

CREATIVE EDGE NUTRITION, INC.

The Next Big, Profitable Nutraceutical

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CREATIVE EDGE NUTRITION, INC. (OTC:PK - FITX - \$0.0176)

Price Target: \$0.35

Rating: Speculative Buy

COMPANY SNAPSHOT

Creative Edge Nutrition is a holding company and a Nutritional Supplement Company focused on developing innovative, high quality supplements and acquiring targeted brands and other nutraceutical firms. The company offers a broad spectrum of capsules, tablets, and powders, as well as science based products in the principal categories of weight management, nutrition challenges, energy and fitness. The Company manufactures under strict GMP guidelines at GMP Certified and/or FDA registered facilities.

KEY STATISTICS

Price as of 9/26/12	\$0.0176
52 Wk High – Low	\$0.0398 – 0.0013
Est. Shares Outstanding	535.1M
Market Capitalization	\$9.4M
3 Mo Avg Vol	1,282,000
Exchange	OTC:PK

COMPANY INFORMATION

Creative Edge Nutrition, Inc.
 29235 Stephenson Highway
 Suite 206
 Madison Heights MI 48071
 313-655-1669
www.cenergynutrition.com
info@cenergynutrition.com

INVESTMENT HIGHLIGHTS

Creative Edge Nutrition is poised to emerge as the leading nutritional supplement company focused on the active lifestyle consumer segment. The Company's broad and innovative products, multiple brands and distribution points development processes combined with its targeted M&A strategy should result in making FITX one of the most integrated and profitable firms in the space.

The size of the sports nutrition supplements market is huge. According to a recent study released this year by Nutrition Business Journal, in 2011, the sports nutrition market in the U.S. was \$21.4 billion, with \$3.6 billion in sports nutrition supplement sales alone.

Creative just announced that it has acquired one of the most popular brands in the market. The *SCI FIT* related brands generate annual revenue of \$10M, is profitable and has strong distribution to some of the largest retail nutrition outlets in the industry.

We believe that there is more M&A to come and that Creative is hitting on all cylinders. The Company record a nearly 10% operating margin on \$1.5M in its most recent quarterly sales, received great traction at a recent nutrition conference, and will have a huge presence at the important Mr. Olympia Conference that begins today in Las Vegas.

With additional M&A and milestones ahead, we believe FITX is primed to reach our \$0.35 target. For FY13, our forecast calls for \$60M in revenue, which represents a paltry 3x our target price. As one of the more profitable firms in its segment, the valuation could be even higher once M&A integration occurs. We rate FITX Speculative Buy.

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COMPANY OVERVIEW

Creative Edge Nutrition, Inc. is a nutritional supplement company focusing on active lifestyles. The Company has designed products in a wide range of capsules, tablets, and powders, as well as science based products in several categories on behalf of the active sports nutrition consumer. The Company sells its offerings under multiple brands and through retail outlets and nutrition supplement-centric e-tailers, some of which are owned by Creative.

Notable retail outlets include The Vitamin Shoppe, GNC, and NBTY while key e-tailers include A-Z Nutrition, Supplements to Go, and World Class Nutrition.

Product categories include:

- **Lean** - Weight Management
- **Energy & Fitness** – Metabolic Enhancement
- **Essentials** - Nutrition Essentials & Recovery
- **Mass** – Muscle Enhancement and Stimulation

Creative's product line consists of many diverse nutritional products that are completely formulated, developed, packaged designed. As noted above, the current product offering runs the gamut from the basics to some of the most cutting edge supplements available on the market today. Active consumers are attracted to the Company's line whether they are seeking an introduction to weight loss, workout plans, nutrition and supplement plans, protein powders, and even the extreme hardcore supplements.

