TEAM BEACHBODY®
COACH POLICY AND PROCEDURES
TABLE OF CONTENTS

SECTION 1 – INTRODUCTION 1
1.1 Policies and Compensation Plan Incorporated into Coach Agreement 1
1.2 Purpose of Policies 1
1.3 Changes to the Agreement 1
1.4 Delays 1
1.5 Policies and Provisions Severable 2
1.6 Waiver 2

SECTION 2 – BECOMING A COACH 2
2.1 Requirements for Becoming a Team Beachbody Coach 2
2.1.1 Nonprofit Organizations 2
2.1.2 Waiver of Business Service Fee for Military Coaches 2
2.2 No Product Purchase Required 3
2.3 Coach Benefits 3
2.4 Term and Renewal of Your Beachbody® Business 3

SECTION 3 – OPERATING A BEACHBODY BUSINESS 3
3.1 Adherence to the Team Beachbody Coach Compensation Plan 3
3.1.1 Coach Recognition 3
3.2 Advertising 4
3.2.1 General 4
3.2.2 Coach Web Sites and Other Communications Facilities 4
3.2.3 Trademarks, Copyrights, and Domain Names 5
3.2.4 Use of Related Third Party Assets 5
3.2.5 Media and Media Inquiries 6
3.2.6 Unsolicited Email 6
3.2.7 Unsolicited Faxes and Telephone Calls or Other Messaging 6
3.2.8 Message Boards 7
3.3 Bonus Buying Prohibited 8
3.4 Business Entities 9
3.5 Changes to a Beachbody Business 9
3.5.1 General 9
3.5.2 Addition of Co-Applicants 9
3.5.3 Change of Sponsor 9
3.5.4 Cancellation and Reapplication 10
3.6 Unauthorized Claims and Actions 11
3.6.1 Indemnification 11
3.6.2 Product Claims 11
3.6.3 Income Claims 11
3.7 Commercial Outlets 11

3.8 Trade Shows, Expositions, and Other Sales Forums 12
3.9 Conflicts of Interest 12
3.9.1 Non-solicitation 12
3.9.2 Participation in Multiple Business Opportunities 13
3.9.3 Policy Violations by Members of Coach Household 13
3.9.4 Downline Activity (Genealogy) Reports 13
3.10 Targeting Other Direct Sellers 13
3.11 Cross-Sponsoring 14
3.12 Errors or Questions 14
3.13 Governmental Approval or Endorsement 14
3.14 Identification 14
3.15 Income Taxes 14
3.16 Independent Contractor Status 14
3.17 Insurance 15
3.18 International Marketing 15
3.19 Inventory Loading 15
3.20 Adherence to Laws and Ordinances 16
3.20.1 Local Ordinances 16
3.20.2 Compliance with Federal, State, and Local Laws 16
3.20.3 Compliance with Anti-Bribery Laws 16
3.21 Minors 16
3.22 No More than One Beachbody Business per Coach 16
3.23 Actions of Household Members or Affiliated Individuals 16
3.24 Requests for Records 16
3.25 Sale, Transfer, or Assignment of a Beachbody Business 17
3.26 Separation of a Beachbody Business 17
3.27 Sponsoring 18
3.28 Succession 18
3.28.1 Transfer upon Death of a Coach 18
3.28.2 Transfer upon Incapacitation of a Coach 18
3.28.3 Procedures 18
3.29 Telemarketing Techniques 19
3.29.1 Prerecorded Messages 19
3.30 Online Conduct 19
3.31 Message Boards 20
3.32 Online Auctions, Marketplaces, Social Networking, Keywords, and Shop Sites 20
3.33 Organization and Management of Your Beachbody Fit Club 20
SECTION 4 – RESPONSIBILITIES OF COACHES 21
4.1 Change of Address or Telephone 21
4.2 Continuing Development Obligations 21
4.2.1 Ongoing Training 21
4.2.2 Increased Training Responsibilities 21
4.2.3 Ongoing Sales Responsibilities 21

4.3 Non-disparagement 21
4.4 Providing Documentation to Applicants 21
4.5 Reporting Policy Violations or Fraudulent Activity ... 22
4.6 Assignment of Sales Leads 22
4.6.1 Team Beachbody Lead Programs…..……22
4.6.2 Success Club Lead Program
(previously Shakeology Lead Program)… 22
4.6.3 Coach Connection Program…… . 23

SECTION 5 – SALES REQUIREMENTS 24
5.1 Product Sales..... 24
5.1.1 Credit Card Payment for Product Sales 24
5.2 Product Pricing..... 24
5.3 No Exclusive Territories 24
5.4 Sales Receipts 24
5.5 Fundraising Programs 25
5.6 Charitable Donations……...25

SECTION 6 – BONUSES AND COMMISSIONS 25
6.1 Bonus and Commission Qualifications 25
6.2 Adjustment to Bonuses and Commissions 25
6.2.1 Adjustments for Returned
Products and Services 25
6.2.2 Other Deductions 25
6.3 Reports 25

SECTION 7 – PRODUCT GUARANTEES,
RETURNS, AND INVENTORY REPURCHASE 26
7.1 Product Guarantee..... 26
7.2 Three-Day Sales Rescission Period..... 26
7.3 Return of Products and Sales Aids by Coaches..... 27
7.3.1 Montana Residents..... 27
7.4 Procedures for All Returns..... 27

SECTION 8 – DISPUTE RESOLUTION
AND DISCIPLINARY PROCEEDINGS 27
8.1 Disciplinary Sanctions 27
8.2 Grievances and Complaints..... 28
8.3 Mediation and Cure Period 28
8.4 Arbitration..... 28

SECTION 9 – PAYMENT AND SHIPPING 29
9.1 Returned Checks 29
9.2 Sales Taxes..... 29
9.3 Drop Shipment 29

SECTION 10 – INACTIVITY, RECLASSIFICATION,
AND CANCELLATION..... 30
10.1 Effect of Cancellation 30
10.2 Reclassification Following Cancellation Due to
Inactivity or Nonpayment of Web Hosting Fee 30
10.3 Involuntary Cancellation..... 31
10.4 Voluntary Cancellation 31
10.5 Nonrenewal 31

10.6 Disposition of Coach's Genealogy Position Customers and Coaches Upon Cancellation.....31

EXHIBIT A – PROHIBITED BEACHBODY PRODUCT AND COMPANY NAMES 32
EXHIBIT B –TEAM BEACHBODY COACH COMPENSATION PLAN 33

SECTION 1
INTRODUCTION

1.1 Policies and Compensation Plan Incorporated into Coach Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of Beachbody, LLC, (hereafter "Beachbody" or the "Company"), are incorporated into, and form an integral part of, the Team Beachbody Coach Agreement. Throughout these Policies and Procedures, when the term "Agreement" is used, it collectively refers to the Team Beachbody Coach Application and Agreement, these Policies and Procedures, the Team Beachbody Coach Compensation Plan, and the Team Beachbody Business Entity Application (if applicable). These documents are incorporated by reference into the Team Beachbody Coach Agreement (all in their current form and as amended by Beachbody). It is the responsibility of each Coach to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures. The most current version of the Team Beachbody Coach Agreement, including these Policies and Procedures, will be posted on the Team Beachbody Web site, which may be amended and updated at Beachbody's sole discretion. When sponsoring or enrolling a new Coach, it is the responsibility of the sponsoring Coach to ensure that the applicant is provided with, or has online access to, the most current version of these Policies and Procedures and the Team Beachbody Coach Compensation Plan prior to his or her execution of the Coach Agreement.

1.2 Purpose of Policies

In addition to other sales channels, Beachbody markets its products through independent contractor sales representatives called "Coaches." It is important to understand that your success and the success of your fellow Coaches depend on the integrity of the men and women who market our products and services. To clearly define the relationship that exists between Coaches and Beachbody, and to explicitly set a standard for acceptable business conduct, Beachbody has established the Agreement.

Team Beachbody Coaches are required to comply with all of the Terms and Conditions set forth in the Agreement, which Beachbody may amend at its sole discretion from time to time, as well as all federal, state, and local laws governing their Beachbody business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in this manual carefully. It explains and governs the relationship between you, as an independent contractor, and the Company. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from anyone in your upline or Team Beachbody.

1.3 Changes to the Agreement

Because federal, state, and local laws, as well as the business environment, periodically change, Beachbody reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Coach Agreement, a Coach agrees to abide by all amendments or modifications that Beachbody elects to make. Amendments shall be effective upon notice to all Coaches that the Agreement has been modified, which will include posting such amendments or updated documents on the Team Beachbody Web site. Notification of amendments shall be published in official Team Beachbody materials. The Company shall provide or make available to all Coaches a complete copy of the amended provisions by one or more of the following methods: (1) posting on Team Beachbody's official Web site; (2) electronic mail (email); (3) inclusion in Company periodicals; (4) inclusion in product orders or bonus checks; or (5) special mailings. The continuation of a Coach's Beachbody business or a Coach's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

1.4 Delays

Beachbody shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, terrorism, acts of God, acts of nature, acts beyond the reasonable control of Beachbody, fire, death, curtailment of a party's source of supply, or government decrees or orders.

1.5 Policies and Provisions Severable

If any provision of the Agreement, in its current form or as it may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid, or unenforceable provision, never comprised a part of the Agreement.

1.6 Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Beachbody to exercise any right or power under the Agreement or to insist upon strict compliance by a Coach with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Beachbody's right to demand exact compliance with the Agreement. Waiver by Beachbody can be effectuated only in writing by an authorized officer of the Company. Beachbody's waiver of any particular breach by a Coach shall not affect or impair Beachbody's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Coach. Nor shall any delay or omission by Beachbody to exercise any right arising from a breach affect or impair Beachbody's rights as to that or any subsequent breach.

The existence of any claim or cause of action of a Coach against Beachbody shall not constitute a defense to Beachbody's enforcement of any term or provision of the Agreement.

SECTION 2
BECOMING A COACH

2.1 Requirements for Becoming a Team Beachbody Coach

Each applicant must:

- Be of the age of majority in his or her state of residence
- Reside in the United States or U.S. Territories, or in a country where Beachbody has officially announced that it's open for business
- Have a valid Social Security or Federal Tax ID number
- Purchase a Coach Business Kit (optional in North Dakota); and
- Submit a properly completed and executed online or physical Coach Application (originals only—no copies) and Agreement to Beachbody. Information submitted on the Application, either online or physical copy, must be **true, correct, and current as of the time of submittal**, including, without limitation, the applicant's personal actual and correct current address, email, credit card information, and tax identification information. Any information considered fraudulent will cause the Coach to be subject to disciplinary action, including suspension or termination of their business.

2.1.1 Nonprofit Organizations

Beachbody will waive the Coach Business Kit fee and the monthly Coach Business Services fee for Coach applicants that are bona fide nonprofit organizations under Section 501(c)(3) of the Internal Revenue Code. Coach applicants seeking this waiver must submit a copy of their IRS Ruling or Determination Letter approving their tax-exempt status. These documents may be sent to coachrelations@TeamBeachbody.com to complete the enrollment process.

2.1.2 Waiver of Business Service Fee for Military Coaches

Beachbody will waive the monthly Coach Business Service Fee for Coaches who are actively serving in any branch of the United States military, as well as for service members wounded in action and spouses of military service members lost during service. In addition, newly enrolling Coaches who are a part of this community will be eligible to have their basic enrollment fees for their business starter kit refunded. This wavier is available to one Beachbody Coach per military member per household.

In order for any Coach to request this waiver, the Coach must submit a copy of his or her military orders to Coach Relations via fax or email (coachrelations@TeamBeachbody.com). Monthly business service fees will be waived for

the duration of the Coach's active military service, based on the documentation provided. A further extension may be requested by the serving Coach and a further delay of business service fees will be approved provided sufficient documentation is submitted.

2.2 No Product Purchase Required

No person is required to purchase Beachbody products or services to become a Coach. To familiarize new Coaches with Beachbody products, services, sales techniques, sales aids, and other matters, the Company requires that Coaches purchase a Coach Business Kit. Team Beachbody will repurchase resalable kits from any Coach who terminates his or her Coach Agreement pursuant to the terms of Section 7.3.

2.3 Coach Benefits

Once a Coach Application and Agreement has been accepted by Team Beachbody, the benefits of the Team Beachbody Coach Compensation Plan and the Coach Agreement are available to the new Coach. These benefits include the right to:

- Sell Beachbody products and services as allowed or specified by Beachbody
- Participate in the Team Beachbody Coach Compensation Plan (receive bonuses and commissions, if eligible)
- Sponsor other individuals as Customers or Coaches into the Beachbody business and, thereby, build a marketing organization and progress through the Team Beachbody Coach Compensation Plan
- Receive periodic Team Beachbody literature and other Team Beachbody communications
- Participate in Team Beachbody-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- Participate in promotional and incentive contests and programs sponsored by Team Beachbody for its Coaches.

2.4 Term and Renewal of Your Beachbody Business

The term of the Coach Agreement is 1 year from the date of its acceptance by Beachbody (subject to reclassification for inactivity after 6 months pursuant to Section 10.2). After the first year, a Coach's Agreement will automatically renew on a monthly basis so long as the Coach remains in compliance with the Agreement and his or her Coach Business Services fees for the month are paid.

SECTION 3
OPERATING A BEACHBODY BUSINESS

3.1 Adherence to the Team Beachbody Coach Compensation Plan

Coaches must adhere to the terms of the Team Beachbody Coach Compensation Plan as set forth in official Team Beachbody literature. Coaches shall not offer the Team Beachbody Coach Business Opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Team Beachbody literature. Coaches shall not require or encourage other current or prospective Customers or Coaches to participate in Team Beachbody in any manner that varies from the program as set forth in official Team Beachbody literature. Coaches shall not require or encourage other current or prospective Customers or Coaches to execute any agreement or contract other than official Beachbody agreements and contracts in order to become a Team Beachbody Coach or to purchase Beachbody products or services. Similarly, Coaches shall not require or encourage other current or prospective Customers or Coaches to make any purchase from, or payment to, any individual or other entity to participate in the Team Beachbody Coach Compensation Plan other than those purchases or payments identified as recommended or required in official Team Beachbody literature.

3.1.1 Coach Recognition

For any recognition for rank advancement or other accomplishments as a Team Beachbody Coach, Coaches will be recognized by the name of their registered Coach Business Center (CBC); first and last name for individual accounts or the applicable business entity name for business entity accounts. However, for business entity accounts, the registered individual contact for the applicable business account may contact Coach Relations and request that all recognition for that CBC be listed in that registered individual's name.

3.2 Advertising

3.2.1 General

All Coaches shall safeguard and promote the good reputation of Beachbody and its products. The marketing and promotion of Beachbody, the Team Beachbody Coach Business Opportunity, the Team Beachbody Coach Compensation Plan, and Beachbody products shall be consistent with the public interest, and must avoid all discourteous, illegal, offensive, deceptive, misleading, unethical or immoral conduct or practices. Upon notice from Beachbody, the Coach must immediately discontinue the prohibited conduct. In addition, the Company reserves the right to take additional disciplinary action against a Coach depending on the severity of the conduct.

To promote both the products and services, and the tremendous opportunity Beachbody offers, Coaches are encouraged to use the sales aids and support materials produced by Beachbody. The rationale behind this requirement is simple. Beachbody has carefully designed its products, product labels, Coach Compensation Plan, and promotional materials to ensure that each aspect of Beachbody is uniform, fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws. With regards to promotional materials, for example, T-shirts, caps, or other similar items, Coaches are permitted to include the Beachbody logos and product logos only following prior written approval from Compliance.

To further ensure the accuracy and consistency of advertising for both Beachbody products and the Business Opportunity, Coaches are not allowed to engage in any television or video advertising, and may not engage in any radio advertising which has not been preapproved in writing by the Company.

3.2.2 Coach Web Sites and Other Communications Facilities

If a Coach desires to utilize an Internet Web page or other online communication facility to promote his or her business, he or she may do so through his or her Team Beachbody-provided replicated Web site. Alternatively, Coaches may develop their own Web pages; however, any Coach who does so must act at all times in full conformance with these Policies and Procedures and must additionally: (a) accurately and faithfully use text replicated from the Company's official Web site; (b) ensure the accuracy, legality, and legitimacy of any and all content of his or her Web site with text from any source other than the Company; (c) not advertise the price of any Beachbody products or services at an amount less than that advertised by the Company on the official Company Web site; and (d) only enroll any new Coaches through his or her Team Beachbody-provided official Web site. Coaches who develop or publish their own Web sites must register each version of their sites(s), and all edits to their site(s), with the Company and receive written approval from the Company prior to the site's (sites') public availability. The failure to register constitutes a material breach of these Policies and Procedures. "Other online communication facility" includes, but is not limited to, blog sites, message boards, chat rooms, social networking sites, instant message services, and text messages.

In response to the recent endorsement and testimonial guidelines released by the Federal Trade Commission (effective as of December 1, 2009), the following guidelines list some critical elements for your marketing efforts. Please ensure that you familiarize yourself with and closely follow these guidelines, since liability can be found by both the endorser as well as the advertiser for any false or misleading advertising. Failure to comply with these terms will also be a breach of your Team Beachbody Coach Agreement.

If your Web site simply uses content or marketing elements that are clearly created by the Company, then it should be clear to consumers that you have a material connection with Team Beachbody as an Independent Team Beachbody Coach. A disclaimer stating this, conspicuously displayed within your Web site is the only additional disclosure necessary.

