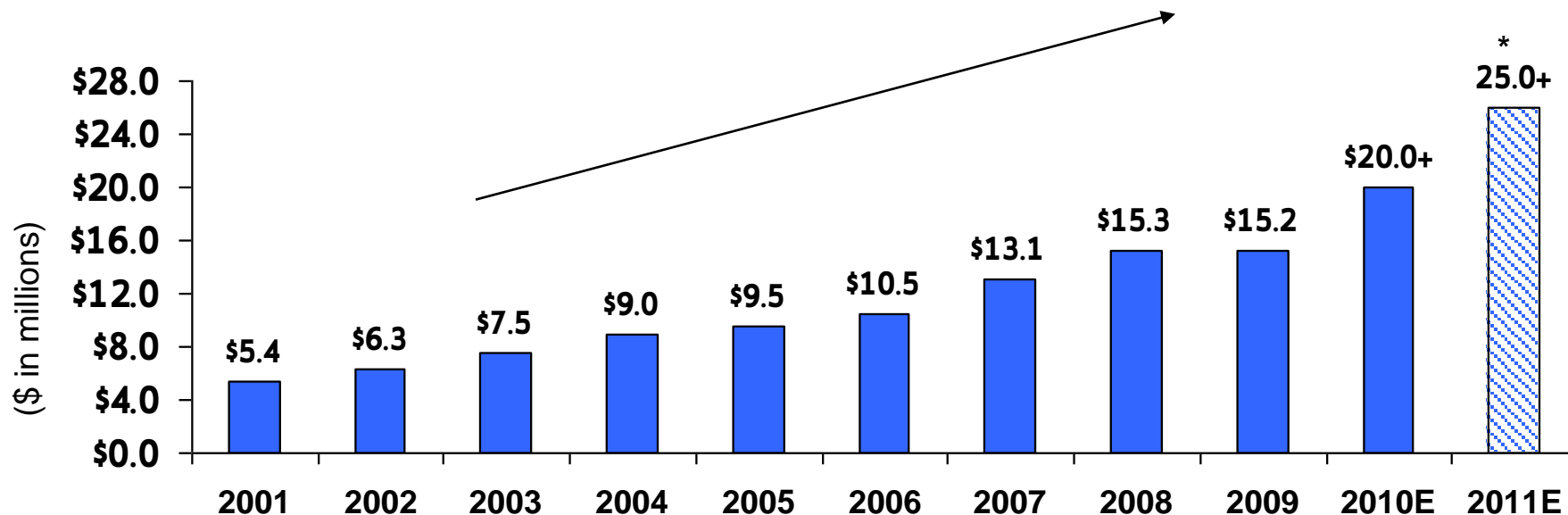
Management team owns over 30% of outstanding stock

Recent Funding History

- ✓ **Company went public in December 2006**
 - ✓ **IPO of 2 million shares at \$4.00**
- ✓ **Company completed follow-on PIPE offering in 2007**
 - ✓ **1.5 million shares at \$6.00**
 - ✓ **750,000 warrants at \$7.50**
- ✓ **Company completed rights offering in 2009**
 - ✓ **120,820 Preferred shares at \$10.00**
- ✓ **Company completed PIPE offering in 2011**
 - ✓ **304,880 shares at \$2.46**

