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2013



Pulse[®] Brand to Launch February 2013

Cabana[™] 100% Natural Lemonade Launched Fall of 2011



EXECUTIVE SUMMARY

Overview

We are based in Northglenn, Colorado and formed in 2010 by senior beverage industry veterans for the purpose of exploiting niche markets in the beverage industry. We manufacture, through co-packers, distribute and market the Cabana™ 100% Natural Lemonade brand and in the fall of 2012 we plan to launch our Pulse® brand of beverages containing functional ingredients that have been shown to promote health. Pulse® beverages are unique in that they were scientifically developed and contain effective ingredients that are widely considered to be critical to adult health using liposome nanotechnology that introduces the ingredients into the beverage in a format that allows the body to absorb the nutrients. In excess of \$10m was spent formulating, developing and initially marketing the Pulse® brand. We own all the formulations, rights and trademarks relating to the Pulse® brand of beverages and specifically we own the right to use the following Side Panel Statement for Pulse® Heart Health Formula™, Pulse® Women's Health Formula™, Pulse® Men's Health Formula™: "Formulation developed under license from Baxter Healthcare Corporation". This right is in perpetuity without royalties.

Our mission is to be one of the market leaders in the development and marketing of nutritional/functional beverage products that provide **REAL** health benefits to a significant segment of the population and are convenient and appealing to consumers.

We have a highly experienced management team of beverage industry executives that have successfully launched and/or managed the distribution for more than twenty-five major brands over the past twenty years. They have strong relationships with distributors and buyers who supply thousands of retail outlets, supermarkets and convenience stores.

Our initial products consist of Pulse® Heart Health Formula™, Pulse® Women's Health Formula™, Pulse® Men's Health Formula™; and Cabana™ 100% Natural Lemonade. We launched our Cabana™ 100% Natural Lemonade ahead of our Pulse® brand of beverages to establish our distribution network with an easily understood lemonade product and we plan to '*red-carpet*' our flagship Pulse® brand through an established distribution system in the Fall of 2012.

MANAGEMENT TEAM

Robert (Bob) E. Yates - President, CEO, CFO and Board Member - Bob Yates is a seasoned business executive with over 20 years of experience in the beverage industry. He has been involved in all aspects of the beverage industry, including new product and label development, manufacturing, distribution, and marketing. Mr. Yates owned his own beverage company and was a major contributor to the success of the Clearly Canadian® beverage brand, and, at that time, he was responsible for \$50 million of Clearly Canadian's \$178 million in annual sales. He later went on to develop his own Kwencher® brand, building it into 1.7 million cases in just two years. Walmart distributed Kwencher® for 7 years. Over the last 20 years, his beverage portfolio has included such well-known brands as Monster Energy Drink, Arizona Iced Tea, Rock Star Energy Drink, Vitamin Water, Perrier, Everfresh Juices, Ocean Spray, Miller Beer, Honest Tea and Fiji Water.

Prior to his involvement in the beverage industry, Mr. Yates was President, CEO and controlling shareholder of the Northwest Automotive Group, a conglomerate of 15 auto dealerships with annual sales in excess of \$1 billion.



Parley (Paddy) Sheya – VP, National Sales Manager and Board Member - brings over twenty-nine years of international executive sales and distribution management experience in the beverage industry. He has an extensive track record in the development of brands and in building beverage brand sales and distribution systems from the ground up to multi-million case sales. A notable example is leading Clearly Canadian® from nil to 4.8 million cases in less than 3 years as he administered 125 distributors and coordinated sales programs for all master distributors. He managed Kwencher® sales from nil to 1.7 million cases in less than 2 years along with bringing Blue Ox Energy Drink from nil to 850,000 cases and opening 122 distributors nationwide for what was then a new and unknown product. Mr. Sheya has managed a broad range of beverage brands including: Jolt Cola®, Hires Root Beer®, Crush® Soda; Bubble-Up®; Country Time Lemonade®; Hansen's Natural Sodas and Juices; New York Seltzer® and Evian Water®. Mr. Sheya built a brand called Old San Francisco Seltzer which was the West's answer to New York Seltzer. Mr. Sheya sold this brand to Cable Car Beverage Corp.