However, if you are creating your own copy, graphics, or any other advertising materials, including any that compare weight loss programs, products, and/or services, or if you are creating your own copy that reflects your experience, opinions, or beliefs using the Company's products, then you MUST (a) ensure that your materials are accurate, legal, and not misleading, and (b) conspicuously disclose that you are an Independent Team Beachbody Coach.

The disclosure must be prominent in size and color and easily legible, and close enough to the claims that it can be easily read by the consumer. Under the new guidelines, as an Independent Team Beachbody Coach, you are legally responsible for disclosing your connection with the Company by using the following disclaimer:

Disclaimer Copy: (Coach Name) is an Independent Team Beachbody Coach.

3.2.3 Trademarks, Copyrights, and Domain Names

Coaches may not use or attempt to register any of the following or their translations (in any language), whether alone or in combination with any other word(s), design(s), or symbol(s): (1) Beachbody's brand names, trade names, trademarks, service marks, product names, domain names, symbols, logos, or other identifiers or designations of origin of Beachbody ("Beachbody Marks"), a partial list of which is attached as Exhibit A; (2) anything confusingly or substantially similar to any of the Beachbody Marks as determined by Beachbody, including any portion of, modification to, or derivative of any of the Beachbody Marks, or (3) the word "Coach" by itself. This restriction includes any use of any of the above as or in connection with any symbols, keywords, advertisement buys, hidden text, or any other activities that are considered Internet optimization; as any Internet domain name (including, without limitation, as a sub-domain on the Team Beachbody Web site); or as the Coach's account name or user ID within any blogs, social networking Web sites, or any "posting" sites such as (but not limited to) Facebook, YouTube, My Space, Blogspot, Flickr, or Twitter; or as the numbers/designations within a Coach's phone number (for example, 1-800-BUY-P90X).

Beachbody does not allow the use of the Beachbody Marks by any person or entity, including Team Beachbody Coaches, without its prior, written permission. Any and all use of Beachbody Marks shall be consistent with the high-quality image used by Beachbody and associated with Beachbody Marks, and shall in no manner reflect adversely upon the good name of Beachbody or upon the goodwill and reputation associated with Beachbody, the Beachbody Marks, and Beachbody products or services. Beachbody will review all proposed and actual uses of Beachbody Marks to assure that the high quality associated with Beachbody Marks is being maintained, and reserves the right to deny or withdraw its consent for use of any Beachbody Marks in its sole discretion. Coaches may not do anything that impairs Beachbody's ownership of or the validity of Beachbody's Marks, and all benefits of any approved use of any Beachbody Marks inures to Beachbody. Any approval of use by Beachbody is specific to the individual requesting, and may not be transferred or licensed. Coaches may not translate the content of any Beachbody Mark into any foreign language for any purpose, including Web site content, advertising or other promotional purposes.

Coaches may not copy or produce for sale, distribution, or advertising any copyright-protected material owned by Beachbody or other Coaches, including recorded Company events and speeches, without express written permission from Beachbody or the individual Coach, nor may Coaches reproduce for sale or for personal use any such material including any written materials or recording of audio or video presentations. If a Coach utilizes or adopts Beachbody-produced or -owned materials in his or her promotional material, the Coach agrees that Beachbody shall have a license to use the material and shall not have any obligation to pay any form of remuneration or compensation to the Coach.
To the extent that Coaches become aware of any activity that may infringe on any trademark, copyright, or other intellectual property rights of Beachbody, Coaches should immediately inform Beachbody via email at compliance@TeamBeachbody.com. Coaches should not, and are not authorized to, act on Beachbody's behalf in such situations for many reasons; including that any action could harm Beachbody's ongoing enforcement efforts.

3.2.4 Use of Related Third Party Assets

Beachbody has and will continue to have business relationships with third party businesses and organizations (collectively "Beachbody Partners"). In certain circumstances, Beachbody may have a limited license to utilize particular trademarks, logos or other assets of one or more Beachbody Partners. Beachbody will place any trademarks, logos or other assets of the Beachbody Partners that Coaches may use within the Coach Online Office. Coaches' use of Beachbody Partners' material is restricted to the materials located in the Coach Online Office, and is limited by the specific guidelines set forth in both the Team Beachbody Coach Policies and Procedures and Coach

Online Office. Examples of such Beachbody Partners' material that may be available to Coaches include the Apple® logo or description of an iPhone® or other Apple device in relation to the forthcoming P90X® mobile application, or the ADA logo in relation to the ADA's endorsement of Kathy Smith's Project YOU! Type 2®. Please be aware that most Beachbody Partners have very strict requirements relating to any use of their materials. If a Coach wishes to use the intellectual property or other materials belonging to any Beachbody Partner in a manner outside of this policy, the Coach must submit the request to compliance@teambeachbody.com for further review.

3.2.5 Media and Media Inquiries

Coaches must not attempt to respond to media inquiries regarding Beachbody, its products or services, or their independent Beachbody business. All inquiries by any type of media must be immediately referred to Beachbody's Public Relations Department. This policy is designed to assure that accurate and consistent information is provided to the public, as well as a proper public image. Coaches may not publish or allow any third party to publish a press release or news release without obtaining prior written approval of the content and proposed channels by Beachbody's Compliance department. Proposed press or news releases may be submitted by email to compliance@teambeachbody.com. Coaches must request from the Company and execute the Coach License Agreement for Usage of Promotional Materials to receive authorization to utilize and edit Company promotional materials and intellectual property, including video, audio, and printed materials. Coaches may not in any manner copy, display, edit, or in any other manner exploit any content or other materials exclusively available to Team Beachbody Club Members (including, without limitation, Trainer Tips and exclusive videos), any Beachbody product videos (in whole or in part), or any other materials, except as expressly authorized by Beachbody. The completed License Agreement must be submitted to the Team Beachbody Production Department to receive authorization and the copies of requested digital assets. Any license may not be transferred or sublicensed by any Coach. Please note that charges may apply to provide such high-resolution digital assets.

3.2.6 Unsolicited Email

Beachbody does not permit Coaches to send unsolicited commercial emails, unless such emails strictly comply with applicable laws and regulations, including, without limitation, the federal CAN-SPAM Act. Any email sent by a Coach that promotes Beachbody, the Team Beachbody Coach Business Opportunity, or Beachbody products and services must comply with the following:

i. There must be a functioning return email address to the sender.
ii. There must be a clear and conspicuous notice in the email (in at least 10-point bold font) advising the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
iii. The email must include the Coach's physical mailing address.
iv. The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
v. The use of deceptive subject lines and/or false header information is prohibited.
vi. All opt-out requests, whether received by email or regular mail, must be promptly honored. If a Coach receives an opt-out request from a recipient of an email, the Coach must forward the opt-out request to the Company.

Team Beachbody may periodically send commercial emails on behalf of Coaches. By entering into the Coach Agreement, the Coach agrees that the Company may send such emails and that the Coach's name and physical and email addresses may be included in such emails as outlined above. Coaches shall honor opt-out requests generated as a result of such emails sent by the Company.

3.2.7 Unsolicited Faxes and Telephone Calls or Other Messaging

Except as provided in this section, Coaches may not use or transmit unsolicited faxes or use an automatic telephone dialing system relative to the operation of their Beachbody businesses. The term "automatic telephone dialing system" means equipment that has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers. The terms "unsolicited faxes" means the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting Beachbody, Team Beachbody, its products and services, its Compensation Plan, or any other aspect of the Company that is transmitted to any person, except that these terms do not include a fax or email: (a) to any

person with that person's prior express invitation or permission; or (b) to any person with whom the Coach has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two-way communication between a Coach and a person, on the basis of: (a) an inquiry, application, purchase, or transaction by the person regarding products offered by such Coach; or (b) a personal or familiar relationship, which relationship has not been previously terminated by either party. Coaches should be aware that marketing via mass text messaging and related text campaigns is highly regulated as such, Coaches using this form of marketing will be held fully responsible for being aware of and remaining in full compliance with, all laws, rules and regulations relating to the use of text messaging as a marketing or advertising tool. Further, any text message sent by a Coach relating to the promotion of their business or any Beachbody product or service must clearly identify the sender as an Independent Beachbody Coach.

3.2.8 Message Boards

Coaches shall be expressly prohibited from posting any messages (directly or through a third party) on the Team Beachbody and/or Beachbody Message Boards promoting or alluding to their Coach business opportunity in any manner (with the exception of the Team Beachbody Coach Business World Forum). The Beachbody and Team Beachbody Message Boards are maintained solely to offer support, guidance, and a team motivational atmosphere for those participating members. Accordingly, Coaches are **expressly prohibited** from using the Message Boards, or any other public support area of the Beachbody or Team Beachbody Web site, such as the Cooldown Chatroom, chats, or SuperGym invites or postings to poach, recruit, solicit, promote, or in any other manner encourage recruits, customers, visitors, or other Coaches, either directly or indirectly, enroll directly, or otherwise change downline organizations to be personally sponsored under that Coach. Any such messages will be promptly removed and will result in disciplinary sanctions against the Coach. Please note that by using any element of the Team Beachbody Web site, each Coach expressly agrees to the Terms of Use posted on the Web site, and violation of any of these Terms of Use provisions may lead to disciplinary action in accordance with these Policies and Procedures.

In addition, Coaches expressly agree to the following Message Boards Posting Guidelines, including as may be updated on the Web site:

Posting Guidelines

Usernames

Team Beachbody Coaches are prohibited from using "Team Beachbody" or "Coach" (or any similar, such as "Top Coach") only in their Message Boards screen name in accordance with Section 3.2.3 of the Policies and Procedures. For example, a Coach may choose a screen name of "Coach Bill," but may not use a screen name of only "Coach." Any Team Beachbody Coach found doing so will have their account suspended indefinitely.

Offensive Content

Posts containing profanity, racist comments, abusive or offensive statements, or comments of a sexual nature are prohibited and will be removed immediately.

Profile Links

Links to profile pages are not permitted unless they are posted in the Beachbody Coach Business forum. Links to profile pages posted in any other forums will be removed immediately.

Links

We will allow links to your favorite Team Beachbody threads and tools only. Members are prohibited from posting links that direct members away from the community forums. Posts containing these links will be removed immediately. In no way should the posted link be promoted or featured by the poster. This is especially true for "Coaching" threads started by Team Beachbody Coaches. Beachbody reserves the right to edit, remove, or suspend any post or thread considered in violation of this guideline.

Contact Information

In an effort to control spam, we do not allow users to post ANY contact information, including phone numbers, IM screen names, Web site links, signature blocks, and/or email addresses. Posts containing any of this information in ANY form shall be immediately edited or removed at the Moderators'/Administrators' discretions. Team Beachbody Coaches are expressly prohibited from posting contact information of ANY kind. Violation of this policy may lead to the immediate suspension of your Message Boards account.

Product Promotion

Members are not allowed to promote competitors' products (including supplements, videos, workout equipment, and beauty products). Members can discuss other non-Beachbody programs they are currently using or have used in the past.

Fitness Trainers

Members can post open and honest remarks about Beachbody products, but the remarks cannot be slanderous, false, defamatory, belligerent, or offensive, and they should not include personal attacks against any fitness trainer, Coach, member, product, service, or any other individual or company.

In its sole and absolute discretion, Beachbody Administration will hold for review any post that may contain any of these offenses prior to allowing it to be viewable. In an effort to maintain a community focused on wellness, support, and motivation, members are requested not to post identical posts in multiple threads and/or forums. Beachbody Administration reserves the right to restrict use of the Message Boards to any user without prior notification.

*Please note that all of these guidelines are in addition to the standard Terms and Conditions for the Web site and Coach Policies and Procedures, which include specific terms governing the use of the Message Boards. Please review the Terms of Use here: http://TeamBeachbody.com/tbb/terms-of-use/.

These rules are very important in maintaining the integrity and community nature of our Message Boards. Team Beachbody Coaches are expected to respect these guidelines and uphold the spirit of the community. As community leaders, Team Beachbody Coaches should encourage and nurture the growth of the community and protect the Beachbody vision, reputation, and goodwill. Any intentional or repeat violation of these guidelines may result in temporary or permanent revocation of any future posting on Message Boards, and may even result in termination of the user account and ban of any Web site access or privileges. The following shall not be in limitation of any judicial and/or law enforcement actions, which will be reported by Beachbody, and any Coach behavior in violation of these guidelines may lead to disciplinary action pursuant to the Coach Policies and Procedures.

3.3 Bonus Buying Prohibited

Bonus buying is strictly and absolutely prohibited. "Bonus buying" includes: (a) the enrollment of individuals or entities without the permission and/or knowledge of such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a Coach or Customer; (c) the enrollment or attempted enrollment of nonexistent individuals or entities as Coaches or Customers ("phantoms"); (d) purchasing Beachbody products or services on behalf of another Coach or Customer, or under another Coach's or Customer's I.D. number, to qualify for commissions or bonuses; or (e) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bona fide product or service purchases by end-user consumers.

The use of any individual's credit cards, debit cards, or other payment instruments to purchase products or service fees on the accounts of any other Coach or Customer other than two other immediate family members (defined as a parent, spouse, or child) is expressly prohibited. Similarly, subject to the allowance provided in the prior sentence, each Coach must maintain payment for their own account and may not use a third party's payment instrument to pay for their Beachbody products or services.

Upon the first discovery of any bonus buying, any Coach having a lifetime rank of Diamond or above may be assessed a $1,000 fine and any Coach having a lifetime rank of Ruby or below may be assessed a $250 fine, which will be deducted from the Coach's upcoming check(s). Diamond or above Coaches will also forfeit their right to participate in the next Star Diamond Production Bonus. Any further bonus buying will result in the immediate suspension or termination of that Coach's Beachbody Coach Business Center.

3.4 Business Entities

A corporation, limited liability company, partnership, or trust (collectively referred to in this section as a "Business Entity") may apply to be a Team Beachbody Coach by submitting its Certificate of Incorporation, Partnership Agreement, or trust documents (these documents are collectively referred to as the "Entity Documents") to Beachbody, along with a properly completed Business Entity Registration form. Any and all owners with more than a 5 percent ownership interest in a prospective Business Entity must be disclosed on the applicable Business Entity Registration Form that is submitted to Beachbody. Upon registration as a Business Entity, a Coach has 90 days to provide to Coach Relations a copy of the IRS letter verifying the business contact information and FEIN. If the IRS letter is not received within this timeframe, the Business Entity account will be placed on a temporary hold until such documentation is received. Any of the owners listed on the Business Entity Application, or any other individuals for which the Company has received written notice, are acceptable as managing individuals for the business account, provided that managing individuals may not separately own or manage other Coach Business Centers. Acceptable written notice is the submission of the Business Contact Update Form, which can be requested from Coach Relations. A Beachbody business may change its status under the same sponsor from an individual to a partnership, corporation, or trust, or from one type of entity to another. There is a $25.00 fee for each change requested; payment must be included with the written request and the completed Coach Application and Agreement. The Business Entity Registration form must be signed by all of the shareholders, partners, or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation to Beachbody. There must be a named primary contact person per Beachbody Coach account.

3.5 Changes to a Beachbody Business

3.5.1 General

Each Coach must immediately notify Beachbody in writing of all changes to the information contained on his or her Coach Application and Agreement, including whether the Coach or any member of the Coach's immediate family becomes an official of any government or government-controlled business. Coaches may make certain approved modifications of their existing Coach Agreement (e.g.., change Social Security number to Federal ID number, or change the form of ownership from an individual proprietorship to a business entity owned by the Coach) by submitting a written request, a properly executed Coach Application and Agreement, and appropriate supporting documentation.

3.5.2 Addition of Co-Applicants

When adding a co-applicant (either an individual or a business entity) to an existing Beachbody business, the Company requires both a written request as well as a properly completed Coach Application and Agreement containing both the applicant's and the co-applicant's Social Security numbers and signatures. To prevent the circumvention of Section 3.25 (regarding transfers and assignments of a Beachbody business), the original applicant must remain as a party to the original Coach Application and Agreement. If the original Coach wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 3.25. If this process is not followed, the business shall be canceled upon the withdrawal of the original Coach. All bonus and commission checks will be sent to the address of record of the original Coach. Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section 3.5.3, next. There is a $25.00 fee for each change requested, and payment must be included with the written request and the completed Coach Application and Agreement. Beachbody may, at its discretion, require notarized documents before implementing any changes to a Beachbody business. Please allow thirty (30) days after the receipt of the request by Beachbody for processing.

3.5.3 Change of Sponsor

To protect the integrity of all marketing organizations and safeguard the hard work of all Coaches, Team Beachbody strongly discourages changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Coach and marketing organization. Accordingly, the transfer of a Beachbody business from one sponsor to another is rarely permitted. Requests for change of sponsorship must be submitted in writing to the Coach Relations

Department, and must include the reason for the transfer. Transfers will only be considered in the following three (3) circumstances:

(a) In cases involving fraudulent inducement or unethical sponsoring, a Coach may request that he or she be transferred to another organization with his or her entire marketing organization intact. All requests for transfer alleging fraudulent enrollment practices shall be evaluated on a case-by-case basis at Beachbody's sole discretion. Such request must be made within sixty (60) days from the date on which the Coach was enrolled.