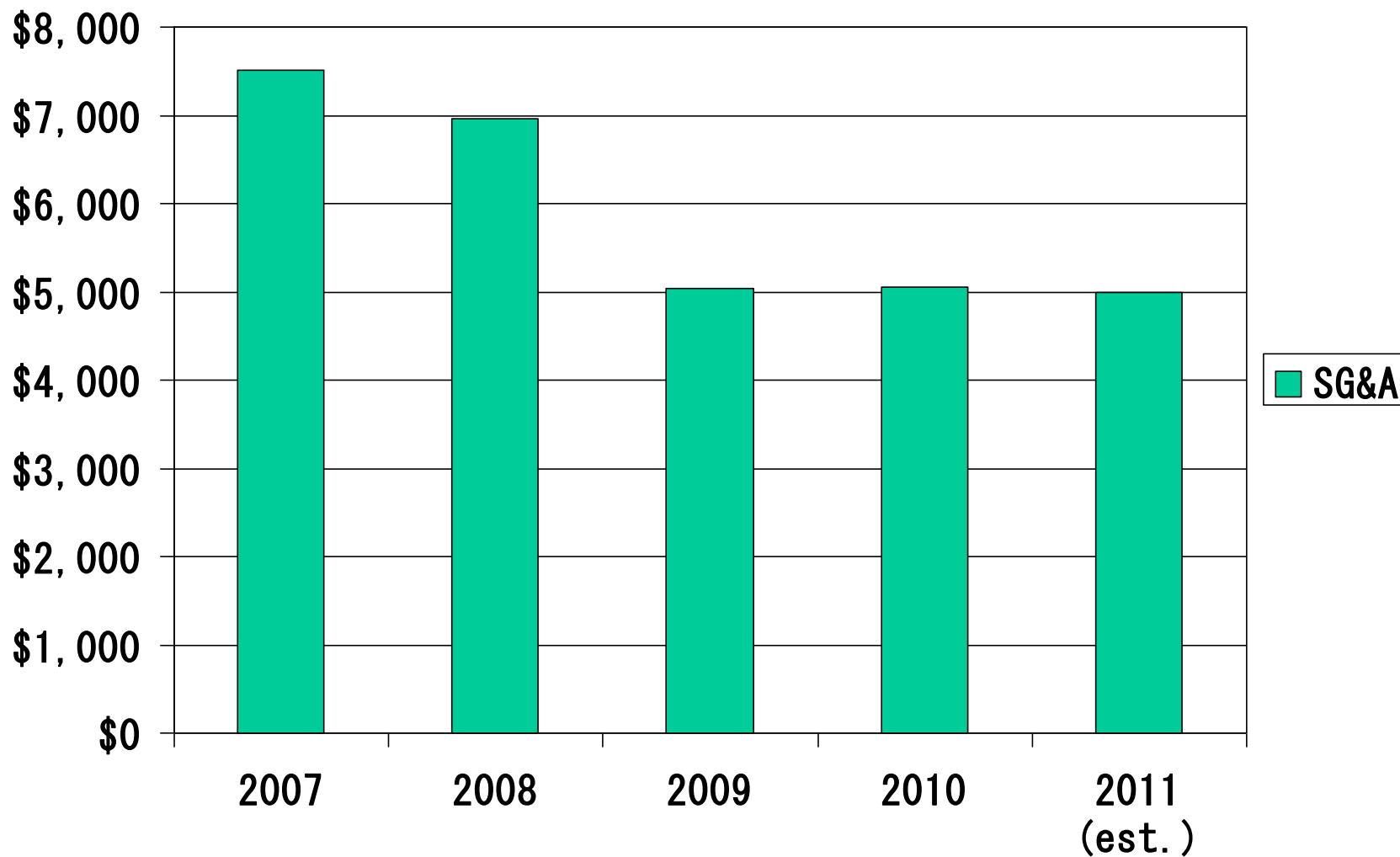
Financial Overview

Last Eight quarters growth averaging 25%

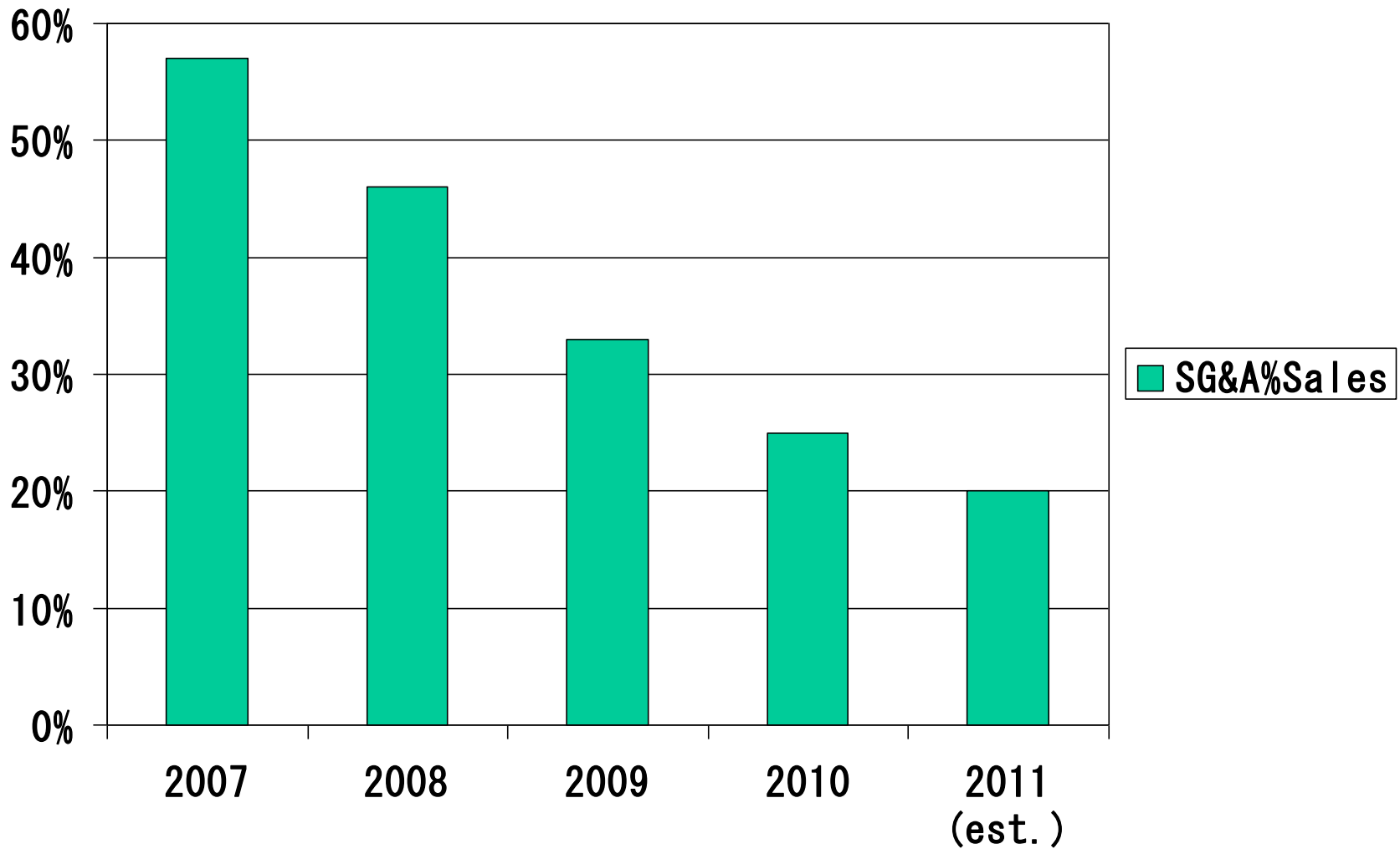


