



JAMES C. KIRKPATRICK  
STATE INFORMATION CENTER  
(573) 751-4936

ROBIN CARNAHAN  
SECRETARY OF STATE  
STATE OF MISSOURI

MATTHEW D. KITZI  
COMMISSIONER OF SECURITIES  
(573) 751-4136

August 11, 2006

Ms. Nina Sacks  
Jenkins & Gilchrist, LLP  
12100 Wilshire Boulevard  
15<sup>th</sup> Floor  
Los Angeles, California 90025

**Re:** Reed's Inc.  
No Action Request  
Missouri File No. 2006-01254

Dear Ms. Sacks:

On behalf of your client, Reed's Inc. (the "Company"), you have requested that the Missouri Securities Division take no action to require that shares which may be purchased in a rescission offer (the "Rescission Shares") by Robert T. Reed, Jr. be included within the scope of the lock-in agreement executed by such person in connection with the Company's recent initial public offering (the "Lock-In Agreement"). You made the following representations, among others, in your correspondence.

1. The Company is a Delaware corporation.
2. The Company is considered a "promotional company" as defined in the Statement of Policy Regarding Corporate Securities Definitions, adopted by the North American Securities Administrators Association, Inc. (the "NASAA"), as amended September 28, 1999 (the "Statement of Policy Regarding Definitions").
3. Included within the definition of "promotional or development stage company" are issuers, such as the Company, who are "not listed on the New York Stock Exchange, the American Stock Exchange, or the NASDAQ National Market System."
4. On November 12, 2004, the Company filed a registration statement (the "Registration Statement") on Form SB-2 (SEC File No. 333-120451) under the Securities Act, with respect to the Public Offering.
5. The Company filed six (6) pre-effective amendments to the Registration Statement through May 13, 2005, and, after the Registration Statement was declared effective by the

Securities and Exchange Commission (the "SEC") on May 13, 2005, filed six (6) post-effective amendments to the Registration Statement through March 7, 2006.

6. The Registration Statement for the Public Offering contemplates a plan of distribution of up to 2,000,000 shares of the Company's stock, at an offering price of \$4.00 per share, to be offered on a "best efforts, no minimum" basis by the Company through an underwriter/selling agent and other participating broker-dealers.
7. During the period from approximately October 14, 2005 through April 7, 2006, the Company issued, to 167 persons, a total of 333,156 shares of common stock resulting in aggregate gross proceeds to the Company of \$1,332,624.
8. None of the six (6) post-effective amendments were declared effective by the SEC.
9. None of the 333,156 shares that were issued during the period from approximately October 14, 2005 through April 7, 2006 were issued pursuant to an effective registration statement or an applicable exemption from the registration requirements under the Securities Act.
10. The Company intends to make a rescission offer (the "Rescission Offer") to rescind all of these purchases for an amount equal to the price paid for the shares, plus interest at the applicable legal rate required by state law.
11. The Company proposes to make the Rescission Offer in substantially the form contained in a separate Registration Statement on Form SB-2 (SEC File No. 333-135186) relating to the proposed Rescission Offer (the "Rescission Offer Registration Statement"), filed under the Securities Act with the SEC on June 21, 2006. The Company subsequently filed Pre-Effective Amendment #1 to the Rescission Offer Registration Statement. Such documentation has been provided to the Commissioner.
12. The Company intends to continue conducting the Public Offering through the Registration Statement. The number of shares (1,666,844) shares) to be offered prospectively would be the difference between the maximum number of shares (2,000,000) which have been registered and the number of shares which have been sold to date in the Registration Statement.
13. The Company filed a Post-Effective Amendment No. 7 to the Registration Statement with the SEC (SEC File No. 333-120451) on June 27, 2006, and with Commissioner on August 4, 2006.
14. The Company has entered into an Agreement to Assume Repurchase Obligations (the "Agreement to Assume Repurchase of Obligations"), dated June 5, 2006, with Mark Reed and Robert T. Reed, Jr. (the "Designated Purchasers"), pursuant to which the Designated Purchasers have irrevocably committed to purchase up to all of the Rescission Shares in the Rescission Offer that are tendered to the Company for rescission.