(b) Beachbody reserves the right, at its sole discretion, to move a Coach from one organization or personal sponsor to another if it deems necessary to maintain the intent of the Coaches involved and/or the integrity of the genealogy, including, without limitation, depending on hardship that may be incurred by the downline Coach. Coaches should be aware, however, that Beachbody will rarely authorize an organization or personal sponsor change request. Depending upon the conditions of such transfer request, Beachbody may require that the Coach who requests the transfer must submit a change fee of $50.00 for administrative charges and data processing. If the transferring Coach also wants to move any of the Coaches in his or her marketing organization, each downline Coach must also obtain a properly completed Sponsorship Transfer Form and return it to Beachbody with, if deemed necessary by Beachbody, the $50.00 change fee (i.e., the transferring Coach plus each Coach in his or her marketing organization multiplied by $50.00 is the cost to move a Beachbody business).

(c) A Coach may change sponsors within the first three business days after submitting his or her Coach Application and Agreement. To effectuate a sponsor change within such time, the Coach must complete an Independent Coach Cancellation Form and submit it together with a new Coach Application and Agreement which lists the new sponsor. The documentation must be received by Beachbody no later than 5:00 P.M. ET on the third business day following the Company's receipt of his or her original Coach Application and Agreement. If a Coach changes sponsors pursuant to this policy, the 6-month waiting period under Section 3.5.4 shall not apply. There will be no fee associated with the switch, but if the Coach has a downline in his or her original business, the downline Coaches will remain in their original positions and will not change lines of sponsorship unless they too meet the prerequisites and follow the procedures set forth in this section (c).

In cases where in the appropriate sponsorship change procedures have not been followed, or if Beachbody exercises its discretion to allow a Coach to change organizations, Beachbody reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors, or determining the proper placement of an individual or organization due to hardship, is often extremely difficult. Therefore, ANY AND ALL COACHES WAIVE ANY AND ALL CLAIMS AGAINST BEACHBODY AND ITS OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM BEACHBODY'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION, INCLUDING THAT: (1) DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP; (2) IS TRANSFERRED BASED ON BEACHBODY'S DETERMINATION THAT A HARDSHIP-BASED TRANSFER WAS APPROPRIATE; OR (3) WAS TRANSFERRED BY BEACHBODY AS NECESSARY FOR ANY TECHNICAL CORRECTIONS OR BUSINESS ADJUSTMENTS.

3.5.4 Cancellation and Reapplication

A Coach may legitimately change organizations by voluntarily cancelling his or her Beachbody business and remaining inactive (i.e., no purchases of Beachbody products for resale, no sales of Beachbody products, no sponsoring, no attendance at any Beachbody functions, no participation in any other form of Coach activity, and/or no operation of any other Beachbody business) for six (6) full calendar months. Following the 6-month period of inactivity, the former Coach may reapply under a new sponsor.

If a Coach cancels his or her business, he or she need not wait six (6) calendar months before reenrolling if: (a) he or she reenrolls under the same sponsor he or she had at the time he or she canceled; and (b) that sponsor has not changed lines of sponsorship during the period during which the Coach was canceled. The Coach who reenrolls must start his or her business anew, and will not be entitled to his or her prior position in the genealogy.

3.6 Unauthorized Claims and Actions

3.6.1 Indemnification

A Coach is fully responsible for all of his or her verbal (both live and recorded) and written statements made regarding Beachbody products, services, marketing materials, and the Coach Compensation Plan that are not expressly contained in official Beachbody materials. Coaches agree to indemnify Beachbody and Beachbody's directors, officers, employees, and agents, and hold them harmless from any and all liability, including judgments, civil and criminal penalties, refunds, attorney's fees, court costs, reputational injury, or lost business, incurred as a result of the Coach's representations or actions, and/or any violation of any provision of the Agreement. This provision shall survive the termination of the Coach Agreement.

3.6.2 Product Claims

No claims (which include personal testimonials) as to therapeutic, curative, or diagnostic properties of any products offered by Beachbody may be made except those specific claims contained in official Team Beachbody literature. Such claims may only be repeated or republished in exactly the same format as that published by the Company and the claim must be republished in its totality. In particular, no Coach may make any claim that Beachbody products are useful in the cure, treatment, diagnosis, mitigation, or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate Beachbody policies, but they potentially violate federal and state laws and regulations, including the Federal Food, Drug, and Cosmetic Act and the Federal Trade Commission Act.

3.6.3 Income Claims

The Federal Trade Commission and several states have laws or regulations that regulate or even prohibit certain types of income claims and testimonials made by persons engaged in network marketing. While Coaches may believe it beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact Team Beachbody as well as the Coach making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Accordingly, Coaches may only make income statements, claims, or projections (including the showing of checks, copies of checks, bank statements, or tax records) that they know are accurate (such as about their own income or that of other Coaches that they would have actual proof to support), and they must include the following mandatory statement in all written and promotional materials, or online or live presentations:

Beachbody does not guarantee any level of success or income from the Team Beachbody Coach Opportunity. Each Coach's income depends on his or her own efforts, diligence, and skill. See our Statement of Independent Coach Earnings located on the Coaches Corner on TeamBeachbody.com for the most recent information on our Coaches' actual incomes.

The Statement of Independent Coach Earnings can be found at
http://www.beachbodycoach.com/uploads/fckeditor/mdbody/File/downloads/statement_of_independent_coach_earnings.pdf

Because income and/or earnings statements are regulated by government agencies, failure to prominently present the above disclaimer or any other disclaimer approved by Beachbody will result in disciplinary proceedings that may include, without limitation, suspension or termination of the Coach Business Center. In addition, Coaches should, whenever possible, present new business prospects with a copy of the current Statement of Independent Coach Earnings for their review.

3.7 Commercial/Retail Outlets

Team Beachbody strongly encourages the retailing and selling of products and services through direct contact with customers. In an effort to reinforce this method of marketing and to help provide a standard of fairness for its Coach base, Coaches may not sell or facilitate the sale of Beachbody products in any public retail or service establishment, except Coaches are only permitted to display and sell Beachbody products in commercial or retail establishments that solely sell or provide services to private clientele. Examples of these limited locations include doctors' offices, gyms, and workout studios. In no instance, however, shall any signs, flyers, or displays advertising the sale of Beachbody products be displayed in such a manner that they are visible from the street, or otherwise designed to

entice people from the street or general public for the purpose of retail sales. Except as provided in Section 3.8 below, Coaches are **not** permitted to conduct retail sales, or facilitate retail sales, of Beachbody products out of or to mall stores, kiosks, food establishments, discount stores, or buying clubs, or any other general public retail or commercial outlets. Fitness instructors and trainers can also be Team Beachbody Coaches, but cannot incorporate Beachbody workout programs as part of their own exercise programs within fitness establishments (whether in a gym, community center, or other locations). While fitness classes may reference Beachbody product–inspired exercises, such as "plyometrics" and "kenpo," they can never use any Beachbody trademark (such as "Beachbody classes" or "P90X circuit") in the name and/or description of the class, and may never play any Beachbody programs for any such classes.

3.8 Trade Shows, Expositions, and Other Sales Forums

Coaches may display and/or sell Beachbody products and the Coach Business Opportunity at trade shows and professional expositions. Before submitting a deposit to the event promoter, Coaches are encouraged to contact the Compliance Department in writing to obtain Beachbody's approval. Coaches must always act in a professional and supportive manner at any such events. Beachbody must pre-approve all advertising material that the Coach who received approval to display at the event wishes to use. Any requests to participate in future events must again be submitted to the Compliance Department. Beachbody further reserves the right to refuse authorization to participate at any function it does not deem a suitable forum for the promotion of its products, services, or the Coach Business Opportunity. Approval will not be given for swap meets, garage sales, online auctions, or flea markets, as these events are not conducive to the professional image Beachbody wishes to portray.

3.9 Conflicts of Interest

3.9.1 Non-solicitation

Team Beachbody Coaches are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively "network marketing"). However, Coaches may not recruit other Team Beachbody Coaches or Customers for any other network marketing business. The term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly or through a third party, another Team Beachbody Coach or Customer to enroll or participate in another network marketing opportunity. This conduct constitutes recruiting even if the Coach's actions are in response to an inquiry made by another Coach or Customer.

Following the cancellation of this Agreement, and for a period of six (6) months thereafter, with the exception of a Coach's personally sponsored Coaches, a former Coach may not recruit any Team Beachbody Coach or Customer for another network marketing business.

Coaches and the Company recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Coaches and Beachbody agree that this non-solicitation provision shall apply to all markets in which Beachbody conducts business.

Coaches may not advertise, sell, or attempt to sell any competing non-Beachbody programs, products, or services to Beachbody Customers or Coaches on a Beachbody provided or Beachbody dedicated website. Any program, product, or services in the same generic category as Beachbody products or services is deemed to be competing, regardless of differences in cost, quality, or ingredient content.

Coaches employing Facebook, independently operated websites and other forms of social media may not actively solicit fellow Beachbody Coaches or customers for any other network marketing opportunity and may not proactively engage any Beachbody Coach or customer as a part of building another network marketing organization.

Coaches may not display Beachbody promotional material with any other promotional material, products, or services in a fashion that might in any way confuse or mislead a prospective Customer, Coach, or member of the public into believing there is a relationship between the Beachbody and non-Beachbody products or services.

Coaches may not advertise, offer, or sell the Beachbody Coach Business Opportunity, products, or services to prospective or existing Customers or Coaches or to the public in conjunction with any non-Beachbody program, opportunity, product, or service. Coaches may not offer any non-Beachbody Coach Business Opportunity, products, or services at any Team Beachbody-related meeting, seminar, or convention, or immediately following such event.

Coaches found in violation of this policy may face the suspension and/or termination of their Beachbody Coach account.

3.9.2 Participation in Multiple Earnings Opportunities

Individuals who opt to maintain Beachbody as their exclusive network marketing opportunity are provided with a number of benefits which may enhance their Coaching role and dedication. A key benefit includes Coaches being assigned leads through the various lead wheel and new lead generation programs, including the customer lead wheel, the Coach Connection program and the Success Club lead wheel.

Individuals who choose to participate in another network marketing opportunity in addition to your role as a Beachbody Coach will no longer be eligible to receive any leads.

3.9.3 Policy Violations by Members of Coach Household

Pursuant to Section 3.23 (Actions of Household Members or Affiliated Individuals), Team Beachbody Coaches who have family members or other individuals living in their immediate household who are engaged in other network marketing opportunities will be held liable for the activities of these individuals should those individuals violate the Team Beachbody Coach Policies & Procedures. The resulting disciplinary action may include the suspension and/or termination of the Coach's business center.

3.9.4 Downline Activity (Genealogy) Reports

Downline Activity Reports are available for Coach access and viewing through the Coach's replicated Web portal provided by the Company. Coaches' access to their Downline Activity Reports is password protected. All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to Beachbody. Downline Activity Reports are provided to Coaches in strictest confidence, and are made available to Coaches for the sole purpose of assisting Coaches in working with their respective downline organizations in the development of their Beachbody business. Coaches should use their Downline Activity Reports to assist, motivate, and train their downline Coaches. The Coach and Beachbody agree that, but for this agreement of confidentiality and nondisclosure, Beachbody would not provide Downline Activity Reports to the Coach. A Coach shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation, or other entity:

(a) Directly or indirectly disclose any information contained in any Downline Activity Report to any third party
(b) Directly or indirectly disclose the password or other access code to his or her Downline Activity Report
(c) Use the information to compete with Beachbody or for any purpose other than promoting his or her Beachbody business
(d) Recruit or solicit any Coach or Customer of Beachbody listed on any report, or in any manner attempt to influence or induce any Coach or Preferred Customer of Beachbody to alter their business relationship with Beachbody; or
(e) Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Downline Activity Report.

Upon demand by the Company, any current or former Coach will return the original and all copies of Downline Activity Reports to the Company. At the Company's sole discretion and without prior notice, the Company may terminate a Coach's access to his or her replicated Web portal and tools.

3.10 Targeting Other Direct Sellers

Beachbody does not condone Coaches' specifically or consciously targeting the sales force of another direct sales company to sell Beachbody products or to become Coaches for Beachbody, nor does Beachbody condone Coaches' solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Coaches engage in such activity, they bear the risk of being sued by the

other direct sales company. If any lawsuit, arbitration, or mediation is brought against a Coach alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, Beachbody will not pay any of the Coach's defense costs or legal fees, nor will Beachbody indemnify the Coach for any judgment, award, or settlement.

3.11 Cross-Sponsoring

Actual or attempted Cross-Sponsoring is strictly prohibited. "Cross-Sponsoring" is defined as the enrollment of an individual who or entity that already has a current Customer or Coach Agreement on file with Beachbody, or who has had such an agreement within the preceding six (6) calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, Federal ID numbers, or fictitious ID numbers to circumvent this policy is prohibited. Coaches shall not demean, discredit or defame other Team Beachbody Coaches in an attempt to entice another Coach to become part of the first Coach's marketing organization. This policy shall not prohibit the transfer of a Beachbody business in accordance with Section 3.25.

If Cross-Sponsoring is discovered, it must be brought to the Company's attention immediately. Beachbody may take disciplinary action against the Coach who changed organizations and/or those Coaches who encouraged or participated in the Cross-Sponsoring. Beachbody may also move all or part of the offending Coach's downline to his or her original downline organization if the Company deems it equitable and feasible to do so. However, Beachbody is under no obligation to move the Cross-Sponsored Coach's downline organization, and the ultimate disposition of the organization remains within the sole discretion of Beachbody. Coaches waive all claims and causes of action against Beachbody arising from or relating to the disposition of the Cross-Sponsored Coach's downline organization.

3.12 Errors or Questions

If a Coach has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Coach must notify Beachbody in writing within 60 days from the date on which the purported error or incident in question occurred. Coaches waive claims for any errors, omissions, or problems not reported to the Company within sixty (60) days.

3.13 Governmental Approval or Endorsement

Neither federal nor state regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Coaches shall not represent or imply that Beachbody or its Coach Compensation Plan have been "approved," "endorsed," or otherwise sanctioned by any government agency.

3.14 Identification

All Coaches are required to provide their Social Security number, or a Federal Employer Identification number, to Beachbody on the Coach Application and Agreement. Upon enrollment, the Company will provide a unique Coach Identification Number to the Coach by which he or she will be identified. This number will be used to place orders, and track commissions and bonuses. Failure to provide accurate information will cause delays in processing applications and issuing checks. If information is fraudulently submitted, it will result in disciplinary sanctions against the Coach.

3.15 Income Taxes

Each Coach is responsible for paying local, state, and federal taxes on any income generated as an Independent Coach. If a Beachbody business is tax-exempt, the Federal Tax Identification number must be provided to Beachbody. Every year, Beachbody will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. individual or entity that: 1) had earnings of over $600 in the previous calendar year; or 2) made purchases during the previous calendar year in excess of $5,000.

3.16 Independent Contractor Status

Coaches are independent contractors, and are not purchasers of a franchise or a business opportunity. The agreement between Beachbody and its Coaches does not create an employer/employee relationship, agency, partnership, or

joint venture between the Company and the Coach. A Coach shall not be treated as an employee for his or her services or for federal or state tax purposes. All Coaches are responsible for paying local, state, and federal taxes due from all compensation earned as a Coach of the Company. The Coach has no authority (expressed or implied), to bind the Company to any obligation. Each Coach shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Coach Agreement, these Policies and Procedures, and applicable laws.

The name of Beachbody and other names as may be adopted by Beachbody, including, but without limitation, "Beachbody" and any of the products or services offered by Beachbody are proprietary trade names, trademarks, and service marks of Beachbody. As such, these marks are of great value to Beachbody and are licensed or supplied to Coaches for their own use only in an expressly authorized manner. Use of the Beachbody name, or any trademarks or service marks owned or controlled by Beachbody on any item not produced by the Company, is prohibited except as follows:

Coach's Name
Independent Team Beachbody Coach

All Coaches may list themselves as an "Independent Team Beachbody Coach" in the white or yellow pages of the telephone directory or applicable online forums, including but not limited to online forums, banners, listings, and display ads. Coaches must also identify themselves in this fashion in email signatures and cell phone text messages under their own name. No Coach may place telephone directory display ads using Beachbody's name or logo. Coaches may not answer the telephone by saying "Beachbody," "Beachbody Incorporated," or in any other manner that would lead the caller to believe that he or she has reached the corporate offices of Beachbody.

3.17 Insurance

You may wish to arrange insurance coverage for your business. Your homeowner's insurance policy does not cover business-related injuries, or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain your business property is protected. This can often be accomplished with a simple "Business Pursuit" endorsement attached to your present home owner's policy.

3.18 International Marketing

Because of critical legal and tax considerations, Beachbody must limit the advertising and resale of Beachbody products and services, and the presentation of the Beachbody business, to Prospective Customers and Coaches located within the United States and U.S. Territories, and those other countries where the Company has announced it has officially opened for business. Moreover, allowing a few Coaches to conduct business in markets not yet opened by Beachbody would violate the concept of affording every Coach the equal opportunity to expand internationally.

Accordingly, Coaches are authorized to sell Beachbody products and services, and enroll Customers or Coaches only in the countries in which Beachbody is expressly authorized and permitted to conduct its network marketing business, as announced in official Company literature. Coaches may sell, give, transfer, or distribute Beachbody products or sales aids only in their home country. In addition, no Coach may, in any unauthorized country: (a) conduct sales, enrollment, or training meetings; (b) enroll or attempt to enroll Potential Customers or Coaches; or (c) conduct any other activity for the purpose of selling Beachbody products, establishing a marketing organization, or promoting the Team Beachbody Coach Business Opportunity.

3.19 Inventory Loading

Coaches must never purchase more products than they can reasonably use or sell to retail customers in a month, and must not influence or attempt to influence any other Coach to buy more products than they can reasonably use or sell to retail customers in a month.