*Anticipates minimum 25% top line growth for 2011

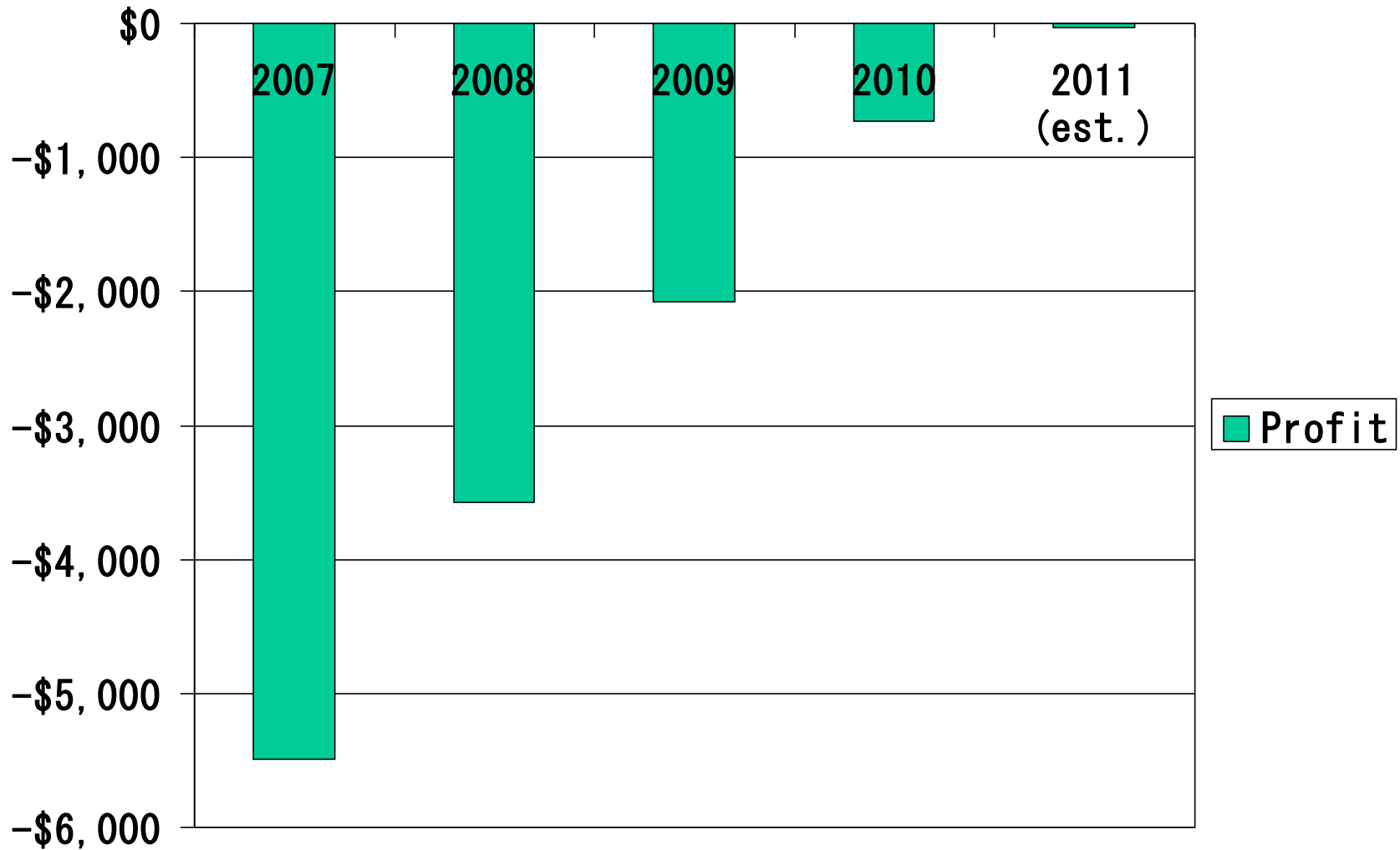
Selling, General and Administrative Expenses (in thousands)