In addition to its *Cenergy*, *Chesapeake Nutraceuticals*, and *Science Defined Nutrition* brands, Creative just announced that it has acquired one of the most popular brands in the market. The *SCI FIT* related brands generate annual revenue of \$10M, is profitable and has strong distribution to some of the largest retail nutrition outlets in the industry. With significant profitability in its existing brands, plus the added muscle of *SCI FIT*, Creative is generating critical mass and efficiencies which will enable it to continue on the M&A path and enable it to attain leadership status.

Going forward, Creative intends to continue to introduce new products, new lines, grow through acquisitions and vertically integrate the company. This strategy is a major key to success. While there are numerous brands in the industry, Creative will likely stand tall above the competition due to its multiple brand and multiple product composition through development and acquisition, as well as the acquisition of manufacturing facilities and distribution points. By vertically integrating the company, profit margins could be the highest in the entire segment.

As illustrated in images of some of the Company's leading products below, the Company's goal is to brand Creative Edge Nutrition as the "must have" nutritional supplement line for high performance athletes. As a result, Creative plans to introduce new formulations to a demanding market and grow aggressively into new markets and territories that are influenced by the sports and nutrition industry. Creative intends to strategically align innovative products and high profile personalities and athletes to develop a recipe for successful product penetration within emerging markets.

Company Report

KEY BRANDS



S.O.N.
SCIENCE DEFINED NUTRITION

STEP INTO THE ANABOLIC REALM
THE MOST EXPLOSIVE MUSCLE BUILDING STACK KNOWN TO MAN...!!!!

REGIME
LACTIC ACID BURNER

ROGUE
LACTIC ACID BURNER

REIGN
LACTIC ACID BURNER

Rogue™ & Regime™ utilize "SPO Technology" Systemic Physiological Optimization. "SPO" is the most advanced form of technology in order to maximize absorption, nutrient uptake, create immediate recovery time, and **ENHANCES EVERYTHING ELSE YOU TAKE WITH IT.**

A Publicly Traded Company
TICKER SYMBOL (FITX)
WWW.SCIENCEDEFINEDNUTRITION.COM

SCIFIT
Pure Science, Pure Genius

DARK ENERGY
UNLEASH YOUR DARK SIDE

DIETARY SUPPLEMENT
250 GRAMS (8.8 OZ.)

A PUBLICLY TRADED COMPANY
TICKER SYMBOL (FITX)
WWW.SCIFITAUTHENTIC.COM

SUPPLEMENTS TO GO.COM

Owned by
CEN
CREATIVE EDGE NUTRITION, INC.
(FITX) a publicly traded company

a-z-nutrition

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COMPETITION

While the sports nutrition business is highly fragmented, which will continue to spur M&A by FITX and others, it is also very competitive. Competition is based primarily on quality and assortment of products, marketing support, and the release of popular new products. We view the Company's primary competition as: MuscleTech Research & Development, Muscle Pharm (OTCPK – MSLP), and Gaspari Nutrition, Inc.

MuscleTech, the largest company in this industry, is owned by Iovate Health Sciences, Inc., a Canadian company, and is projected as the first billion dollar sport nutrition company by 2012. This company is 13 years old and the key to their success is their control of magazine advertising.

Gaspari Nutrition, Inc. is owned by a former bodybuilder, Rich Gaspari. This company is 7 years old and the keys to their success are their guerilla marketing tactics and industry relationships.

Muscle Pharm is a 5 year old company and it has only recently generated significant revenue growth, primarily due to its presence in mass market retail outlets. Revenues could reach \$100 million by 2013. The keys to their success are their athletic endorsements and industry support. However, despite the high revenue growth rate in recent quarters, the Company is hemorrhaging money, to the tune of millions in losses. While the top-line may be high, we expect Creative to surpass MSLP in 2014 and given the highly profitable nature of the FITX model, we believe it could take market share away from MSLP and others.

EXECUTIVE MANAGEMENT

The FITX management team has over 100 years of combined experience in management, marketing and the nutrition industries.

