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COMPANY UPDATE

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Chromadex (NasdaqOTCBB/CDXC)

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BUY New distribution & development partners pave the way for growth in 2011

Chromadex provides products and services to the natural foods industry

Investment Highlights

1) ChromaDex has again been busy this summer, in this case launching its proprietary retail supplement line including pTeroPure, branded BluScience. Last week the Company announced a distribution agreement with GNC (NYSE/GNC/Not Rated) to place four new products in the BluScience line in up to 2,600 corporate stores beginning in July. The four products are: 1) **HeartBlu** for cardiovascular health; 2) **EternaBlu** which includes anti-oxidants for anti-aging support; 3) **TrimBlu** for weight management; and 4) **Blu3Go**, a caffeine-containing melt lozenge for energy support. Earlier this month the Company received GRAS (generally regarded as safe) designation for pTeroPure from an independent scientific panel, paving the way for launch of the product into the food and beverage industry (estimated in Q3/2011) in addition to its current use in nutritional and dietary supplements.

BlūScience™
The fusion of blueberries and science

2) The Company also recently reported its financial results for Q1/2011, including revenues of $2.5 million, up 31% from the prior year period, and a net loss of $1.2 million or ($0.02) per share, as compared with a small net profit of $33,000 in Q1/2011. Much of the loss in Q1/2011 was related to non-cash stock compensation, and without this item the net loss for Q1/11 would have come in at approximately $420,000 or ($0.01) per share. Company management did not provide additional details on the components of revenue, although higher shipments of bulk materials during the quarter most likely implies continued growth in ChromaDex's new pTeroPure

Current Price $1.57

Price Target $2.25

Estimates	F2009A	F2010A	F2011E
Revenue($000s)	$5,778	$7,566	$9,840
1Q March	1,447	1,938	2,539 A
2Q June	1,343	2,034	
3Q September	1,433	1,562	
4Q December	1,555	2,033	
EPS	($0.03)	($0.04)	($0.02)
1Q March	(0.01)	0.00	(0.02) A
2Q June	(0.01)	(0.01)	
3Q September	(0.01)	(0.01)	
4Q December	(0.00)	(0.01)	
P/E (x)	N/A	N/A	N/A
EBITDA/Share	($0.01)	($0.00)	$0.02
EV/EBITDA (x)	N/A	N/A	N/A

Stock Data	
52-Week Range	$1.12-$2.03
Shares Outstanding (mil.)	64.4
Market Capitalization (mil.)	$101.1
Enterprise Value (mil.)	$98.4
Debt to Capital (3/11)	3.5%
Book Value/Share (3/11)	$0.08
Price/Book	20.2 X
Average Trading Volume (10-day)	140,600
Insider Ownership	35.0%
Institutional Ownership	2.0%
Short interest	N/A
Dividend / Yield	$0.00/0.0%

Price target and ratings changes over the past 3 years:
Initiated - October 5, 2010 – Target $2.25

product line. Eliminating the effect of non-cash expenses during the quarter, both sales and marketing expenses and general and administrative costs nearly doubled year-over-year in Q1/2011, as the Company intensified its R&D and marketing efforts for its new pTeroPure launch this year. We estimate that cash burn was approximately $300,000 in the first quarter for ChromaDex, more than covered by proceeds received during the quarter from the exercise of warrants and options driven by higher share prices achieved over the past twelve months; thus at the end of the quarter the Company's cash on hand increased to $2.9 million from $2.2 million at the start of Q1/2011, with no long-term debt.