3.20 Adherence to Laws and Ordinances

3.20.1 Local Ordinances

Many cities and counties have laws regulating certain home-based businesses. In many cases, these ordinances may not be applicable to Coaches because of the nature of their business. However, Coaches must obey those laws that do apply to them. If a city or county official tells a Coach that an ordinance applies to him or her, the Coach shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of Beachbody. In many cases there are exceptions to the ordinance that may apply to Team Beachbody Coaches.

3.20.2 Compliance with Federal, State, and Local Laws

Coaches shall comply with all federal, state, and local laws and regulations in the conduct of their businesses.

3.20.3 Compliance with Anti-Bribery Laws

Anti-bribery laws represent additional federal, state, and local laws with which each Coach must strictly comply if transacting any international business or otherwise dealing with any government official or regulator. Specifically, in conducting his or her business under this Agreement, Coaches may not pay, offer or promise to pay, or directly or indirectly authorize the payment of any money, gift, or anything of value to any government official (including, without limitation, any officer or employee of a government at any level, any officer or employee of an entity controlled to any extent by a government, a public international organization, a person acting in an official capacity for or on behalf of any such government or public international organization, a candidate for political office, a political party or party official) for the purpose of influencing any act or decision of such official or to obtain or retain business.

3.21 Minors

A person who is recognized as a minor in his or her state of residence may not be a Team Beachbody Coach. Coaches shall not enroll or recruit minors into the Beachbody program.

3.22 No More than One Beachbody Business per Coach

A Coach may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one unique Beachbody business. For purposes of clarification, no individual may have, operate, or receive compensation from more than one unique Beachbody business (such as owning an interest in both a business entity Beachbody business and an individual Beachbody business), and as such, each unique Beachbody business must have its own unique Social Security Number or Federal Employer Identification Number, as applicable. For purposes of clarity, a unique Beachbody business shall mean a separate Beachbody business and shall not apply to additional Coach Business Centers opened in accordance with the Team Beachbody Coach Compensation Plan. Accordingly, any individual Beachbody business must be registered exclusively to the individual's Social Security Number, and any business entity Beachbody business must be registered exclusively to that business's Federal Employer Identification Number. It is expressly prohibited to use a Federal Employer Identification Number on a Beachbody business which is not formally controlling the applicable Coach Business Center, or for an individual to use a Federal Employer Identification Number for a Coach Business Center in which they do not have a personal controlling interest. Notwithstanding the foregoing, owning common stock as a shareholder (including through a mutual fund) without receiving any other direct form of compensation shall not be deemed as having an ownership interest in such entity.

3.23 Actions of Household Members or Affiliated Individuals

If any member of a Coach's immediate household engages in any activity that, if performed by the Coach, would violate any provision of the Agreement, such activity will be deemed a violation by the Coach, and Beachbody reserves the right to take disciplinary action pursuant to the Statement of Policies against the Coach. Similarly, if any individual associated in any way with a corporation, partnership, trust, or other entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and Beachbody likewise reserves the right to take disciplinary action against the entity.

3.24 Requests for Records

Any request from a Coach for hard copies of invoices, applications, Downline Activity Reports, or other records will require a fee of $1.00 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of records.

3.25 Sale, Transfer, or Assignment of a Beachbody Business

Although a Beachbody business is a privately owned, independently operated business, for the sale, transfer, or assignment of a Beachbody business, the buyer and seller must act so as to minimize any disruption within the organization. If a Coach wishes to sell or transfer his or her Beachbody business, the following criteria must be taken into account:

- Protection of the existing line of sponsorship must always be maintained so the Beachbody business continues to be operated in that line of sponsorship.
- The buyer or transferee must be or become a Team Beachbody Coach concurrent with the sale or transfer. However, if the buyer currently is, or within the prior four (4) months has been, an active Team Beachbody Coach, he or she must first terminate his or her Beachbody business and wait six (6) calendar months before acquiring any interest in the new Beachbody business.
- Before the sale, transfer, or assignment can be finalized and approved by Beachbody, any debt obligations the selling Coach has with Beachbody must be satisfied. This includes, if applicable, becoming current with any fees due. In addition, a Transfer request must be signed by both the transferring Coach and the Coach receiving the CBC, which specifies the existing placement and retention of the CBC in the genealogy. Once the transfer is completed, the CBC placement is considered fixed and will not be subject to any further movement, except in accordance with the terms of this section (3.25).
- Both the selling and the acquiring Coach must be in good standing and not in material violation of any of the terms of the Agreement for the preceding twelve (12) months in order to be eligible to sell, transfer, or assign a Beachbody business.

Prior to selling a Beachbody business, the selling Coach must notify Beachbody's Coach Operations Department of his or her intent to sell the Beachbody business and receive the Company's prior written approval. The buyer must also complete the entire Coach Application and registration process. Upon transfer of the business, the buyer will be required to pay any fees associated with becoming a Coach for the first time, or fees needed to bring the business to a current status. The Company reserves the right to deny any application for sale or transfer of a business at its final and sole discretion. For the avoidance of doubt, preexisting CBCs may not be transferred to Double Star or above Diamond Coaches as a way of establishing a new CBC. A Coach may not sell, transfer, or assign individual business centers; if a business is sold, transferred, or assigned, all business centers must be included in the transaction.

3.26 Separation of a Beachbody Business

Team Beachbody Coaches sometimes operate their Beachbody businesses as husband-wife partnerships, regular partnerships, corporations, or trusts. At such time as a marriage may end in divorce, or a corporation, partnership, or trust (the latter three entities are collectively referred to herein as "entities") may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Coaches and the Company, Beachbody may terminate the Coach's Agreement involuntarily.

During the divorce or entity dissolution process, the parties must adopt one of the following methods of operation:

- One of the parties may, with written consent of the other(s), operate the Beachbody business pursuant to an assignment in writing (a copy of which must be submitted to the Company) whereby the relinquishing spouse, shareholders, partners, or trustees authorize Beachbody to deal directly and solely with the other spouse or non-relinquishing shareholder, partner, or trustee; or
- The parties may continue to operate the Beachbody business jointly on a "business-as-usual" basis, whereupon all compensation paid by Beachbody will be paid according to the status quo as it existed prior to the divorce filing or dissolution proceedings. This is the default procedure if the parties do not agree on the format set forth above.

Under no circumstances will the downline organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Beachbody split commission and bonus checks between divorcing

spouses or members of dissolving entities. Beachbody will recognize only one downline organization and will issue only one commission check per Beachbody business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business, the Coach Agreement shall be involuntarily canceled.

If a former spouse has completely relinquished all rights in their original Beachbody business, they are immediately thereafter free to enroll under any sponsor of their choosing, and need not meet the waiting period requirements set forth in Section 3.5.4. In such case, however, the former spouse or partner shall have no rights to any Coaches in their former organization or to any former retail customer. They must develop the new business in the same manner as would any other new Coach. In cases of business entity dissolutions, a former business entity partner, member, shareholder, or other affiliate who loses his or her interest in the Beachbody business must wait six (6) months as specified in Section 3.5.4 before enrolling again as a Coach.

3.27 Sponsoring

All active Coaches in good standing have the right to sponsor and enroll others into Beachbody. Each Prospective Customer or Coach has the ultimate right to choose his or her own sponsor. If two Coaches claim to be the sponsor of the same new Coach or Customer, the Company shall regard the first properly completed application received by the Company as controlling. If a prospective Coach contacts the Company and requests that a sponsor be assigned to him or her, the Company reserves the sole and final discretion regarding where to place the prospect within the genealogy. If a new Coach enrolls without selecting a sponsor at the time of enrollment, the Company may either place or randomly assign the new Coach within the genealogy in its sole and final discretion.

3.28 Succession

Upon the death or incapacitation of a Coach, his or her business may be passed to his or her heirs, even if such successor is already a Team Beachbody Coach. Accordingly, a Coach should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a Beachbody business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Coach's marketing organization provided the following qualifications are met:

3.28.1 Transfer upon Death of a Coach

To effect a testamentary transfer of a Beachbody business, the successor must provide the following to Beachbody: (1) an original death certificate; (2) a notarized copy of the will or other instrument establishing the successor's legal right to the Beachbody business; and (3) a completed and executed Coach Agreement by the successor. In the event that the successor is currently a Team Beachbody Coach, the successor Coach will be granted an exception and allowed two Coach Business Centers (CBCs).

3.28.2 Transfer upon Incapacitation of a Coach

To effectuate a transfer of a Beachbody business because of incapacity, the successor must provide the following to Beachbody: (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the Beachbody business; and (3) a completed Coach Agreement executed by the trustee.

3.28.3 Procedures

In all succession cases:

- The successor must execute a Coach Agreement;
- The successor must comply with terms and provisions of the Agreement;
- The successor must meet all qualifications for the deceased Coach's status.
- The bonus and commission checks of a Beachbody business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide Beachbody with an authorized trustee and an address of record to which all bonus and commission checks will be sent; and
- If the business is bequeathed to joint devisees, they must form a business entity and acquire a Federal Taxpayer Identification number or appoint a single recipient within 60 days from the date of the death of the deceased Coach. If the business is placed into and remains in probate for a period of more than fifteen (15) days, the

Company reserves the right to cancel the original Coach Agreement. Beachbody will issue all bonus and commission checks and one IRS FORM 1099 MISC to the business entity.

3.29 Telemarketing Techniques

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. Although Beachbody does not consider Coaches to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the terms "telemarketer" and "telemarketing" so that your inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (including some penalties up to $11,000 per violation). All penalties will be at the Coach's sole expense and liability, including but not limited to if they are assessed directly against Beachbody due to any Coach's noncompliance.

Therefore, Coaches must not engage in prohibited telemarketing in the operation of their Beachbody businesses, and must not make repeat or harassing phone calls to Prospective Coaches or Customers. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of a Beachbody product or service, or to recruit them for the Team Beachbody Coach Business Opportunity. "Cold calls" made to Prospective Customers or Coaches to promote either Beachbody's products or services or the Beachbody Coach Business Opportunity constitute telemarketing and are prohibited. However, a telephone call(s) placed to a Prospective Customer or Coach (a "prospect") is permissible under the following situations:

- If the Coach has an established business relationship with the prospect. An "established business relationship" is a relationship between a Coach and a prospect based on the prospect's purchase, rental, or lease of goods or services from the Coach, or a financial transaction between the prospect and the Coach, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.
- The prospect's personal inquiry or application regarding a product or service offered by the Coach, within the three (3) months immediately preceding the date of such a call.
- If the Coach receives written and signed permission from the prospect authorizing the Coach to call. The authorization must specify the telephone number(s) the Coach is authorized to call.
- You may call family members, personal friends, and acquaintances. An "acquaintance" is someone with whom you have at least a recent first-hand relationship within the preceding three (3) months. Bear in mind, however, that if you make a habit of "card collecting" with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling "acquaintances," you must make such calls on an occasional basis only and not make this a routine practice.
- In addition, Coaches shall not use automatic telephone dialing systems relative to the operation of their Beachbody businesses. The term "automatic telephone dialing system" means equipment which has the capacity to:
  - (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) dial such numbers.

3.29.1 Prerecorded Messages

By participating as a Coach and agreeing to the Agreement, you authorize Beachbody to place prerecorded telephone messages to the telephone number(s) you provided in your Team Beachbody Coach Application and Agreement.

3.30 Online Conduct

Coaches shall be expressly prohibited from engaging in any fraudulent, harassing, offensive or any other form of prohibited conduct on or through any online or electronic forum, including without limitation through blogs, message forums, Web sites, text messages, instant messages, electronic mail, message boards, and social networking sites.

3.31 Message Boards

No Coach may use any electronic tools or forums or Web sites provided by Beachbody to advertise, promote, solicit, or otherwise conduct any third-party businesses, activities, and/or any other third-party business opportunities at any time.

3.32 Online Auctions, Marketplaces, Social Networking, Keywords, and Shop Sites

Coaches may not offer or facilitate the offering of Beachbody products on or through any online auction or classified site, including but not limited to eBay, iOffer, and/or Craigslist, or any online marketplace, such as Amazon Marketplace. Coaches may enlist the storefront application within Facebook and other social networking sites based upon the guidance provided within the Coaches Online Office. As with any independent Web site a Coach establishes for their Beachbody business, storefronts must be approved by the Compliance department. Coaches may submit their request for this approval via email to compliance@TeamBeachbody.com.

Coaches may use online marketplaces and social networking sites simply to advertise the Beachbody Coach Business Opportunity, but must always identify themselves as an Independent Team Beachbody Coach in each of these forums. Similar to Web site advertising, any title or content of any social networking Web site, account or other forums cannot in any manner imply that the forum and/or its content is coming directly from or is in any manner sponsored or endorsed by the Company.

Additionally, Coaches are expressly prohibited from buying or otherwise using any Keywords, Sponsored Links, and/or Adword buys that include any Company trademarks or other prohibited terms as defined in Exhibit A, on any search engines, Web sites or any other online marketplaces (including Facebook and other social media outlets). Similarly, Coaches are prohibited from listing or advertising on shopping comparison sites or similar product price search engines where the Coach must purchase any placement or listing (including but not limited to Shopzilla and NextTag), and must abide by the stated policies and prohibitions contained on any free registration shopping sites (including but not limited to Google Product Search).

3.33 Organization and Management of Your Beachbody Fit Club

As part of their opportunity to help other people try Beachbody products and achieve their fitness goals, Coaches are able to organize, host and manage their own Beachbody Fit Club. Coaches who intend to organize and facilitate a Beachbody Fit Club must abide by the guidelines set forth in the Coach Online Office, as well as strictly adhering to the following points:
When promoting and conducting a Beachbody Fit Club, the hosting Coach must always identify themselves as an Independent Team Beachbody Coach.

Coaches must offer a random selection of Beachbody programs for the Fit Club guest to sample during any weekly gathering. Playing an entire fitness program in the workout order provided and over the duration of the entire fitness program (i.e., the precise 90 days of P90X or 6 weeks of Slim in 6) is expressly prohibited.

The Fit Club may only consist of a Coach describing and playing the Beachbody DVDs for a group workout. **AT NO TIME MAY A COACH ACT AS A FITNESS OR ANY OTHER TYPE OF INSTRUCTOR IN ANY FIT CLUB WORKOUT AND MAY NOT TEACH A FIT CLUB WITHOUT A DVD IN USE.**

Coaches may not require a guest to pay simply to attend the Beachbody Fit Club and only complete a Beachbody workout, however a Coach may ask for a financial donation from the guest (a) to cover the cost of the facility rental where the Beachbody Fit Club is held, or (b) if these guests wish to be served any supplements or consumables such as Shakeology® or P90X® Results & Recovery Formula) following the workout.

Each Coach promoting or conducting a Beachbody Fit Club expressly understands and agrees that the Company in no manner endorses, sponsors, or promotes any Fit Club (or related activity) offered by any Coach.

When promoting or conducting any Beachbody Fit Club, each Coach expressly agrees to indemnify, defend, and hold harmless the Company and its successors, assigns, affiliates, members, officers, and employees from any and all claims, causes of action, injuries, losses, damages, judgments, costs, or expenses, including attorney's fees, arising in any manner from the respective Coach's Fit Club.

SECTION 4
RESPONSIBILITIES OF COACHES

4.1 Change of Address or Telephone

To ensure timely delivery of products, support materials, and commission checks, it is critically important that Beachbody's files are current. Street addresses are required for shipping, because UPS cannot deliver to a post office box. Coaches planning to move should send their new address and telephone numbers to Beachbody's Corporate Offices, to the attention of the Coach Relations Department. To guarantee proper delivery, two-week advance notice must be provided to Beachbody of all changes.

4.2 Continuing Development Obligations

4.2.1 Ongoing Training

Any Coach who sponsors and enrolls another Coach into Beachbody must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her Beachbody business. Coaches must have ongoing contact and communication with the Coaches in their downline organizations. Examples of such contact and communication may include but are not limited to newsletters, written correspondence, personal meetings, telephone contact, voicemail, electronic mail, and the accompaniment of downline Coaches to Team Beachbody meetings, training sessions, and other functions. Upline Coaches are also responsible to motivate and train new Coaches in Beachbody product knowledge, effective sales techniques, the Team Beachbody Coach Compensation Plan, and compliance with Company Policies and Procedures. Communication with and training of downline Coaches must not, however, violate Section 3.2 (regarding the development of Coach-produced sales aids and promotional materials).

Coaches must monitor the Coaches in their downline organizations to ensure that downline Coaches do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every Coach should be able to provide documented evidence to Beachbody of his or her ongoing fulfillment of the responsibilities of a sponsor.

4.2.2 Increased Training Responsibilities

As Coaches progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the Beachbody program. They may be called upon to share this knowledge with less-experienced Coaches.

4.2.3 Ongoing Sales Responsibilities

Regardless of their level of achievement, Coaches have an ongoing obligation to continue to personally promote sales through the generation of new Customers and through servicing their existing Customers.

4.3 Non-disparagement

Team Beachbody wants to provide its independent Coaches with the best products, compensation plan, and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Beachbody Coach Relations Department. Remember, to best serve you, we must hear from you! While Beachbody welcomes constructive input, negative comments and remarks made in any forum (online, written, or in the field) by Coaches about the Company, its products, or its compensation plan serve no purpose other than to sour the enthusiasm of other Team Beachbody Coaches. For this reason, and to set the proper example for their downline, Coaches must not disparage, demean, or make negative remarks about Beachbody, other Team Beachbody Coaches, Beachbody's products, the Team Beachbody Coach Compensation Plan, or Beachbody's directors, officers, or employees.