Bill Chaaban, President, Chief Executive Officer and Director

Bill Chaaban, B.Comm., JD, LL.B., LL.M. is a licensed attorney in the U.S. and Canada. He has intimate knowledge of the manufacture, wholesale and retail of nutritional supplements. He operates one of the few privately owned companies that is vertically integrated from the manufacturing to retail consumer level and brings twenty five years of industry related experience to the position. He currently oversees the manufacturing and branding of the CEN line and is involved in the day to day operations and decision making of the brand. Bill's strategic and tactical industry insight is major benefit to the benefit of developing our brands and roll-up strategy. Bill will also help lead in developing the distribution of the FITX brands in foreign markets. His knowledge of foreign laws and regulations as they pertain to the sales and marketing of nutritional supplements is fundamental to the growth of CENs business abroad.

Reid Stone, Executive Vice President, Secretary and Director

Mr. Stone serves as Executive Vice President for CEN. Mr. Stone has been involved in the strategic marketing concepts of the company since its inception, focusing on new product procurement, as well as athlete/talent negotiations. Prior to CEN, Mr. Stone was the co-owner of ATLANTIC PROMOTIONS, INC., a specialty advertising business concern for six years prior to selling this venture to CorpLogoWare. Mr. Stone directed and managed a highly motivated sales team of 7-10 employees, and re-evaluated direction of company from a full service marketing agency rather than just a promotional products distributor, resulting in 70% gain in revenues. He negotiated pricing with over 200 vendors, including capabilities to source with overseas suppliers in Taiwan, China, and Sri Lanka. Mr. Stone has patented, developed, manufactured and sold the world's first mobile, write on/off message board.

Company Report**Jeffery Thomas; Vice President, Distributor Relations/Brand Development, and Director**

Mr. Thomas is an experienced sales executive in the nutraceutical industry, with over 10 years of experience in the retail, wholesale and manufacturing of nutritional supplements and has a history of developing successful sales programs for brand and vendor management.

Mr. Thomas also has experience overseeing product labeling, packaging, and graphic design. He was also successful in building solid, long term working relationships with many of the largest performance nutrition wholesalers in the nation, including Bodybuilding.Com and Europa. Mr. Thomas created a national and international customer base consisting of over 500 stores with the assistance and support of his handpicked sales force.

Advisory Board

We have established an Advisory Board currently consisting of five members which serves to advise management with respect to product formulations, product ideas, marketing and related matters. Members of the Advisory Board do not meet on a formal or regular basis. Our management team consults with one or more members of the Advisory Board as needed, from time to time, by means of meetings or telephone conference calls.

RISK FACTORS

In our view, FITX's biggest risk is building out the brand awareness and executing on the sales and distribution front. A secondary concern would be the difficulty in attracting and closing prospective M&A targets. However, given the fact that Creative is profitable, has succeeded in its roll-up strategy to date, and is publicly traded, we believe that risk is minimized. Industry concerns such as issues with FDA, and any negative press regarding the supplement space could potentially hamper growth, thus impacting the Company's revenue ramp or time to significant profitability. Competition from larger firms or even from newer entrants is a typical concern and is also consistent with firms of FITX's size and standing.

CONCLUSION

With additional M&A and milestones ahead, we believe FITX is primed to reach our \$0.35 price target. For FY13, our current forecast calls for \$60M in revenue, which represents a paltry 3x our target price. As one of the more profitable firms in its segment, the valuation could be even higher as M&A integration occurs while management executes its vertical integration strategy, which should only increase the already profitable company.