3) Although ChromaDex management did not provide financial guidance for this fiscal year in the Q1/2011 financial report and did not hold a conference call, the Company's strategies for growth were well documented in the most recent slideshow presentation dated June 14th, 2011 and provided in a link on ChromaDex's website. The updated presentation gives several reasons for expected growth of the Company's legacy phytochemical analytical and chemistry-based service business, including an upcoming implementation by the US FDA of Good Manufacturing Practices (GMP) for dietary supplements as well as continued R&D support in this growing area by large corporate clients such as Nestle Health Science and Pepsi Global Nutrition Group. The presentation also highlights the planned product roll-out for pTeroPure into food and beverages (Q3/2011), cosmeceuticals (Q4/2012), sun care products (Q2/2013), and pharmaceutical products (2014), and also discusses several historical brand success-story precedents for pTeroPure such as Cargill's **Corowise** ($30 million in annual sales) and Martek's **life's DHA** ($150 million) in the ingredient area and Glaxo's **Lovaza** ($150 million) in the pharmaceutical market. Altogether, we are maintaining our financial estimates for ChromaDex for 2011 of $9.8 million in revenues (representing 30% growth over 2010) and a net loss of a little under $1.0 million, or ($0.02) per share. Due to a high amount of non-cash expense items anticipated for this year, our forecast also includes positive operating cash flow for ChromaDex for 2011.

Conclusion

ChromaDex has a unique position in a growing field: The leading provider of phytochemical standards and discovery services to the fastest growing natural products segment of the expanding nutritional supplements market, itself benefitting from a recession-induced consumer switch to over-the-counter and natural remedies. ChromaDex has bolstered its balance sheet in the past year and at the same time aligned itself with major players in the pharmaceutical/generics industry, all while nearing cash-flow break-even for 2010 and also forecast for 2011. While shares of ChromaDex have appreciated solidly so far this year (15%), and fared better than shares of several other stocks included in our four-member comparable group such as Enzo Biochem (NYSE/ENZ/Not Rated), Martek Biosciences (Nasdaq/MATK/Not Rated) and Senomyx (Nasdaq/SNMX/Not Rated), the recent success (up 31% since April 1st IPO) of new issues such as GNC Corp. (NYSE/GNC/Not Rated) reflect the potential investor appetite for stocks in this area. Therefore, we believe investors could be rewarded with potential share appreciation up to $2.25 for CHDX over the next 12-18 months, representing 14X estimated 2011 revenues and share price levels just slightly above highs reached earlier this year, and thus we reiterate our BUY rating on these shares.

Catalysts/Investor Timeline

1) Reporting of operating results for Q2/2011 – Mid-August 2011
2) Additional partners and/or product line extensions for pTeroPure – 2011
3) Completion of clinical & marketing studies for pTeroPure - 2011
4) New product introductions/licensing agreements – 2011-2012
5) Potential acquisitions – 2011-2012
6) Expansion of current facilities and production/services capacity – 2011-2012
7) Build-out of pilot manufacturing plant – 2011-2012

Risk Factors

We believe an investment in ChromaDex involves the following risks:

- **Regulatory risks –** ChromaDex is subject to oversight from several US federal agencies such as the FDA and USDA for its laboratory and manufacturing facilities. Similarly, the Company's partners and service clients in the scientific and research community are heavily involved in both government-funded research and new product development and are subject to regulatory review. Any changes in the research funding environment or in regulatory rules could negatively affect the Company and its clients' prospects.
- **Reliance on new products** — ChromaDex recently introduced pTeroPure, its first major self-marketed proprietary product, and saw the first significant sales from this product in the second quarter of 2010. PTeroPure sales have been a contributing factor in the Company's growth to date and are forecast to be a major factor going forward. This product and proprietary sales in general are new initiatives for the Company, and any unforeseen developments in the near future, such as new competition, shortages of raw material supply, or adverse publicity could have a negative impact on the Company's operations.
- **Need to raise additional capital –** ChromaDex has recently completed a private placement and greatly strengthened its balance sheet in 2010; Nevertheless, the Company is currently not operating at a profit and should ChromaDex accelerate its capital spending or continue to operate at a loss for a number of quarters in the future the Company could be required to raise additional capital. Alternatively, ChromaDex has a large number of warrants outstanding that are priced at or near current trading levels (approximately 10% of shares outstanding) which could be a source of additional capital without the need to complete a new financing. However, the exercise of existing warrants could also have an adverse affect on future share price due to potential dilution from new shares issued to meet these obligations.