Mr. Sheya has enjoyed excellent relations with major retailers such as Sam's, Wal-Mart, Target, Kroger, Costco, Walgreen's, CVS, Valero's, Public's, Win Dixie, Rainbow Foods, Safeway, Albertson's, 7-11, Circle K, Smith Foods, Kum-n-Go, GNC, Conoco, Whole Foods, and Vitamin Cottage and has worked extensively with major distributors across the US as well as in Canada, Mexico, Ireland and the UK. Most recently he was the key account manager for New Leaf Brands, Inc. managing national sales for Inspiration Beverage and Bing Energy Drink.

Ron Kendrick - Chief of Product Development and Operations - has been in the beverage industry for over 30 years. Ron was previously with Clearly Canadian Beverage Corporation for over twelve years where he managed supply and logistical operations during a time when Clearly Canadian sales grew from zero to \$178 million. He subsequently founded Catalyst Development Inc. and was instrumental in the creation of formulations for many companies including the Pulse® brand of products for Baxter Healthcare Corporation.

ADVISORY TEAM

Bruce Horton co-founded Clearly Canadian Beverage Corporation where he served as CFO and Director from 1987 to 1997. During his ten year tenure, Clearly Canadian's sales grew from zero to \$178 million.

Dr. Pam Peeke, MD, is an internationally recognized expert, physician, scientist and author in the fields of nutrition, stress, fitness and public health. Dr. Peeke is a Pew Foundation Scholar in nutrition and metabolism and is a Fellow of the American College of Physicians. She serves as Chief Medical Correspondent for Discovery Health TV, and has a national bestselling book, *Fit to Live*. Major magazines, television and radio networks interview her as a regular in-studio science and health news commentator. Dr. Peeke is chief lifestyle expert for WebMD's 50 million members and serves as spokesperson for the American College of Sports Medicine.

Don Prest is a financial consultant competent in the area of accounting, auditing and US GAAP financial reporting. He was CFO for Omnicity Corp, a public wireless Internet service provider from 2009 to 2011 and CFO for Power Air Corp, a fuel cell company, from 2005 to 2008. From 1993 to 2008 he served as practice head for a large US and Canadian public company accounting firm.

PROMINENT INDUSTRY ACQUISITIONS

Coca-Cola has stated that they are searching for another billion dollar brand and is betting that the next big beverage will be a niche product. Coca-Cola's Venturing and Emerging Brands Unit ("VEB") group is hoping to cultivate the next billion-dollar brand and has stated that one million cases and/or \$20m in revenues is their "proof of concept" benchmark. VEB has expressed to us that the beverage industry is trending to niche beverage products such as our Pulse[®] brand. They have also expressed that nutraceutical beverages that are scientifically formulated, having sufficient dosages of functional active ingredients to help maintain or make a difference to health is where the beverage industry is going.

It is common for these industry giants to acquire successful brands from smaller companies, typically for a negotiated multiple of sales revenues. It is our goal to have one or more of our brands in a position to be acquired. Here are a few of the more prominent acquisitions:

- **Vitamin Water[®]** - Coca-Cola[®] purchased Vitamin Water[®] for a reported \$3.4 billion when they were selling approximately 10 million cases per year and had approximately \$200m in sales.
- **SOBE[®]** - Pepsi-Cola[®] purchased SOBE[®] for a reported \$378 million when they were selling approximately 3 million cases per year and had approximately \$60m in sales.
- **FUZE[®]** - Coca-Cola[®] purchased FUZE[®] for a reported \$300 million when FUZE[®], at the time, was selling approximately 7 million cases per year and had approximately \$140m in sales.
- **Rock Star Energy Drink[®]** - Coca-Cola[®] purchased the distribution rights for an undisclosed amount and owns the right of first refusal to purchase the Rock Star Energy Drink[®] brand which is currently selling approximately 8 million cases per year.
- **Arizona Iced Tea[®]** - turned down an offer from Coca-Cola[®] for \$2.1 billion. At the time of the offer, Arizona Iced Tea[®] was selling approximately 25 million cases per year and \$500m in sales.
- **Honest Tea[®]** - Coca-Cola[®] purchased Honest Tea[®] in Q2-2011 for a reported \$400 million when Honest Tea[®], at the time, was selling approximately 1.4 million cases per year.