4.4 Providing Documentation to Applicants

Coaches must provide the most current version of the Policies and Procedures and the Beachbody Team Compensation Plan to individuals whom they are sponsoring to become Coaches before the applicant signs a Coach Agreement. Additional copies of the most current Policies and Procedures can be downloaded from Team Beachbody's Web site.

4.5 Reporting Policy Violations or Fraudulent Activity

Coaches observing a Policy violation by another Coach should submit a written report of the violation directly to the attention of the Beachbody Compliance Department. Details of the incidents, such as dates, number of occurrences, persons involved, and any supporting documentation, should be included in the report. Emails should be sent to compliance@TeamBeachbody.com.

4.6 Team Beachbody Lead Programs

The company engages in various marketing activities that are directed at the Beachbody network customer database (those customers who have purchased through infomercials or other direct response channels). In the event the offer is associated with a network product, these customers are assigned a Coach through our various lead programs. We encourage the Coach to engage with these customers to ensure that they are getting the most out of their products, and to potentially connect them with other products which might help them achieve their goals.

4.6.1 Customer Lead Program

When a Beachbody customer or a customer not associated with a Coach elects to join Team Beachbody, either as a paid or free member, they are assigned to a qualified Coach when the Team Beachbody account is created.

Qualifications for Receiving Customer Leads

- The Coach must be a paid rank of Emerald or above
- The Coach must be an active Team Beachbody Club Member
- The Coach must have completed the profile page of their Team Beachbody Web site, including a a bio and a "before" photo (or in the case of a business account, a photo of the primary contact person for that Coach Business Center)
- The Coach must have worked out in “real time” in the Super Gym® at least 8 times in the preceding 30 days (that is, entered their workout within the same calendar day); and
- The Coach must not be delinquent in paying any business service fees or have been found to be in material violation of any of the Company’s Policies and Procedures for six (6) months prior to the lead assignment

NOTE: There is no guarantee of any number of Customer Leads.

Associated Commissions and Volume

Currently, there are no commissions or volume points associated with the initial product offer or subsequent continuity orders for the initial product offer. However the assigned Coach will receive commissions and volume points on all other product purchases made by that customer.

NOTE: There are some historical orders that did carry commissions and volume points on continuity orders. The Coach must be in good standing and continue to meet the minimum Customer Lead Program qualifications to receive these commissions and volume points.

4.6.2 Success Club Lead Program (previously Shakeology Lead Program)

When a Beachbody customer or a customer not associated with a Coach purchases any product under the Shakeology brand, the Ultimate Reset brand, any Beachbody Challenge Pack, as well as P90X qualification or certification, they are provided a Team Beachbody account and they are assigned to a qualified Coach at the time that their Team Beachbody account is created.

Associated Commissions and Volume

Retail commissions will be paid on purchases of products under the Shakeology brand, the Ultimate Reset brand or any Beachbody Challenge Pack as well as P90X® Qualification and Certification to the Coach who receives the customer lead. PV and TV will NOT be paid in month 1, but continuity orders (beginning with the second HD order) will carry 0 PV and standard TV associated with that product. The Coach must be in good standing and continue to meet the minimum Success Club Lead Program qualifications to receive commissions on continuity orders.

Qualifications to Receive Success Club Leads

- Achieve Success Club 5 or 10 in the prior month
- The Coach must be a paid rank of Emerald or above
- The Coach must be an active Team Beachbody Club Member

- The Coach must have completed the profile page of their Team Beachbody Web site, including a bio and a "before" photo (or in the case of a business account, a photo of the primary contact person for that Coach Business Center)
- The Coach must have worked out in “real time” in the Super Gym at least 8 times in the preceding 30 days (that is, entered their workout within the same calendar day); and
- The Coach must not be delinquent in paying any business service fees or been found to be in material violation of any of the Company’s Policies and Procedures for six (6)months prior to the lead assignment

Success Club Lead Allocation
Success Club 5 – Earn up to 5 customer leads a month
Success Club 10 – Earn up to 10 customer leads a month

Success Club Consecutive Month Multiplier
Increase the number of leads you can be eligible for by multiplying the total number of leads you qualify for by the number of consecutive months you qualify for Success Club (i.e., achieve 2 months of Success Club 10 and qualify for up to 20 customer leads).
Success Club Lead Program Lifetime Limits on Leads
Success Club customer leads are limited by rank, so that regardless of the leads earned by a Coach, they will be limited by their current paid rank. The Success Club customer leads that would have been allocated to a Coach who has already reached the lifetime rank limit will be allocated to other qualified Coaches.

The lifetime Success Club lead wheel limits (not including income leads) are:

Emerald	75
Ruby	125
Diamond	500
1 Star Diamond	1,000
2 Star Diamond	2,000
3 Star Diamond	3,000
4 Star Diamond	4,000
5 Star Diamond	5,000
6 Star Diamond	6,000
7 Star Diamond	7,000
8 Star Diamond	8,000
9 Star Diamond	9,000
10 Star Diamond	10,000
11 Star Diamond	11,000
12 Star Diamond	12,000
13 Star Diamond	13,000
14 Star Diamond	14,000
15 Star Diamond	Unlimited

NOTE: There is no guarantee of any number of Success Club Leads. Only Success Club Leads where a Coach earns commissions when the lead is assigned will count towards the lifetime Success Club lead limit.

4.6.3 Coach Connection Program

Coaches currently Qualified with a Paid-As Rank of Diamond Coach or above are eligible to receive new Coach leads received by the Company. Qualified Diamond Coaches must satisfy the following criteria to receive Coach leads:

- Must achieve at least 100 PV originating from new or ongoing Home Direct orders in the last 30 days, of which at least 50 PV originates from your personal Home Direct orders;
- Within the previous 60 days, must complete at least one of the following:
    - Personally sponsor one new Coach that did not originate from the Coach Connection Program; OR
    - Have one personally sponsored Coach advance in rank
- Must be compliant with all of the sales leads requirements as stated under Section 4.6.1 above.

SECTION 5
SALES REQUIREMENTS

5.1 Product Sales

The Team Beachbody Coach Compensation Plan is based on the sale of Beachbody products and services to end consumers. Coaches must fulfill ongoing personal and downline organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions, and advancement to higher levels of achievement, and to open and operate additional business centers. "Personal Volume" ("PV") includes purchases made by the Coach and purchases made by the Coach's personal retail customers.

5.1.1 Credit Card Payment for Product Sales

The use of any individual's credit cards, debit cards, or other payment instruments to purchase products or service fees on the accounts of any other Coach or Customer other than two other immediate family members (defined as a parent, spouse, or child) is expressly prohibited. Similarly, subject to the allowance provided in the prior sentence, each Coach must maintain payment for his or her own account and may not use a third party's payment instrument to pay for his or her Beachbody products or services.

5.2 Product Pricing

When you become a Coach, you are not only selling the finest health and nutrition products available, but you are also committing to a healthy lifestyle and dedicating yourself to assisting your Customers to join you in that healthy lifestyle. This requires extensive personal involvement with your Customers that extends far beyond what would normally be considered "customer service." You are indeed a Coach, so in addition to supplying them with the products they need, it is also your job to keep your Customers motivated to stay with their workout routine, to offer workout suggestions, and to be their support team. This takes extensive personal involvement; that's why the Team Beachbody Coach Compensation Plan is designed to reward the necessary activity so you can help your Customers become successful. The Beachbody healthy lifestyle system will be critically compromised if Coaches take the attitude that they are simply there to "push powders and pills" to Customers. Those who would sell Beachbody products at discounted prices will inevitably cut corners when it comes to promoting the lifestyle components to the Beachbody approach. Therefore, to avoid this, and to ensure that the Beachbody system remains uncompromised, Coaches may not sell Beachbody products below the list price on the Team Beachbody price list, nor may they offer additional incentives, including but not limited to free or reduced shipping charges, coupons, promotional codes, or any other similar incentives on the sale of Beachbody products. In addition, the offering of free gifts as a promotional tool is allowable only if the gift is a product or service that: (a) is offered for a limited time of 30 days or less, (b) has a suggested retail value of $25.00 or less, (c) is offered for all new enrollments and/or purchases from the Coach of any product for new customers, and (d) only one giveaway per week is offered. The gift cannot be offered in such manner to form a new product or discounted bundle (i.e., any limited-time free gifts must be offered separately from any Beachbody products). Coaches may not offer "free" enrollment or any reduction in the standard enrollment charges as an incentive to new Coaches by refunding any or all of the cost of the new Coach's original enrollment fee.

5.3 No Exclusive Territories

There are no exclusive territories granted to anyone.

5.4 Sales Receipts

All Coaches must provide their retail customers (direct orders not placed through the Coach's Team Beachbody Web site) with two copies of an official sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee, as well as any consumer protection rights afforded by federal or state law. If a Customer places an order through a Coach's replicated Web site, the Customer should be advised to print two copies of their receipt. Coaches must maintain all retail sales receipts for a period of 2 years and furnish them to Beachbody at the Company's request for sales that are fulfilled from a Coach's inventory. Records documenting the purchases of Coaches' Direct Customers will be maintained by Beachbody. In addition, Coaches must orally inform the buyer of his or her cancellation rights.

5.5 Fundraising Programs

Beachbody businesses may be operated for fundraising purposes. However, if you are using your Beachbody business in a fundraising program for any entity or individual, you must not represent or imply to anyone that any purchase they make from you will be for the benefit of any charitable purpose or program.

5.6 Charitable Donations

Although Coaches may as an independent business entity contribute a portion of their Beachbody earnings to a charitable cause, due to the charitable permit and registration requirements of multiple states and additional federal requirements, Coaches may not use any contribution as a means of promoting their Beachbody business, or run any sales or incentive promotions where a charitable group or cause is identified as the benefitting organization.

SECTION 6
BONUSES AND COMMISSIONS

6.1 Bonus and Commission Qualifications

A Coach must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Coach complies with the terms of the Agreement, Beachbody shall pay commissions to such Coach in accordance with the Coach Compensation Plan. The minimum amount for which Beachbody will issue a check is $10.00. If a Coach's bonuses and commissions do not equal or exceed $10.00, the Company will accrue the commissions and bonuses until they total $10.00. A check will be issued once $10.00 has been accrued.

To qualify for applicable bonuses or commissions, Coaches must be at Active Status as defined in the Team Beachbody Coach Compensation Plan until the end of the applicable qualification period. As such, compliance violations, disciplinary actions, submission of Business Center transfer requests, or other similar actions may result in the forfeiture of the applicable bonus and/or commission earned during such qualification period.

6.2 Adjustment to Bonuses and Commissions

6.2.1 Adjustments for Returned Products and Services

Coaches receive bonuses and commissions based on the actual sales of products and services to end consumers. When a product is returned to Beachbody for a refund or is repurchased by the Company, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted, in the month during which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the Coaches who received bonuses and commissions on the sales of the refunded products. The Company may, at its discretion, also deduct the corresponding PV from Coach's future purchases and sales.

6.2.2 Other Deductions

Beachbody does not charge a fee to electronically deposit Coaches' commissions and bonuses into their bank accounts. If a Coach requests that a physical check be issued, Beachbody will deduct a processing fee of $2.50 per check. Further, although all genealogy information is electronically available to Coaches, Beachbody will charge a processing fee of $19.95 for any hard-copy genealogy reports requested to be sent to a Coach.

6.3 Reports

All information provided by Beachbody in any Downline Activity Reports, including but not limited to personal and group sales volume (or any part thereof) and downline sponsoring activity, is believed to be accurate and reliable. Nevertheless, due to various factors, including the inherent possibility of human and mechanical error, the accuracy, completeness, and timeliness of orders, denial of credit card and electronic check payments, returned products, and credit card and electronic check charge-backs, the information is not guaranteed by Beachbody or any persons creating or transmitting the information.

ALL PERSONAL AND GROUP SALES VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NONINFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, BEACHBODY, ITS OWNERS, AFFILIATES, PARENT ENTITIES, SUBSIDIARIES, OFFICERS, DIRECTORS, REPRESENTATIVES, AGENTS, AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY COACH OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF YOUR RELATIONSHIP WITH BEACHBODY AS AN INDEPENDENT COACH, INCLUDING WITHOUT LIMITATION ACCESS TO OR LOSS OF PERSONAL AND GROUP SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF BEACHBODY OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, BEACHBODY OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of Beachbody's online and/or hard-copy reporting services, and your reliance upon such information, is at your own risk. All such information is provided to you "as is." If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to Beachbody's online and telephone reporting services and your reliance upon the information.

The Company is not responsible for losses or damage incurred by Coaches that arise from or relate to problems with Beachbody's system or problems with a Coach's replicated Web site, including losses from but not limited to software error, hardware malfunction, unauthorized third-party access to the system, or other system malfunctions or errors. ANY AND ALL SOFTWARE, WEB SITES, ELECTRONIC TOOLS, AND ANY OTHER SYSTEMS OFFERED OR PROVIDED BY BEACHBODY ARE EXPRESSLY PROVIDED SOLELY "AS IS" AND WITHOUT ANY WARRANTIES OR ASSURANCES OF ANY KIND. BEACHBODY MAKES NO WARRANTY THAT ANY SOFTWARE OR WEB SITE SYSTEM IS ERROR FREE AND DOES NOT INFRINGE ON ANY INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY.

SECTION 7
PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

7.1 Product Guarantee

Beachbody offers a 100% money-back satisfaction guarantee (less shipping and handling charges) to all Customers, retail customers, and Coaches for all of its products. Please review the specific guarantee with each applicable product (from 30 days to 90 days, depending on the product).

7.2 Three-Day Sales Rescission Period

A retail customer who makes a purchase of $25.00 or more has 3 business days (Saturday is a business day) after the sale or execution of a contract to cancel the order and receive a full refund consistent with the cancellation notice on the order form. When a Coach makes a sale or takes an order from a retail customer who cancels or requests a refund within the 72-hour period, the Coach must promptly refund the customer's money as long as the products are returned to the Coach in substantially as good condition as when received. Additionally, Coaches must orally inform customers of their right to rescind a purchase or an order within 72 hours, and ensure that the date of the order or purchase is entered on the order form. All retail customers must be provided with two copies of an official sales receipt at the time of the sale. The back of the receipt provides the customer with written notice of his or her rights to cancel the sales agreement.

7.3 Return of Products and Sales Aids by Coaches

Upon cancellation of a Coach's Agreement, the Coach may return products and sales aids held in his or her inventory for a refund. A Coach may only return products and sales aids that he or she personally purchased and which are in Resalable Condition. Upon receipt of the products and sales aids, the Coach will be reimbursed 90 percent of the net cost of the original purchase price(s), less shipping charges. If the purchases were made through a credit card, the refund will be credited back to the same account. If a Coach was paid a commission based on the purchase of a product or products, and such product or products are subsequently returned for a refund, the commission that was paid to the Coach will be deducted from the amount of the refund.

7.3.1 Montana Residents

A Montana resident may cancel his or her Coach Agreement within 15 days from the date of enrollment and may return his or her starter kit for a full refund within such time period.

7.4 Procedures for All Returns

The following procedures apply to all returns for refund, repurchase, or exchange:

- All merchandise must be returned directly to Beachbody's fulfillment center according to the directions on the packing slip by the Coach or Customer who purchased it directly from Beachbody.
- All products to be returned must have a Return Authorization Number, which may be obtained by calling the Coach Relations Department. This Return Authorization Number must be written on each carton returned.
- The return is accompanied by:
  - (a) a copy of the original dated retail sales receipt; and
  - (b) the unused portion of the product in its original container.
- Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to Beachbody with shipping prepaid. Packages returned to Beachbody on a collect-shipped basis will not be accepted. The risk of loss in shipping for the returned product shall be assumed by the Coach. If returned product is not received by the Company's Distribution Center, it is the responsibility of the Coach to trace the shipment.
- If a Coach is returning merchandise to Beachbody that was returned to him or her by a personal retail customer, the product must be received by Beachbody within thirty (30) days from the date on which the retail customer returned the merchandise to the Coach, and must be accompanied by a copy of the sales receipt the Coach gave to the customer at the time of the sale.

No refund or replacement of product will be made if the conditions of these rules are not met.

SECTION 8
DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

8.1 Disciplinary Sanctions

Violation of the Agreement, including these Policies and Procedures, violation of any common-law duty, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive, or unethical business conduct, or any act or omission by a Coach that, in the sole discretion of the Company, may damage its reputation or goodwill, may result at Beachbody's discretion in one or more of the following corrective measures:

- Issuance of a written warning or admonition.
- Requiring the Coach to take immediate corrective measures.
- Imposition of a fine, which may be withheld from bonus and commission checks.
- Loss of rights to one or more bonus and commission checks, as well as a temporary loss of current rank achievement and potential interruption to rank qualifications in progress at the time of the Coach's suspension.
- Beachbody may withhold from a Coach all or part of the Coach's bonuses and commissions during the period that Beachbody is investigating any conduct allegedly violative of the Agreement. If a Coach's business is

canceled for disciplinary reasons, the Coach will not be entitled to recover any commissions withheld during the investigation period.

- Suspension of the individual's Coach Business Center for one or more pay periods.
- Involuntary termination of the offender's Coach Business Center.
- Any other measure expressly allowed within any provision of the Agreement or which Beachbody deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Coach's policy violation or contractual breach.
- In situations deemed appropriate by Beachbody, the Company may institute legal proceedings for monetary and/or equitable relief.