Robert M. Wasserman

ChromaDex Corporation
Consolidated Statements of Operations
(In 000s, except per share data)

FYE December	2007	2008	1Q09 March	2Q09 June	3Q09 September	4Q09 December	2009	1Q10 March	2Q10 June	3Q10 September	4Q10 December	2010	2011E
Sales	$4,754	$4,506	$1,447	$1,343	$1,433	$1,555	$5,778	$1,938	$2,034	$1,562	$2,033	$7,566	$9,840
Cost of sales	3,122	3,275	979	865	953	939	3,736	1,120	1,258	1,060	1,184	4,622	5,710
Gross Profit	1,632	1,232	468	478	480	616	2,041	818	776	503	848	2,945	4,130
Operating Expenses:													
Sales and marketing	388	721	222	220	190	199	830	225	228	236	397	1,086	1,200
General and administrative	1,422	2,575	567	545	464	529	2,104	554	841	1,141	1,341	3,876	4,000
Total operating expenses	1,809	3,296	788	765	654	728	2,934	779	1,069	1,376	1,738	4,962	5,200
Income (loss) from operations	(178)	(2,064)	(320)	(287)	(174)	(112)	(893)	39	(293)	(874)	(890)	(2,017)	(1,070)
Interest expense & other	(32)	(70)	(5)	(5)	(4)	(3)	(17)	(6)	(11)	(10)	(10)	(36)	(20)
Interest income	20	30	2	0	0	0	2	0	0	1	1	2	100
Income (loss) before tax	(190)	(2,104)	(324)	(291)	(178)	(115)	(908)	34	(304)	(883)	(898)	(2,052)	(990)
Provision for income taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income (loss)	(190)	(2,104)	(324)	(291)	(178)	(115)	(908)	34	(304)	(883)	(898)	(2,052)	(990)
Basic income per share	($0.01)	($0.07)	($0.01)	($0.01)	($0.01)	($0.00)	($0.03)	$0.00	($0.01)	($0.01)	($0.01)	($0.04)	($0.02)
Diluted income per share	($0.01)	($0.07)	($0.01)	($0.01)	($0.01)	($0.00)	($0.03)	$0.00	($0.01)	($0.01)	($0.01)	($0.04)	($0.02)
Basic shares outstanding	26,514	28,313	28,838	28,838	28,838	28,838	28,838	28,838	43,623	60,118	60,500	48,252	64,400
Diluted shares outstanding	26,514	28,313	28,838	28,838	28,838	28,838	28,838	28,838	43,623	60,118	60,500	48,252	64,400
Key ratios:													
Revenue growth		-5.2%	36.6%	12.0%	34.1%	31.9%	28.2%	33.9%	51.5%	9.0%	30.7%	31.0%	30.0%
Gross margin	34.3%	27.3%	32.3%	35.6%	33.5%	39.6%	35.3%	42.2%	38.1%	32.2%	41.7%	38.9%	42.0%
Sales expense/sales	8.2%	16.0%	15.3%	16.4%	13.3%	12.8%	14.4%	11.6%	11.2%	15.1%	19.5%	14.3%	11.0%
G&S/sales	29.9%	57.1%	39.2%	40.6%	32.4%	34.0%	36.4%	28.6%	41.3%	73.0%	66.0%	51.2%	30.0%
Depreciation, amort, non-cash comp	$500	$530	$145	$145	$145	$155	$590	$140	$320	$530	$660	$1,650	$2,500
Operating margin	-3.7%	-45.8%	-22.1%	-21.4%	-12.1%	-7.2%	-15.5%	2.0%	-14.4%	-55.9%	-43.8%	-26.7%	-10.9%
Cash Flow/share	$0.01	($0.06)	($0.01)	($0.01)	($0.00)	$0.00	($0.01)	$0.01	$0.00	($0.01)	($0.00)	($0.00)	$0.02
EBITDA/share	$0.01	($0.06)	($0.01)	($0.00)	($0.00)	$0.00	($0.01)	$0.01	$0.00	($0.01)	($0.00)	($0.00)	$0.02