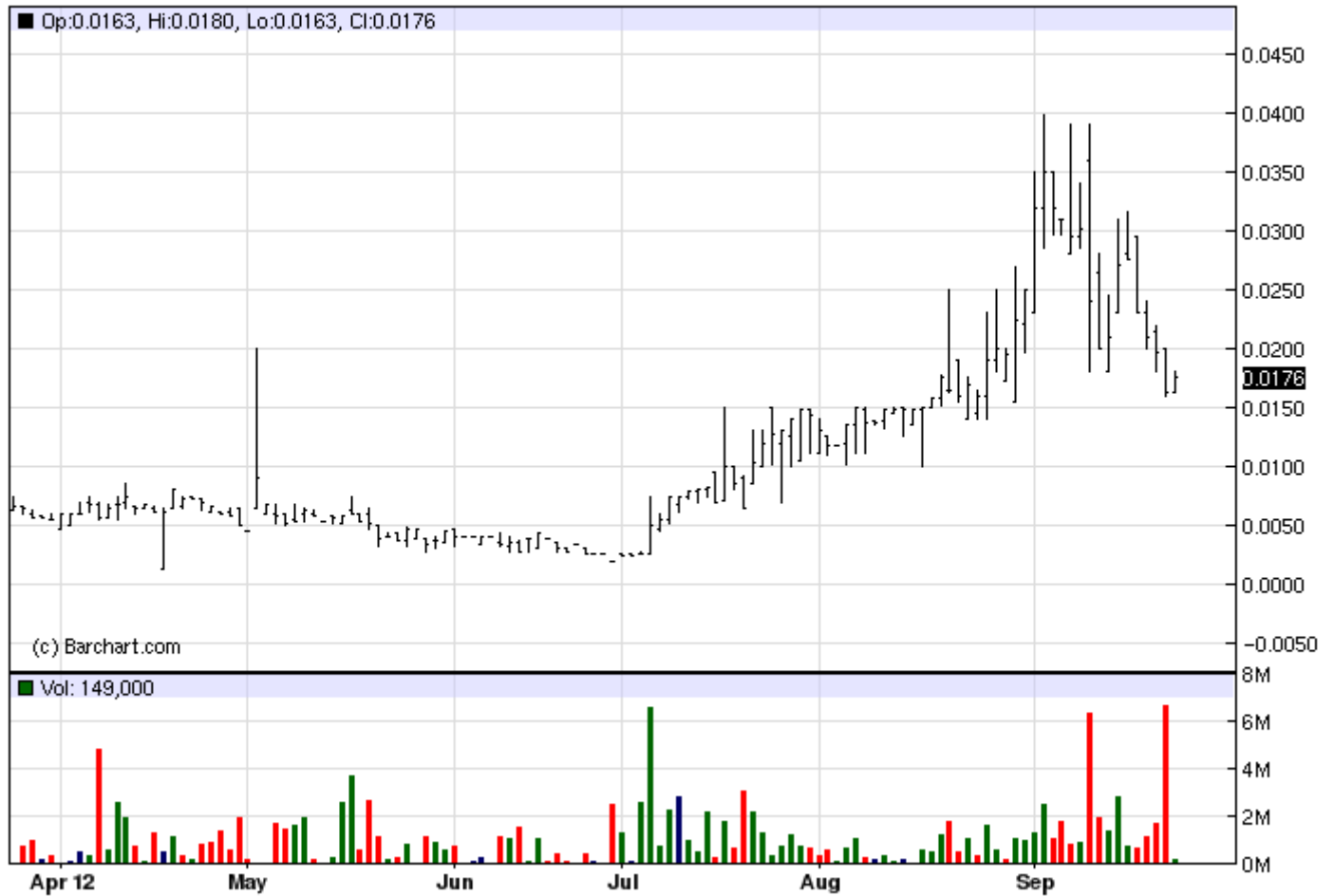
Separately, we should note that not only is FITX's float below 50 million shares, but no insiders or principals whose companies have been acquired have sold stock since 2009. In our view, that is a great testament to what the future holds for the Company. We rate FITX Speculative Buy.

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Recent Trading History For FITX

(Source: Barchart.com)

FITX - Creative Edge Nutrition Inc - Daily OHLC Chart



Company Report

Analyst: Robert Goldman

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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