KEYS TO SUCCESS AND GROWTH STRATEGY

Keys to our success in building our brands are as follows:

- Obtain necessary financing to: rapidly build our distribution network, inventory and receivables
- Our ability to continue developing our distribution network. Our management team has the contacts to rapidly build such a distribution network. We have distribution for our Cabana[™] 100% Natural Lemonade in Canada, Mexico, Panama, Bermuda and 44 US states with many more pending distributors domestically and internationally

Our growth strategy includes:

- entering into co-packing arrangements in strategic locations in addition to Portland, Virginia and Texas
- expanding our Pulse[®] brand by developing new proprietary formulations providing demonstrable benefits such as: buffer sugar response and assist in preventing the onset of Type 2 diabetes, support good skin health, manage body weight, and retard macular degeneration and preserve eyesight
- acquiring products and/or securing distribution rights that complement or extend our current product mix
- expanding distribution into Asia and internationally in 2013. Founding shareholders include strategic Asian partners for distribution into China and other major Asian markets including financing inventory, build-out, branding and corporate co-listing on an Asian Stock Exchange
- acquiring North American distribution rights for a successful Himalayan premium water brand

PULSE[®] BRAND



Our Pulse[®] brand is **NOT** an emerging growth brand; it is two to three years ahead in development as in excess of \$10 million was spent by a major healthcare company scientifically developing and extensively and successfully test marketing the brand in Chicago and Phoenix. Our Pulse[®] brand is formulated and aimed at specific health platforms, providing all natural functional ingredients in a low calorie format (less than 55 calories per 8oz. serving).

We offer consumers the nutrients they need in a convenient package. The nutrients in all Pulse[®] beverages are backed by solid research and are scientifically demonstrated to promote health in targeted areas. The nutritional ingredients were specifically selected to provide the nutrition necessary to achieve targeted health benefits. These nutrients normally cannot be consumed in adequate amounts by eating food without substantially increasing calories. Our Pulse[®] brand of beverages may be the only niche beverage that has sufficient dosages of active functional ingredients to help maintain health. Our Pulse[®] brand product line-up is presently comprised of three nutritional beverages in three functional health platforms:



Pulse® - Heart Health Formula™ contains safe and effective levels of a number of important heart and health friendly nutrients in a great tasting beverage. It has vitamin C and selenium, both of which are considered important nutrients to help maintain heart health. Pulse® Heart Health Formula™ is an excellent source of dietary fiber which may help maintain healthy cholesterol levels.

Pulse® - Men's Health Formula™ is a unique combination of nutritional ingredients that include a variety of antioxidants that may reduce free radicals in our bodies. Free radicals are generally associated with aging, cardiovascular problems, cancer and many health concerns for men. While it is designed to support health in particular areas, such as prostate health, the combination of green tea catechins, Vitamins E & C, lycopene and selenium may help men maintain an ongoing counter attack in the battle against free radical damage to their bodies.

Pulse® - Women's Health Formula™ is a convenient nutritional beverage designed specifically for women. Our ability to be active and healthy is directly affected by the strength of our bodies. Pulse® Women's Health Formula™ contains meaningful levels of the key ingredients that work in concert to enhance bone health – calcium, magnesium and Vitamin D. Additionally, these ingredients coupled with folic acid and other B vitamins, may help women prepare for pregnancy while soy isoflavones may help buffer symptoms of menopause.

Target Market

Our targeted demographics are 30+ adults who want to feel 30+ for the rest of their lives. Our Pulse® brand mission and concept is supported by a growing consumer link between nutrition and wellness and the ever growing need for convenient solutions. This fact ensures that the product line does not just attract the huge "baby boomer" category but includes all consumers who want health conscious beverages. Our goal is to create a new product category that is focused on providing true and meaningful health and wellness benefits in a convenient and good tasting format.

Product Launch

- We are launching our Pulse® beverage brand in February 2013.
- Pre-marketing with distributors is underway in conjunction with continued marketing of Cabana™ 100% Natural Lemonade and all distributors have expressed strong interest in adding Pulse® brand to their line-up.
- We are positioning Pulse® as an extension of our successful lemonade launch through the enthusiastic participation of our established and growing distribution network across the United States and internationally.
- Pulse® "functional" beverage brand requires increased educational messaging directed at beverage consumers in order to demonstrate the enhanced benefits predicted to drive sales growth. Our Chief of Product Development and his team have reduced calories and have aligned the product with hot-fill bottling processes which allows for all natural ingredients without the use of preservatives.
- Educational process - Dr. Peeke, Advisory Team Member, is a keynote speaker at nutritional and sports conferences throughout the year. We plan to utilize this opportunity as part of the process to educate consumers. In addition, we plan to utilize a consumer website, social media outlets and print ads in major beverage magazines.