SG&A as percentage of Sales



Net Losses From Operations (in thousands)



Industry Acquisition Valuations

Date	Acquiree	Acquiror	Brands Acquired	Price (mm)	Sales (mm)	P/S	/EBITDA
Aug-09	ZICO Beverages	Coca-Cola, Various Investors	20% stake in Zico	\$15	\$6	12.0	-
May-07	Energy Brands/Glaceau	Coca-Cola	Vitaminwater, Smartwater, Vitaminenergy	\$4,100	\$355	11.5	-
Jan-07	FUZE Beverage	Coca-Cola	Vitalize, Refresh, Tea and Slenderize	\$240	\$90	2.7	-
Nov-06	Naked Juice Company	PepsiCo	25 juice drink brands	\$450	\$150	3.0	-
Sep-06	Izzie	PepsiCo	Izzie	\$75	\$25	3.0	-
Aug-06	Glaceau	Tata	30% stake in Vitaminwater (\$2.2 billion value)	\$677	\$355	6.4	-
Nov-05	Cadbury Schweppes Europe	Blackstone Group (Lion Captial)	Schweppes, Orangina, TriNa, Oasis	\$2,169	\$1,121	1.9	9.5
Mar-02	Nantucket Nectors	Cadbury Schweppes (Snapple)	Nantucket Nectors	\$100	\$60	1.7	-
Oct-01	Odwalla	Coca-Cola (Minute Maid)	Fresh Samantha	\$181	\$128	1.4	-
Aug-01	ReaLemon, ReaLime	Cadbury Schweppes	ReaLemon, ReaLime	\$128	\$62	2.1	-
Jan-01	South Beach Beverage	PepsiCo	SoBe	\$337	\$153	2.2	13
Dec-00	Quaker Oats	PepsiCo	Quaker Oats, Gatorade	\$14,400	\$5,465	2.6	14.9
Sep-00	Snapple Beverage Group	Cadbury Schweppes	Snapple, Mystic, Stewarts, RC	\$1,450	\$772	1.9	13.1
Average						4.0	12.6
Median						2.6	13.1

Stock and Market Information

Symbol	REED
Exchange	NASDAQ
Shares Outstanding	10.4 million
Float	6.1 million
Recent Price	\$1.26
Market Cap	\$13.7 million
Average Volume (3 month)	15,000 shares
52 week range	\$1.15 – \$3.00
Price information as of noon on 12/7/11	

Thank you for your participation!

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