Beachbody reserves the right to implement disciplinary action for a violation of the Agreement without notice to the offending Coach. However, should Beachbody notify a Coach that he or she is in violation of the Agreement, the Coach shall immediately take all actions necessary to rectify the violation. Notwithstanding any other provision set forth in the Agreement, Beachbody may suspend, or if necessary terminate, any offender's Coach Business Center to investigate or prevent any fraud, illegal activity, or violation of the Coach Agreement.

8.2 Grievances and Complaints

When a Coach has a grievance or complaint with another Coach regarding any practice or conduct in relation to their respective Beachbody businesses, the complaining Coach should first report the problem to his or her sponsor, who should review the matter, and if the matter does not involve the interpretation of the Policies and Procedures, try to resolve it with the other party's upline sponsor. If the matter cannot be resolved, or if it requires an interpretation of the Policies and Procedures, it must be reported in writing to the Coach Relations Department at the Company. The Compliance Department will review the facts and resolve the issue.

8.3 Mediation and Cure Period

If a dispute arises between Beachbody and any Coach, the party alleging a breach shall first provide written notice to the other party providing a detailed explanation as to the basis of the alleged breach. The recipient of the notice shall have 10 days to respond and try to resolve the dispute ("notice and cure period"). If the parties are unable to resolve the dispute within the notice and cure period, the parties shall participate in good faith in a nonbinding mediation. The mediation shall take place within 45 days of the expiration of the notice and cure period exclusively in Los Angeles, California, unless the parties agree to a different location. The parties shall share equally in the costs of the mediation, including the fees of the mediator; however, the parties will each bear their own attorneys' fees incurred in the mediation.

8.4 Arbitration

If the dispute is not resolved through mediation in accordance with section 8.3, above, the parties shall proceed to resolve any and all disputes and claims relating to Beachbody, or arising from the Coach Agreement, the Team Beachbody Coach Compensation Plan or Beachbody's products and services, the rights and obligations of an independent Coach and Beachbody, or any other claims or causes of action relating to the performance of either an independent Coach or Beachbody under the Agreement or the Policies and Procedures totally and finally by binding arbitration in accordance with the JAMS Comprehensive Arbitration Rules and Procedures then in effect (the "JAMS Rules"), except as otherwise provided herein. The parties shall be entitled to the discovery rights allowed under the Federal Rules of Civil Procedure. The Arbitrator(s) shall permit any party to file a Motion for Summary Disposition of a particular claim or issue.

This Agreement and the rights of the parties hereunder shall be governed by and construed in accordance with the laws of the State of California, exclusive of conflict or choice of law rules. The parties acknowledge that this Agreement evidences a transaction involving interstate commerce. Notwithstanding the foregoing provision with respect to applicable substantive law, any arbitration conducted pursuant to the terms of this Agreement shall be governed by the Federal Arbitration Act (title 9, U.S. Code §1 et seq.). The arbitration shall be conducted exclusively in Los Angeles County, State of California, and the judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof.

Each of the parties expressly understands and agrees that the arbitration will be conducted on an individual, not a class-wide basis, and any proceeding between the parties may not be consolidated with another proceeding between one of the parties and any other entity or person.

The parties shall maintain the confidential nature of the arbitration proceeding and the award, including the hearing, except as may be necessary to prepare for or conduct the arbitration hearing on the merits, or except as may be necessary in connection with the court application for a preliminary remedy, a judicial challenge to an award or its enforcement, or unless otherwise required by law.
The parties shall share equally in the costs of the arbitration including the fees of the arbitrator(s); however, the parties will each bear their own attorneys' fees incurred in the arbitration. The prevailing party in any arbitration shall be entitled to recover from the other party an award of its share of the arbitration fees and its reasonable attorneys' fees and costs incurred in the arbitration.

Nothing in these Policies and Procedures shall prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction, or other equitable relief. The institution and maintenance of any action for injunctive relief shall not constitute a waiver of the right or obligation of either you or Beachbody to submit any claim seeking relief, other than injunctive relief, to arbitration.

SECTION 9
PAYMENT AND SHIPPING

9.1 Returned Checks

All checks returned by a Coach's bank for insufficient funds will be resubmitted for payment. A $25.00 returned check fee will be charged to the account of the Coach. After receiving a returned check from a Customer or a Coach, all future orders must be paid by credit card, money order or cashier's check. Any outstanding balance owed to Beachbody by a Coach for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.

9.2 Sales Taxes

In designing the Beachbody Coach Business Opportunity, one of our guiding philosophies has been to free Coaches from as many administrative, operational, and logistical tasks as possible. Our doing so helps ensure that Coaches are free to concentrate on those activities that directly affect their incomes, namely product sales and enrollment activities. To this end, Beachbody relieves Coaches of the burden of collecting and remitting sales taxes, filing sales tax reports, and keeping records relative to sales taxes.

By virtue of its business operations, Beachbody is required to charge sales taxes on all purchases made by Coaches and Customers, and remit the taxes charged to the respective states. Accordingly, Beachbody will collect and remit sales taxes on behalf of Coaches, based on the sales price of the products, according to applicable tax rates in the state or province to which the shipment is destined. If a Coach has submitted, and Beachbody has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Coach. Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by Beachbody is not retroactive.

9.3 Drop Shipment

Coaches who drop-ship to a Customer (i.e., Coaches who receive payment from their Customers directly and then purchase the products themselves from Beachbody and have the order shipped directly by Beachbody to that Customer) are responsible for any questions, concerns, issues, and any and all other elements of Customer Service that their Customer may have with that order. Because the Customer has purchased and paid the Coach directly (i.e., they did not complete a recorded and trackable transaction directly with Beachbody), the Coach is the only entity who is able to track and service the order, and therefore, the Coach is entirely responsible for managing such orders.

Coaches are not permitted to refer Customers of drop-shipments directly to Beachbody. Coaches are solely responsible to accept properly returned product, and, as applicable, refund purchases directly to their Customers. Coaches understand and agree that if Beachbody issues any refunds to a Coach's Customer who has paid their Coach directly, Beachbody may then, without limitation of any other rights, deduct such amounts (along with corresponding commissions and other compensation plan adjustments) from the Coach's commissions. Although Coaches are independent contractors, they represent the image of Beachbody in the field, and therefore Coaches must ensure that their Customers always receive service in a professional, efficient, and courteous manner. Any failures to provide such service may lead to disciplinary action in accordance with these Policies and Procedures (which may, without limitation, include termination of the Coach's business for any material or repeat violations).

SECTION 10
INACTIVITY, RECLASSIFICATION, AND CANCELLATION

10.1 Effect of Cancellation

So long as a Coach remains active and complies with the terms of the Coach Agreement and these Policies and Procedures, Beachbody shall pay commissions to such Coach in accordance with the Team Beachbody Coach Compensation Plan. A Coach's bonuses and commissions constitute the entire consideration for the Coach's efforts in generating sales and all activities related to generating sales (including but not limited to building, training, and maintaining a downline organization). Following a Coach's nonrenewal of his or her Coach Agreement, cancellation for inactivity, or voluntary or involuntary cancelation of his or her Coach Agreement (all of these methods are collectively referred to as "cancellation"), the former Coach shall have no right, title, claim, or interest to the marketing organization he or she operated, or any commission or bonus from the sales generated by the organization. A Coach whose business is canceled will lose all rights as a Coach. This includes the right to sell Beachbody products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Coach's former downline sales organization. In the event of cancellation, Coaches agree to waive all rights they may have, including but not limited to property rights, to their former downline organization and to any bonuses, commissions, or other remuneration derived from the sales and other activities of their former downline organization.

Following a Coach's cancellation of his or her Coach Agreement, the former Coach shall not hold himself or herself out as a Team Beachbody Coach and shall not have the right to sell Beachbody products or services. A Coach whose Coach Agreement is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

10.2 Reclassification Following Cancellation Due to Inactivity or Nonpayment of Business Services Fees

If a Coach is not current with the payment of his or her Business Services fees, then the Coach will not be deemed "Current" and will not be eligible to receive any bonuses, commissions, or any other payments due to the Coach pursuant to the Agreement. If the applicable Coach does not make payment in full to the Company of the outstanding Business Services fees to become Current, then any and all held bonuses, commissions or any other payments due to such Coach exceeding three (3) weeks shall be permanently waived and forfeited. Without limitation of the foregoing, if any Coach has not paid their Business Services fees for either three (3) consecutive months or any four (4) times in any twelve (12) month period, the Coach's Independent Coach Agreement will be Canceled for Inactivity, and the Coach will be reclassified as a Customer. For any such Cancellations for Inactivity, the prior Coach may petition Beachbody for reinstatement in less than the standard 6-month period within thirty (30) days of cancellation; provided that reinstatement will only be granted at Beachbody's sole discretion, and if granted, the Coach must start his or her business anew and be placed under his or her prior sponsor, and will not be entitled to his or her prior position in the genealogy.

Notwithstanding the foregoing, a Coach may petition Beachbody to place the Coach's account on hold during very limited extraordinary and exceptional circumstances, provided that any such approval, rejections, or conditions shall be made at Beachbody's final and sole discretion.

10.3 Involuntary Cancellation

A Coach's violation of any of the terms of the Agreement, including any amendments that may be made by Beachbody at its sole discretion, may result in any of the sanctions listed in Section 8.1, including the involuntary cancellation of his or her Coach Agreement. Cancellations for Policy and Procedure and Coach behavior violations shall be effective on the date on which written notice is mailed, faxed, or delivered to an express courier, to the Coach's last known address (or fax number), or to his or her attorney, or when the Coach receives actual notice of cancellation, whichever occurs first. For Account maintenance violations, such as account verification or Business Services Fees violations, the Coach will be given 72 hours to resolve the issue before their account is placed into suspension, including a forfeiture of any pending or future commissions or bonus payments. Upon commencement of the suspension period of the Coach's account, the Coach will have ten (10) days to properly resolve the account maintenance violation, or the account will be permanently terminated.

Beachbody reserves the right to terminate all Coach Agreements upon thirty (30) days' written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; or (3) terminate distribution of its products via direct selling.

10.4 Voluntary Cancellation

A Coach has the right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. The written notice must include the Coach's signature, printed name, address, and Coach I.D. Number. If a Coach is also an Autoship Customer or a Team Beachbody Club Member, his or her Autoship Agreement and/or Team Beachbody Club Membership shall continue in force unless the Coach also specifically requests that it also be canceled.

10.5 Nonrenewal

A Coach may also voluntarily cancel his or her Coach Agreement by failing to renew the Agreement on its anniversary date. The Company may also elect not to renew a Coach's Agreement upon its anniversary date.

10.6 Disposition of Coach's Genealogy Position, Customers, and Coaches Upon Cancellation

When a Coach's CBC is cancelled for any of the reasons stated above, the following actions are taken:

- The Coach's rank is changed to Canceled
- All Active Home Direct programs for the canceled Coach will be canceled
- The personally enrolled Customers (and their active Home Direct programs) of the Coach are moved to the Personal Sponsor of the canceled Coach.
- The Coaches personally sponsored by the canceled Coach are assigned to the Personal Sponsor of the canceled Coach
- If the canceled Coach has only one downline Coach (in either the right or left leg) on the first level, that downline Coach will be moved up into the canceled Coach's position
- If the canceled Coach has Coaches in both downline Coach positions (in both left and right legs) in their first level, then no change in positions will be made, and the canceled Coach's position will be marked as Canceled

EXHIBIT A
PARTIAL LIST OF PROHIBITED TERMS

- 10-Minute Trainer®
- 2-Day Fast Formula®
- ActiVit®
- ASYLUM
- Beachbody®
- Beachbody Beauty™
- Beachbody Challenge
- Beachbody Network News
- Beachbody Nutritionals®
- Beachbody Revolution®
- Beachbody Ultimate Reset™
- Beast
- B-LINES®
- Body Beast
- Body Gospel®
- Body Pump™
- Brazil Butt Lift®
- Breakthrough in Beauty®
- Bring It! ®
- ChaLEAN®
- ChaLEAN Extreme®
- Core Cal-Mag™
- Core Omega-3™
- *Decide. Commit. Succeed.* ®
- Derm Exclusive®
- End the Trend®
- E&E
- Energy and Endurance™
- Get Pumped
- Great Abs Guaranteed!®
- Great Body Guaranteed!®
- Hip Hop Abs®
- INSANITY®
- INSANITY: THE ASYLUM™
- Kathy Smith's Project:YOU!™
- Kathy Smith's Project:YOU! Type 2®
- Million Dollar Body®
- ONE on ONE™
- P90X®
- P90X2™
- P90X MC2™
- P90X Bring It®
- P90X ONE on ONE®
- P90X+®
- Power 90®
- Power Half Hour
- Product Partners®
- Pump
- RevAbs®
- Rockin' Body®
- Shake & Share™
- Shakeology®
- Shaun T's Fit Kids® Club
- Slim in 6®
- Slim Series®
- SuperGym
- Tai Cheng
- Team Beachbody®
- Ten Minute Trainer®
- Thin Kitchen®
- Thin Thighs Guaranteed!®
- Timeless Secret®
- Top Coach
- Total Body Solution®
- TurboFire®
- Turbo Jam®
- Turbo Nation®
- Ultimate Reset
- WOWY®
- Yoga Booty Ballet®
- Zen Cleanse®
- Zen 21
- Brett Hoebel
- Carl Daikeler
- Chalene Johnson
- Debbie Siebers
- Donna Richardson Joyner
- Gillian Marloth Clark
- Jon Congdon
- Kathy Smith
- Leandro Carvalho
- Les Mills
- Dr. Mark Cheng
- Sagi Kalev
- Shaun T
- Teigh McDonough
- Tony Horton

EXHIBIT B
TEAM BEACHBODY
COACH COMPENSATION PLAN

The Beachbody Coach Compensation Plan has been designed to reward Independent Beachbody Coaches for sharing our products, services and income opportunity with others. The Coach Compensation represents an innovation in Business Income Opportunity – paid weekly!

Table of Contents

Earning Opportunities 33
Ranks and Qualifications 37
Glossary 43

EARNING OPPORTUNITES

There are multiple opportunities to earn income with Coach Compensation Plan.

Retail Commissions

Paid weekly to all Coach ranks

Earn a 25 percent commission on the retail sales price of Beachbody products you sell to your Personal Retail Customers through your Team Beachbody Web site, and earn a 15 percent commission on products you sell to your personally enrolled Team Beachbody Club Members. These commissions will be continue to be paid to the Coach so long as the customer remains attached to the Coach.

Team Beachbody Club Membership Commissions (Subscription Commissions)

Paid weekly to all Coach ranks

Earn a 50 percent commission on the sales and renewals of Team Beachbody memberships. These Club membership commissions are paid weekly.

Shakeology Fast Start Bonus

Paid weekly to all active Coach ranks

Earn a $20 bonus each time one of your personally sponsored Coaches purchases a Shakeology Home Direct Starter Pack.

Shakeology Fast Start Plus Bonus

Paid weekly to all active Coach ranks

Earn a $100 bonus each time you earn five (5) Shakeology Fast Start bonuses in any consecutive 5-week period.

Challenge Pack Fast Start Bonus

Paid weekly to all Coach ranks

Earn a bonus each time one of your newly recruited personally sponsored Coaches purchases a Challenge Pack. The bonus amount depends on the type of Challenge Pack purchased. See the pack pricing and commissions guide for information on the different packs available and the bonus that can be earned on each - http://tbbcoa.ch/BBCPacks

The company may add additional Challenge Packs or amend the Challenge Pack configurations and payout structures. Changes will be posted in the Coach office.

Showcase Pack Bonus

Paid weekly to all Coach ranks

Earn a bonus each time one of your personally sponsored Coaches purchases a Showcase Pack. The bonus amount depends on the type of Showcase Pack purchased. Currently, there are two Showcase Packs available: the Fitness Showcase Pack and the Complete Showcase Pack. The Fitness Showcase Pack pays a $50 bonus and the Complete Showcase Pack pays a $100 bonus. Similarly, the Diamond Pack offers a bonus in the amount of $130. The company may add additional Showcase Packs or amend the Showcase Pack configurations and payout structures. Changes will be posted in the Coach office.

Showcase Pack – Sponsors Bonus

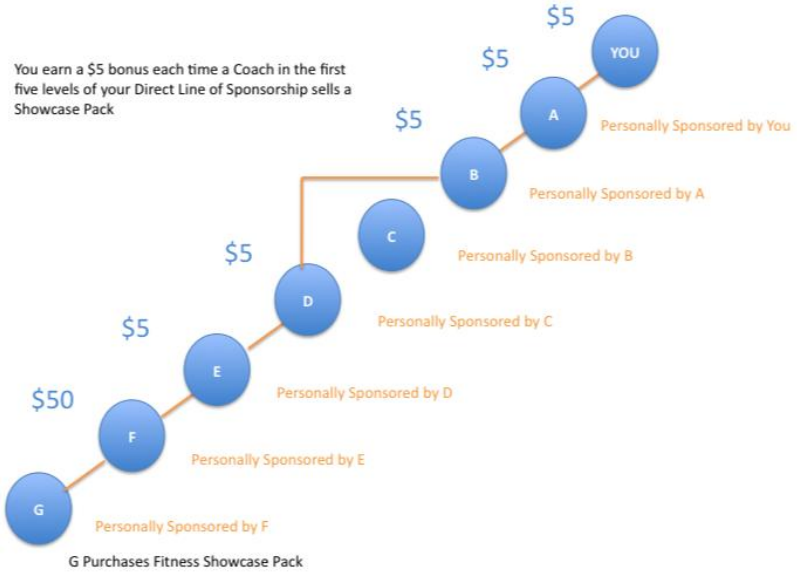
Paid weekly to all active Coach ranks

For each Showcase Pack purchased by a Coach, an additional bonus will be paid to each of the five (5) Coaches up the Direct Line of Sponsorship from the Coach receiving the Showcase Pack bonus. The Fitness Showcase Pack pays a $5 bonus to each of the five (5) Coaches and the Complete Showcase Pack pays a bonus of $10 to each for the five (5) Coaches. In addition for each Diamond Pack purchased by a Coach, an additional bonus in the amount of $10 will be paid to each of the five (5) Coaches up the Direct Line of Sponsorship from the Coach receiving the Diamond Pack bonus.