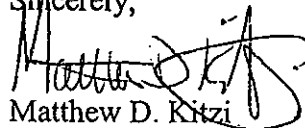
15. The Designated Purchasers are brothers of Christopher J. Reed, the Company's President, Chief Executive Officer, Chief Financial Officer, Chairman of the Board and the majority stockholder.
16. A copy of the Agreement to Assume Repurchase Obligations has been filed with the SEC as Exhibit 10.19 to the Rescission Offer Registration Statement and with the Missouri Securities Division on August 4, 2006.
17. Pursuant to the Agreement to Assume Repurchase Obligations, Mark Reed would purchase the initial \$250,000 of Rescission Shares.
18. If the number of Rescission Shares tendered for rescission exceeds \$250,000 of shares, Robert T. Reed, Jr. would purchase the balance of the Rescission Shares tendered for rescission to the Company.
19. Robert T. Reed, Jr., the Company's Vice President and National Sales Manager-Mainstream and a beneficial owner of approximately 7.13% of the Company's common stock, is a "promoter" as such term is defined in the Statement of Policy Regarding Definitions because he is an officer, director or 5% or greater stockholder for the Issuer.
20. Equity securities issued or to be issued by a Promotional Company, such as the Company, to Promoters, such as Robert T. Reed, Jr. for cash or other consideration are treated as Promotional Shares, which may be required to be placed in escrow and are subject to certain restrictions on transfer pursuant to the Statement of Policy Regarding Promotional Shares, adopted by the NASAA, as amended September 28, 1999 (the "Statement of Policy Regarding Promotional Shares"). The Securities Administrator may, in his discretion, require a Lock-in Agreement on substantially the same terms and conditions as an Escrow Agreement.
21. A "lock-in agreement" is defined in the Statement of Policy Regarding Definitions as "an agreement between an issuer and Persons wherein those Persons agree, as a condition of registration, not to sell, pledge, hypothecate, assign, grant any option for the sale of, or otherwise transfer or dispose of, whether or not for consideration, directly or indirectly, Equity Securities and all certificates representing stock dividends, stock splits, recapitalizations, and the like, that are granted to or received by the Security Holder for the period specified in the Lock-In Agreement."
22. In accordance with NASAA guidelines, Robert T. Reed, Jr. entered into a Promotional Shares Lock-In Agreement with the Company, dated as of December 30, 2004 (the "Lock-In Agreement"), which restricts the transfer of the Promotional Shares subject to the agreement and provides for a release of the Promotional Shares from the agreement in accordance with the guidelines for release set forth in the Statement of Policy Regarding Promotional Shares.
23. The Lock-In Agreement covers "shares of common stock and/or ... convertible securities, warrants, options or rights which may be converted into, or exercised to

purchase shares of common stock of [the] Company” which are owned by Robert T. Reed, Jr.

24. The Lock-In Agreement was included as Exhibit 10.5 to the Pre-Effective Amendment No. 3 to the Registration Statement, which was filed with the SEC on July 16, 2002 (SEC File No. 333-72198).
25. Any Rescission Shares which may be purchased by Robert T. Reed, pursuant to the Agreement to Assume Repurchase Obligations will be paid for in an amount required to pay the rescission price under applicable state law. Mr. Reed would be purchasing the Rescission Shares for a price in excess of the price to be offered to the public in the Public Offering.
26. If persons to whom the Rescission Offer is made decline to accept the Rescission Offer, they will hold registered and freely trading shares of common stock.
27. The Company will not be placed in a position of having a greater number of freely tradable shares outstanding by virtue of the purchase of the Rescission Shares by Mr. Reed.
28. The transaction contemplated by the Agreement to Assume Repurchase Obligations will mitigate the Company’s obligation to pay such amounts from its then current cash balances.
29. Robert T. Reed, Jr. is an affiliate and would be subject to restrictions on the resale of the Rescission Shares under Rule 144 of the Securities Act as a result of his being an affiliate of the Company.
30. Securities of the Company, other than the Rescission Shares, held by Robert T. Reed, Jr. would remain subject to the Lock-In Agreement.

Based solely upon the foregoing representations, the Securities Division will take no action to require that any Rescission Shares which may be purchased by Robert T. Reed, Jr. be included within the scope of, or subject to the Lock-In Agreement. This “no-action” position does not constitute an exclusion from the anti-fraud provisions of the Missouri Securities Act of 2003. This position is based on the facts presented, and, should the facts prove to differ from those presented, the position of this office may differ. This determination is applicable only to the matter at hand and the specific facts related to the same by the requesting party. This determination sets no precedent and is in no way binding on the Division when applied to any other matter, requesting party or set of facts.

Sincerely,



Matthew D. Kitzi  
Commissioner of Securities