Balance Sheets
($000s)

Assets:	1/1/11	4/2/11
Cash and equivalents	$2,226	$2,896
Trade receivables, net	1,002	1,238
Inventories	1,423	1,306
Prepaid expenses & other current	244	201
Total current	4,895	5,641
Leasehold Improvements & Equipment	1,303	1,280
Deposits	31	31
Intangible assets, net	278	259
TOTAL ASSETS	$6,507	$7,212
Liabilities:		
Accounts payable	$515	$981
Accrued expenses	371	468
Capital leases	79	76
Customer deposits & other	175	253
Total current	1,139	1,778
Capital lease obligations	198	182
Deferred rent	234	236
Stockholders' equity	4,936	5,016
TOTAL LIAB & EQ	$6,507	$7,212

Quarterly Earnings Comparisons

	March	June	September	December	Total
Revenues (in $Mill)					
2008	$1,060	$1,199	$1,069	$1,179	$4,506
2009	1,447	1,343	1,433	1,555	5,778
2010	1,938	2,034	1,562	2,033	7,566
2011E	2,539				9,840
Earnings per Share					
2008	($0.00)	($0.02)	($0.02)	($0.02)	($0.07)
2009	(0.01)	(0.01)	(0.01)	(0.00)	(0.03)
2010	0.00	(0.01)	(0.01)	(0.01)	(0.04)
2011E	(0.02)				(0.02)

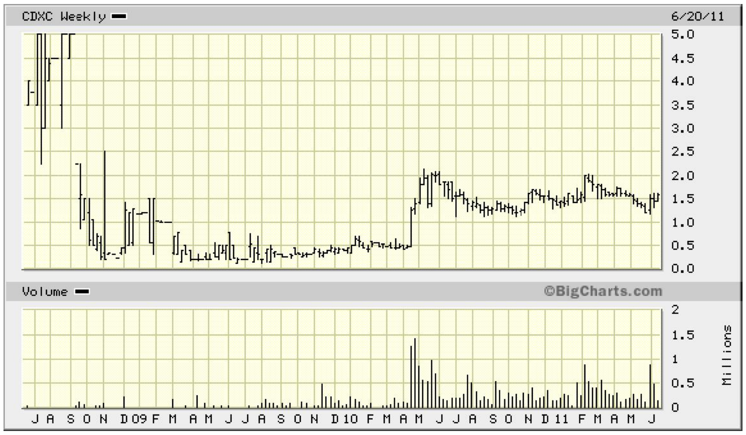
Operating Statistics

	2007	2008	2009	2010	2011E
Sales by Region ($000s)					
US	$3,502	$3,082	$4,301	$5,576	$7,640
Rest-of-world	1,252	1,424	1,477	1,990	2,200
Total	$4,754	$4,506	$5,778	$7,566	$9,840

Source: Dawson James Securities, Inc. estimates; Company documents

Important Disclosures:

Price Chart:



Price target and ratings changes over the past 3 years:
Initiated – October 5, 2010 – Target $2.25

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Ratings definitions: 1) Buy: the stock is expected to appreciate and produce a total return of at least 20% over the next 12-18 months; **2) Neutral:** the stock is fairly valued for the next 12-18 months; and **3) Sell:** the stock is expected to decline at least 20% over the next 12-18 months and should be sold.

	Company Coverage		**Investment Banking**	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Buy	23	85%	8	35%
Neutral	4	15%	3	75%
Sell	0	0%	0	0%
Total	27	100%	11	41%

Information about valuation methods and risks can be found in the "STOCK VALUATION" and "RISKS" sections of this report.

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