CABANA™ 100% NATURAL LEMONADE



Cabana™ 100% Natural Lemonade is a line-up of refreshing, all-natural, “good-for-you”, ready-to-drink lemonades in five distinct and great tasting flavors, offering significantly reduced calories without the use of artificial sweeteners or coloring. Cabana™ 100% Natural Lemonade offers approximately 40% less calories than our competitors and is one of two all natural lemonades in the marketplace.

The Lemonade Market

- Lemonade is America’s second favorite juice drink
- 89% of juice drinkers consume lemonade – 36% as favorite
- 56% of all teenagers prefer lemonade in the juice category - African Americans 66%, females 61%
- 52% of all people purchase a drink contained in a glass bottles - the highest of any packaged container for a beverage
- The Lemonade Category in 2010 was estimated to be over \$300m, up 32% from 2009

Product Positioning

We are positioning our Cabana™ 100% Natural Lemonades as natural complements to food in an effort to broaden their appeal. We believe that the lemonade market is well established and that there is an immediate demand in North America and internationally. Our Cabana™ 100% Natural Lemonade, being all-natural, lower calorie, and “good for you”, are in-line with our corporate mission to reach a large demographic by aiming to be the healthiest, all-natural lemonades in the marketplace. Our sales team has polled retail stores where our Cabana™ 100% Natural Lemonades are presently selling and the feedback is that they are selling very well with no advertising of any kind.

DISTRIBUTION NETWORK AND CABANA LAUNCH RESULTS

- We have been very successful in developing an elaborate and credible product distribution system for our product offerings. What typically takes three to four years to build has taken us just one year to build.
- Our distribution system presently includes over 90 distributors serving 44 States, Canada, Mexico, Panama and Bermuda. Our distribution network includes 80% class “A” distributors. Class “A” distributors are distributors that carry major beverage brands such as: Anheuser-Busch, MillerCoors, Pepsi, Coca-Cola, RC and 7-Up. These distributors provide full service product distribution at a higher level than smaller beverage distributors.
- Our distribution system was strategically established behind the strength of our Cabana™ 100% Natural Lemonade which acceptance by distributors, retailers and consumers has exceeded expectations.
- We have been educating and pre-selling our distributors as to the health benefits of our flagship product, Pulse®, in three health platforms: Men’s Health Formula™, Women’s Health Formula™ and Heart Health Formula™. These products will be “red-carpeted” into the extensive distribution network in place.
- Response from distributors, retailers and consumers to our lemonade has exceeded expectations due to superior packaging, great taste, all natural ingredients and lower calories than competitors – 60 calories and only 12 grams of sugar per 8 oz serving. Any beverage under 20 grams of sugar is considered a “good-for-you” beverage.
- By March, 2013 the Cabana™ brand is expected to reach the 1,000,000 level of case sales on an annualized basis. This is a “proof of concept” in the eyes of the major beverage companies and the brand should be an acquisition target at that point.
- Most emerging brands do not achieve this annualized level of sales until years three or four after launch, if ever.
- By comparison, it took New Leaf Tea® and Jones Soda® almost six years to reach 1,000,000 in annualized case sales.
- Based on past acquisitions of successful beverage brands, and an independent valuation of a private 1,000,000 case sale per annum brand, Pulse’s Cabana™ 100% Natural Lemonade brand would have a significant value upon reaching the 1,000,000 case sales per annum level.

CORPORATE INFORMATION

EXCHANGE/SYMBOL: OTCQB: PLSB

Shares Outstanding: 40 million

Current Stock Price: \$0.74

Estimated Number of Shareholders – over 3,000

The Pulse Beverage Corporation intends to list on an exchange such as AMEX or NASDAQ as soon as it qualifies.

Company's Contact:

The Pulse Beverage Corporation
11678 N Huron Street
Northglenn, Co 80234
720-382-5476
info@pulsebeverage.com
www.pulsebeverage.com

Legal Council:

Hart and Trinen, LLP
1624 Washington St.
Denver, Co 80234

Auditors:

Weaver, Martin & **Samyn**
411 Valentine Rd. Ste 300
Kansas City, Mo 64111

Transfer Agent:

Holladay Stock Transfer, Inc.
2939 North 67th Place
Scottsdale, AZ 85251

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