Example of Direct Line of Sponsorship

In the example below, you have personally sponsored A, A has personally sponsored B, B has personally sponsored D, D has personally sponsored E, E has personally sponsored F, and F has personally sponsored G. This represents your first five levels of your Direct Line of Sponsorship.

If a Showcase Pack Sponsors Bonus cannot be paid to a Coach because that Coach is inactive during the applicable Bonus Qualification Period, then that bonus will "compress up" to the next Active Coach in the Direct Line of Sponsorship.



Team Cycle Bonus

Paid weekly to qualified Emerald, Ruby, Diamond, and Star Diamond Coaches

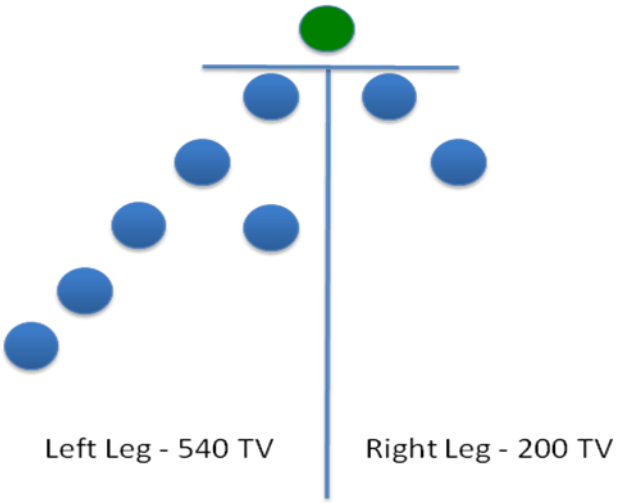
Each week, up to 35 percent of the total Company Bonus volume is set aside for Team Cycle Bonus. *

As an Active and Qualified Emerald or higher Coach, your Coach Business Center (CBC) will start accumulating and banking Team Volume (TV). Team Volume is generated by the sales of the Coaches in the left and right legs of

your entire downline organization, regardless of depth. When the accumulated Team Volume totals 300 TV, with a minimum of one-third of the TV (100 TV) in one leg and two-thirds of the TV (200 TV), you earn a cycle. The 300 TV used for the cycle will be deducted from the appropriate Left and Right volume totals. The remaining volume will carry over to be applied towards your next cycle. You may earn up to 96 cycles a day.

Your Team Volume will remain in your CBC as long as you maintain your active status and until it is either applied to a cycle or subjected to a Master Cycle flush. Every 5,000 lifetime cycles, a **Master Cycle** occurs and a maximum of 5,000 TV in the strong leg (your leg with the most volume) and all of the volume in the weak leg carries over to the next cycle, which may occur in the same day.

Team Cycle Bonus example:
In the example below, an Emerald Coach has accumulated Team Volume of 540 TV in their strong leg and 200 TV in their weak leg.



Left Leg	Right Leg	
540 TV	200 TV	
<200 TV>	<100 TV>	Cycle #1
<200 TV>	<100 TV>	Cycle #2
140 TV	0 TV	

Cycle Values

Emerald Coaches earn $14 per Cycle
Ruby Coaches earn $16 per Cycle
Diamond and Star Diamond Coaches earn $18 per Cycle

Potential Weekly Earnings Team Cycle Bonus Per Week

Potential earnings from Team Cycle Bonus value have been set for each rank level within the Team Beachbody Compensation Plan. The weekly values shown in the chart below represent, for each rank level, the potential weekly earnings from Team Cycle Bonus.

Active and qualified Emerald and above Coaches will generate Team Cycles based upon their accumulated volume, up to the allowable number of cycles each day and will have that volume deducted from their available Team Volume totals. Payment will be issued based on the number of cycles generated up to the potential weekly earnings value for the rank level for which the Coach is fully qualified. Cycles generated beyond the potential earnings value at each rank will be unpaid cycles.

Once the allowable number of cycles for a day has been generated for a Coach, cycling will stop for that day and will resume the following day as long as the Coach has sufficient volume to continue cycling.

Potential Weekly Earnings Team Cycle Bonus Per Week

Ranks	Potential Weekly Team Cycle Bonus Per Business Center	Potential Annual Team Cycle Bonus Per Business Center
Coach	0	0
Emerald	$250	$13,000
Ruby	$1,000	$52,000
Diamond	$2,000	$104,000
1 Star Diamond	$3,000	$156,000
2 Star Diamond	$4,000	$208,000
3 Star Diamond	$5,000	$260,000
4 Star Diamond	$6,000	$312,000
5 Star Diamond	$7,000	$364,000
6 Star Diamond	$8,000	$416,000
7 Star Diamond	$9,000	$468,000
8 Star Diamond	$10,000	$520,000
9 Star Diamond	$11,000	$572,000
10 Star Diamond and above	$12,000	$624,000

*In order to maintain the profitability required to successfully fund and operate the Coach Business Opportunity and to ensure business stability for the Independent Team Beachbody Coaches, the Company has established a cap of 35 percent of the total accumulated Company TV to be paid in Team Cycle Bonuses, and may, if necessary, implement a Team Cycle Bonus payout adjustment that, in order to maintain the established cap, will adjust all Team Cycle Bonus payouts on a equal pro-rata basis for each CBC after the first 20 cycles. Accordingly, the first 20 cycles are exempt from proration.

Matching Bonus

Paid weekly to qualified Ruby, Diamond, and Star Diamond Coaches

Earn a matching bonus on the Team Cycle Bonuses earned by your personally sponsored Coaches. Ruby Coaches earn a 5 percent matching bonus. Diamond and Star Diamond Coaches each earn a 10 percent matching bonus.

Star Diamond Production Bonus

Paid quarterly to qualified 2 Star Diamond and higher Coaches

The Company sets aside 2 percent of the total Company TV, which is paid quarterly to our top producing Active and Qualified Star Diamond Coaches. Each of the Qualified Star Diamond ranks share equally in the Star Diamond Bonus Pools in which they are qualified to participate. Each of the four (4) different Star Diamond Production Bonus pools is funded with ½% of the total Company BV.

Pool # 1 – Active and Qualified Two Star Diamond or higher share in this ½% pool
Pool # 2 – Active and Qualified Five Star Diamond or higher share in this ½% pool
Pool # 3 – Active and Qualified Ten Star Diamond or higher share in this ½% pool
Pool # 4 – Active and Qualified Fifteen Star Diamonds share in this ½% pool

To qualify for the Star Diamond Production Bonus Pools, Qualification Status for the 2 Star, 5 Star, 10 Star, or 15 Star Diamond levels must be achieved and maintained for six (6) consecutive bonus periods all within a 13-week quarter as defined by Team Beachbody. Any unpaid accumulated Star Diamond Production bonuses will roll over to the next quarterly qualification period until they are paid.

Additional Coach Business Centers

Team Beachbody Coaches may qualify to open up to 25 Coach Business Centers. Each additional business center may participate in all of the earning opportunities.

Once a Coach's CBC#1 achieves a Two Star Diamond rank, the Coach can optionally request to open up one additional CBC (CBC#2) downline from CBC#1. Additional CBCs must be started and built as new CBCs, and for the avoidance of doubt, a new CBC cannot be opened by acquiring a preexisting CBC. CBC#2 can start the process of building and qualifying for advancing ranks. Once CBC#2 has achieved an Active and Qualified Two Star Diamond rank, then the CBC#2 may optionally request one additional CBC (CBC#3) anywhere in the Coach's original organization (i.e., downline from CBC#1). This process of qualifying for additional Coach Business Centers may be repeated until the Coach has a maximum total of 25 Coach Business Centers.

Additional Coach Business Centers must qualify independently for participation in the Star Diamond Production Bonus. Each CBC may only count their own personally sponsored downline diamond Coaches toward that specific CBC's qualification and participation in the Star Diamond Bonus Pool.

Retail Sales Requirements for All Additional Coach Business Centers

For each additional downline CBC that a Coach opens after CBC#1, 100 percent of the PV (which determines the Team Cycle Bonus payout) needs to be generated through retail sales (i.e., non-Coach orders) from either Web site retail sales to Customers and/or Team Beachbody Club memberships.

RANKS AND QUALIFICATIONS

There are a total of 19 Official ranks in the Team Beachbody Compensation Plan.

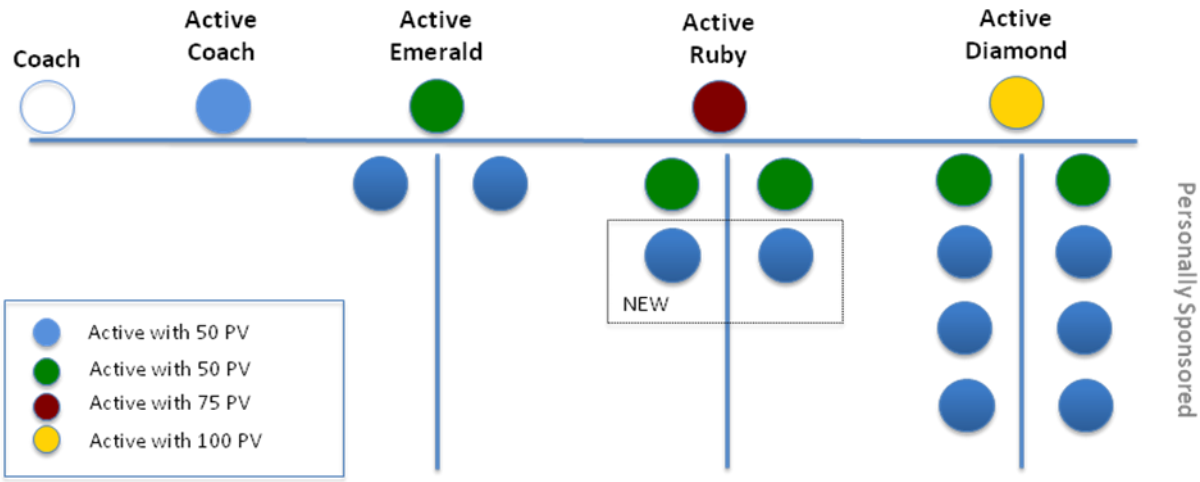
Official Ranks

Coach – has established a Team Beachbody Coach account.

Emerald Coach – is Active, has met the Emerald PV requirements of 50 PV, and has one (1) personally sponsored Active Coach (or higher) on his right and left legs.

Ruby Coach – is Active, has a minimum of 75 PV, and has one (1) personally sponsored Active Emerald Coach (or higher) on each of his right and left legs, plus one (1) additional Active Coach on each of his left and right legs.

Diamond Coach – is Active, has a minimum of 100 PV, and has one (1) personally sponsored Active Emerald Coach (or higher) on each of his right and left legs, plus three (3) additional Active Coaches on each of his left and right legs.



Star Diamond Coaches

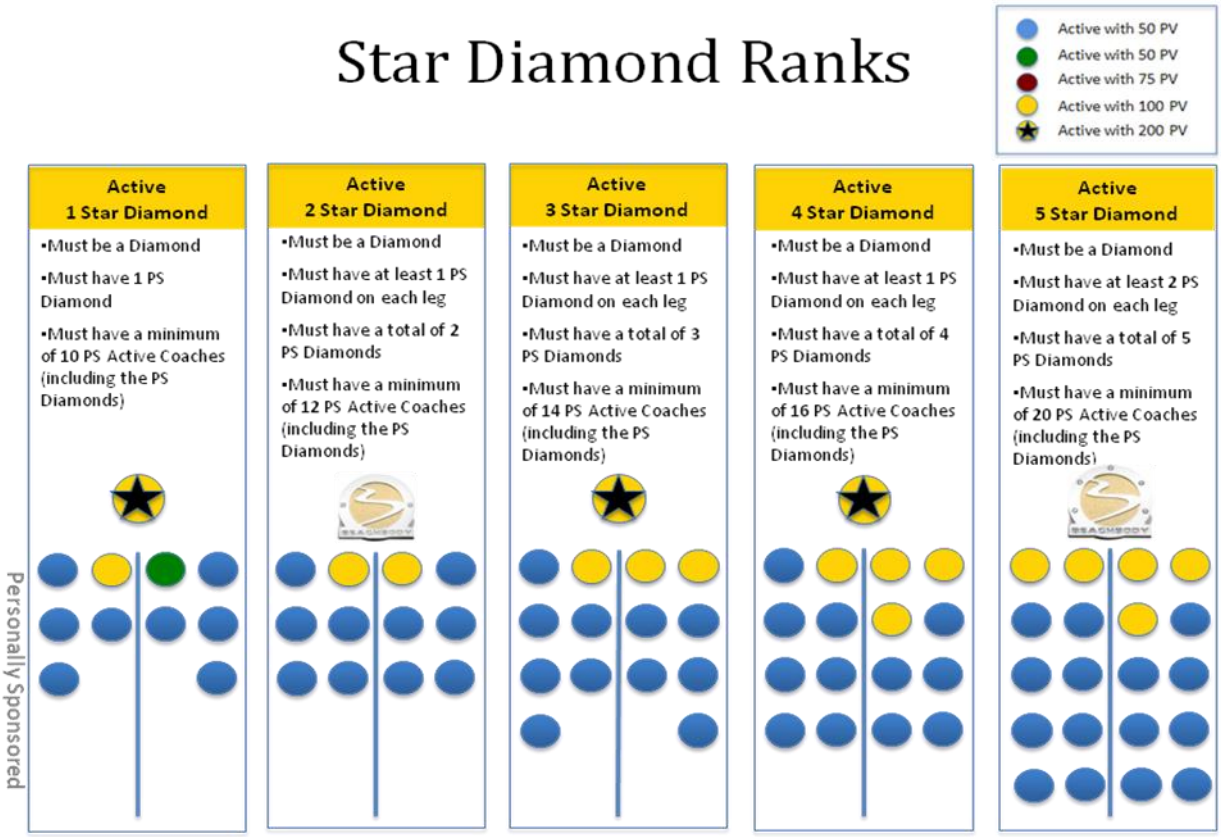
There are a total of fifteen (15) Star Diamond ranks.

The following charts present the requirements for Team Cycle Bonus eligibility at each of the Star Diamond rank levels. Notable for each rank level are:

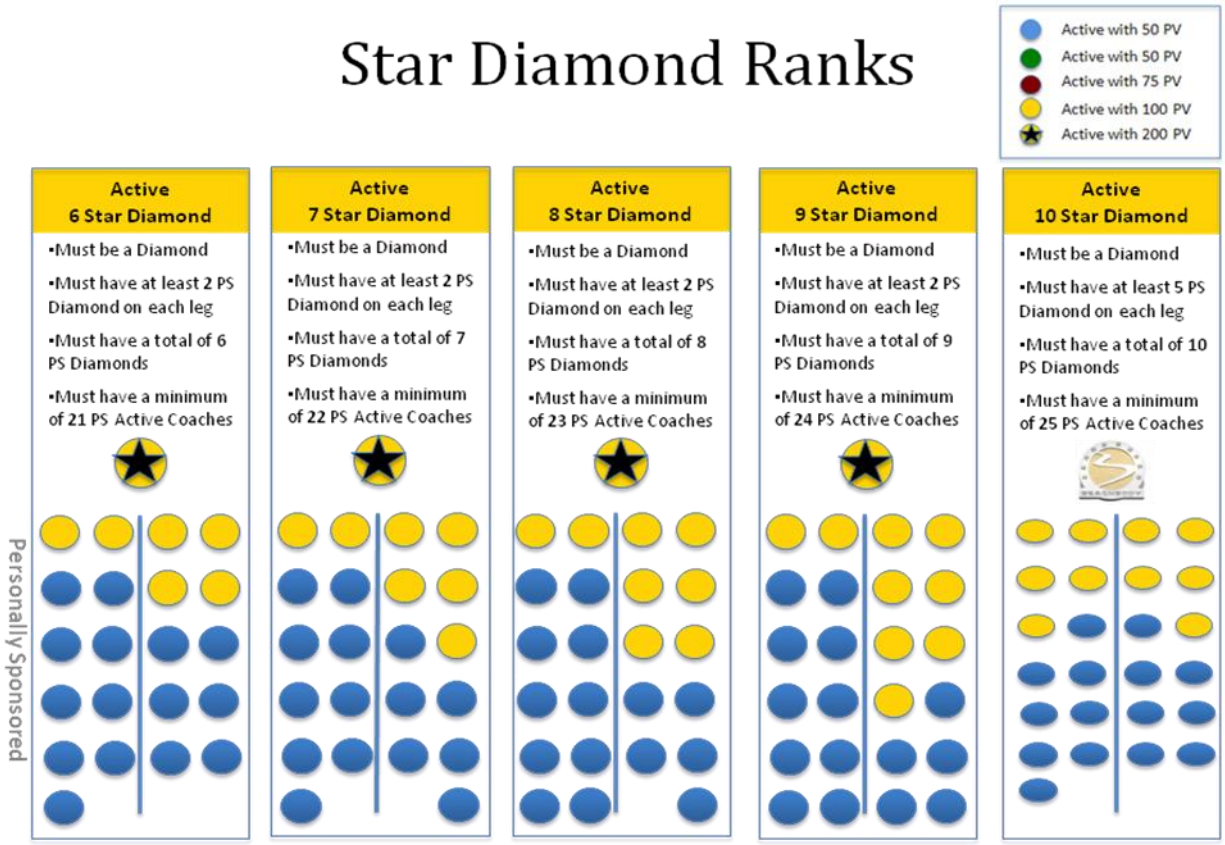
- The required number of Personally Sponsored Coaches at each Star Diamond rank
- The required minimum Personal Volume of 200 PV at all Star Diamond ranks
- The required balance of Personally Sponsored Diamond Coaches on each leg at each Star Diamond Rank (note that this changes at the 5-Star and 10-Star rank levels)

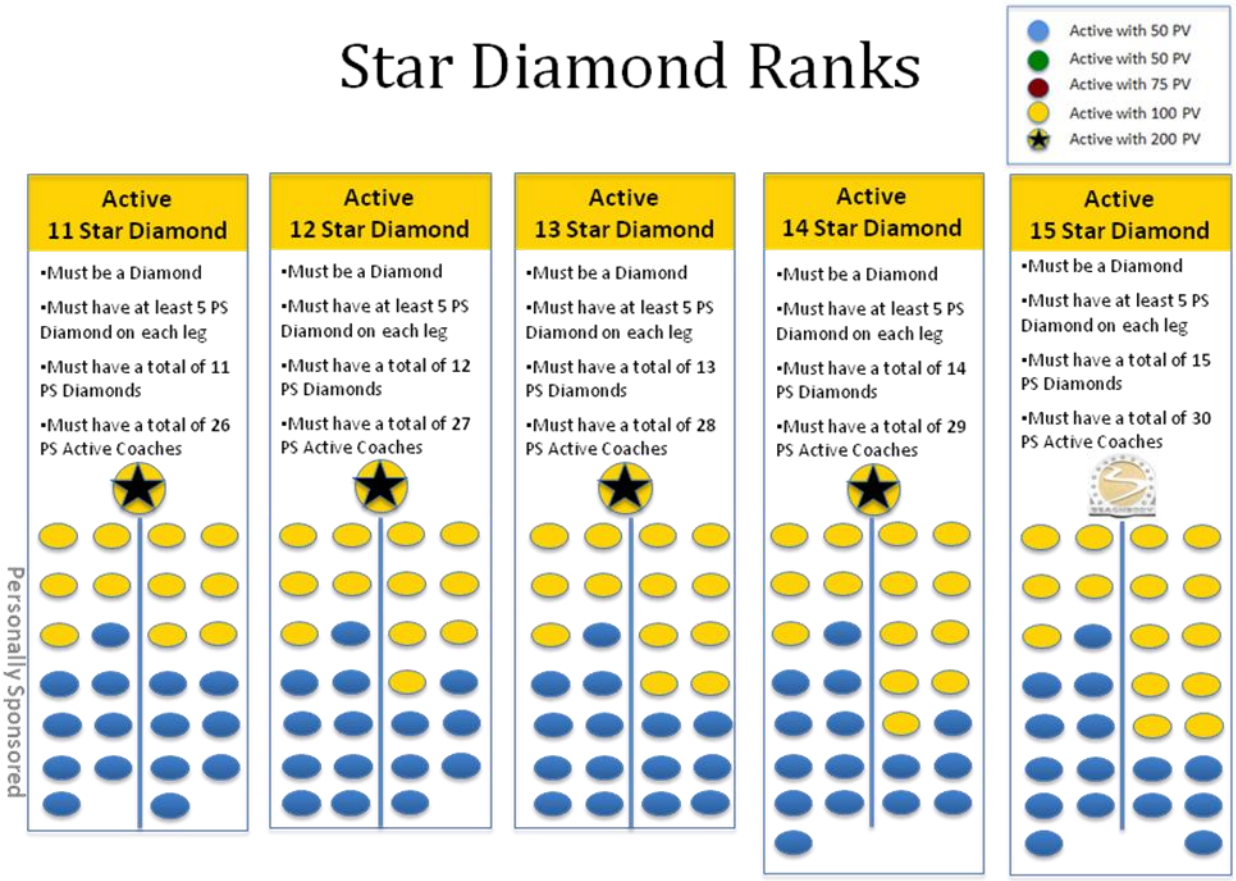
Note: Once the Personally Sponsored Active Coaches necessary to achieve and maintain the rank of Diamond Coach have been met, the additional Personally Sponsored Active Coaches required for Star Diamond rank levels may be placed anywhere within a Coach's downline; that is, there is no specific "balance" requirement on Personally Sponsored Active Coaches beyond that required for Diamond rank. The Personally Sponsored Active Coaches shown in the charts below reflect a balanced organization only for ease of display.

Star Diamond Ranks



Star Diamond Ranks





For each of the Star Diamond Ranks (1 Star through 15 Star), a Coach must achieve the requirements as set forth in the charts above AND must maintain those requirements for each of six (6) consecutive weekly bonus pay periods to fully achieve that rank level. For participation in the quarterly Star Diamond Production Bonus Pools (calculated and paid to active and qualified 2 Star, 5 Star, 10 Star and 15 Star Diamond Coaches), a Star Diamond Coach must achieve the above requirements and maintain those requirements for each of six (6) consecutive weekly bonus periods, all within a 13-week quarter as defined by Team Beachbody.

Qualification Status

A tracking element known as Qualification Status (which is separate from Rank) is now in place to assist Coaches in tracking their qualification progress toward each of the Star Diamond Rank levels. The Qualification Status displays a Coach's qualification levels for each period toward advancement to Star Diamond Rank. A Coach must achieve the Qualification Status for a Star Diamond Rank level for six (6) consecutive periods to fully achieve that Star Diamond Rank. At the end of the sixth consecutive week for which a Qualification Status for Star Diamond level or higher has been maintained, the Coach's rank will then reflect the fully achieved Rank level. To qualify for the Star Diamond Production Bonus Pools, Qualification Status for the 2 Star, 5 Star, 10 Star or 15 Star levels must be achieved and maintained for six (6) consecutive bonus periods, all within a 13-week quarter as defined by Team Beachbody.

Qualification Status Example:
In this example, a Diamond Coach (shown as DC) achieves the requirements for the 1-Star Diamond level in Week 1 (shown as 1SDQ or 1-Star Diamond Qualifying). In Week 4, the Diamond Coach achieves the requirements for 2-Star Diamond level and then in Week 4 has only met the requirements for 1-Star Diamond level. In Week 6, as a result of six (6) consecutive weeks of meeting the 1-Star Diamond level or higher, this Coach's rank reflects the full achievement of the 1-Star Diamond rank (shown as 1SD).

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Paid-As Rank	DC	DC	DC	DC	DC	1SD
Qualification Status	1SDQ	1SDQ	1SDQ	2SDQ	1SDQ	1SDQ

GLOSSARY

ACCUMULATING TEAM VOLUME – Once a Coach Business Center (CBC) achieves Active Status and meets the qualifications for the rank of Emerald Coach or higher, the CBC can start accumulating and banking (holding) Team Volume (TV) from its left and right downline legs (regardless of depth) and may become eligible to start earning Team Cycle Bonuses and other bonuses per the Beachbody Coach Compensation Plan.

ACTIVATED – The status reached when a CBC first becomes Active AND personally sponsors two Coaches, one placed in each of the Coach's left and right legs, who both become Active. Once a CBC is Activated, it begins to accumulate and bank (hold) Team Volume (TV) from each downline leg for the purpose of earning Team Cycle Bonuses and other bonuses. Once a CBC becomes activated, that CBC retains that status indefinitely.

ACTIVE AND QUALIFIED – The status where a CBC has achieved Active Status AND has fully met the qualifications for a specific Rank level within the Beachbody Compensation Plan within the Bonus Qualification Period.

ACTIVE STATUS – A CBC achieves Active Status by (a) accumulating and maintaining a total of 50 or greater Personal Volume (PV) within the Bonus Qualification Period; (b) accumulating and maintaining 50 or greater PV within the Bonus Qualification Period from your personal Home Direct orders; or (c) becoming a new Coach by directly responding to the Beachbody Coach Business Opportunity offer for the initial Bonus Qualification Period (i.e., solely for the new Coach's first 35 days). Active Status must be maintained by continuing to have accumulated 50 PV or greater as the Bonus Qualification Period rolls forward each week.

AGREEMENT – The contract between Beachbody and each Independent Beachbody Coach, which includes the Independent Beachbody Coach Application and Agreement, the Beachbody Coach Policies and Procedures, and the Beachbody Coach Compensation Plan, all in their current form and as may be amended by Beachbody in its sole discretion. These documents are collectively referred to as the "Agreement."

BINARY GENEALOGY – The tree-like organizational structure utilized by the Beachbody Compensation Plan to organize Independent Beachbody Coach businesses, to create the related sponsorship connections between CBCs, and to calculate Rank levels and bonus compensation. A Binary Genealogy structure has one CBC in a position with exactly two CBC positions directly below that CBC, creating a left leg and a right leg for each CBC. This structure repeats for each CBC within the overall Binary Genealogy.

BONUS (ES) – Additional compensation paid per the Beachbody Compensation Plan. There are seven (7) different bonuses: 1) Team Cycle Bonus, 2) Matching Check Bonus, 3) Showcase Pack Bonus, 4) Showcase Pack Sponsors Bonus, 5) Shakeology Fast Start Bonus, 6) Shakeology Fast Start Plus Bonus, and 7) Star Diamond Production Bonus.

BONUS EARNING PERIOD – This is the weekly timeframe for totaling and calculating all sales, volume, commissions and bonuses. The period commences each Thursday morning at 12:00 am ET and continues until 11:59 pm ET the following Wednesday night. Commissions and Bonuses are processed and paid weekly (one week in arrears) based upon a day-by-day calculation of sales activity within the Bonus Earning Period.

BONUS QUALIFICATION PERIOD – The timeframe within which Active Status for a CBC is determined for a given Bonus Earning Period. The Bonus Qualification Period is the 35-day period prior to and including the last day of the most recently completed Bonus Earning Period.

BUSINESS SERVICES FEES (BSF) – The monthly cost of maintaining a CBC and receiving the proprietary back office tools, dashboard, and replicated Web site charged to Coaches by Beachbody. Payment of the monthly Business Services Fees by a CBC is required for that CBC to remain Current.

CARRY-OVER VOLUME – TV that remains after all possible Cycles have been calculated for a given day. This remaining TV is brought forward to the next day and is added to any new TV generated by a CBC until additional Cycles may be achieved.

COACH BUSINESS CENTER (CBC) – An independent sales position within the Beachbody Genealogy, which is assigned to and represents an Independent Beachbody Coach business. Each position is used to track a Coach's retail sales activity and to track any TV generated by a Coach's downline sales organization.

COMMISSION – A portion of the retail selling price of a Beachbody product or membership service that is payable to a Coach as compensation for their participation in creating sales activity. There are two types of Commissions: 1) Retail Commissions and 2) Team Beachbody Club Membership Commissions.

CURRENT STATUS – A CBC is determined to be Current if the monthly Business Services Fees has been paid for that CBC during the current Bonus Qualification Period. Any CBC that does not have
Current Status is subject to the withholding or forfeiture of any earned and unpaid compensation, as well as additional penalties, including suspension and/or termination of the CBC if the account is not brought Current within specified timeframes as defined in the Beachbody Policies and Procedures document.

CUSTOMER – A purchaser of Beachbody products or membership services, either as a Retail Customer or as a Club Member. Each Customer is assigned to a Coach, but Customers are not placed in any Genealogy, nor may they sign up Coaches or other Customers. Further, Customers cannot receive Commissions or Bonuses.

CYCLE (CYCLING) – A bonus calculation and payment process that occurs when an Active and Qualified Emerald or higher Rank CBC reaches an accumulated 300 TV or greater, balanced with one-third (or 100 TV) from one downline leg and two-thirds (or 200 TV) from the other downline leg. Once these levels of TV are achieved, the CBC uses that accumulated TV (called a "Cycle"), which generates a payment to the CBC for that week. Cycling continues until no further Cycles can be deducted from the accumulated TV. Any unused TV in each leg becomes Carry-Over Volume.

Note:
The Beachbody software system determines which leg is the weak leg between the cycles in a week. For instance, if a CBC has 260 TV in the left Coach leg and 200 TV in the right Coach leg before cycle 1 (300 TV with 200 TV – 100 TV balance is deducted from the total of both legs), the system determines that the left Coach leg is the strong leg in cycle 1 (260 TV) and the right Coach leg (200 TV) is the weak Coach leg in cycle 1.

After cycle 1 is complete, the right Coach leg, with 100 TV carried over (i.e., 200 TV – 100 TV = 100 TV) becomes the strong Coach leg and the left Coach leg, with 60 TV carried over (i.e., 260 TV – 200 TV = 60 TV) becomes the weak Coach leg. In other words, the swapping of strong and weak leg determination often occurs between Team Cycle Bonus cycles. This is standard binary compensation plan methodology.

In the Team Beachbody back-office software, left and right Team Volume is denoted as LV (Left Volume) and RV (Right Volume).

Cycling Example – Four Complete Cycles

Left Team Volume (LV)	Right Team Volume (RV)	Cycles
3700	480	
-200	-100	1
3500	380	
-200	-100	2
3300	280	
-200	-100	3
3100	180	
-200	-100	4
2900	80	
4 cycles complete		
2900	80	Carry over to the next cycle

DAILY CYCLE LIMITS – The maximum number of Cycles a CBC may achieve each day based on the current Rank of the CBC. Emerald, Ruby, Diamond, and Star Diamond may each cycle a maximum of 96 cycles per day.

DAY PERIOD – A day is defined as 12:00am ET to 11:59pm ET (Eastern Standard Time).

DIRECT LINE OF SPONSORSHIP – The lineage within the Binary Genealogy that begins with a specific CBC and moves to that CBC's personally sponsoring CBC, then to *that* CBC's personally sponsoring CBC, and so on (i.e., Mary is personally sponsored by Bob, who is personally sponsored by Sally, etc.). The Direct Line of Sponsorship is NOT necessarily the same as the Genealogy lineage, as it is possible that two adjacent CBC's could not have a personally sponsoring relationship.

DOWNLINE – A term that defines the Binary Genealogy structure that begins with the two positions directly below a specific CBC and extends to all CBCs that emanate from those two positions, whether or not they're Personally Sponsored by that specific CBC.

DOWNLINE ACTIVITY REPORTS (GENEALOGY REPORTS) – Refers to any of several reports generated by Beachbody or from Beachbody-controlled data that provide critical data relating to the identities of Coaches, sales information, and enrollment activity of each Coach's Downline. These reports contain confidential and trade secret information, which is proprietary to Beachbody.

GENEALOGY – The organizational structure utilized by the Beachbody Compensation Plan to organize Independent Beachbody Coach businesses, to create the related sponsorship connections between CBCs, and to calculate Rank levels and bonus compensation. A Binary Genealogy structure has one CBC in a position with exactly two CBC positions directly below that CBC, creating a left leg and a right leg for each CBC. This structure repeats for each CBC within the overall Binary Genealogy.

HOME DIRECT (aka AUTOSHIP) – A convenience program wherein preselected products are shipped to you or to your Beachbody Customers each month and are automatically billed to the credit card that was provided at the initiation of the program.

INACTIVE STATUS – The status that exists for a CBC when 49 PV or less have been accumulated in any Bonus Qualification Period. Inactive Status will cause a demotion to the rank of Coach and will also cause permanent removal of all Team Volume banked at the time the Coach goes Inactive. Upon achieving a minimum of 50 PV or greater, the status of a CBC will be changed to Active, and TV may again begin to accumulate for that CBC.

LEFT TEAM VOLUME – Represents a CBC's accumulated TV generated from the downline Coaches in the

left leg of the CBC.

LIFETIME CYCLES – The number of Cycles achieved in the lifetime of a CBC.

LIFETIME RANK – The highest Rank level that a CBC has achieved in its lifetime. Once a Rank is achieved, it is permanent for Coach recognition purposes; however, Bonuses will be calculated and paid based upon the Paid-As Rank determined in the current Bonus Earning Period. Also known as Highest Achieved Rank or Official Rank.

MASTER CYCLE – Each time a CBC completes 5,000 consecutive Cycles, a Master Cycle occurs and a maximum of 5,000 TV from the CBC's strong leg and the entire TV from the CBC's weak leg is carried over to the next Cycle. Cycling may resume on the same day.

MATCHING BONUS – One of the bonus opportunities under the Beachbody Compensation Plan, which may be paid to Active and Qualified Ruby and Diamond Coaches. This bonus is calculated and paid weekly as a 5 percent (Ruby) or 10 percent (Diamond) matching payment based on the Team Cycle Bonus earnings of a Coach's Personally Sponsored downline Coaches.

PAID-AS RANK – The Rank level for a CBC that has been achieved in the current Bonus Earning Period. This Rank level will determine the calculation of Bonuses earned in the current period. This rank may be equal to or lower than the Lifetime Rank for the CBC.

PERSONALLY SPONSORED – Any or all of the Beachbody Coaches who have been directly sponsored by a specific Beachbody Coach.

PERSONAL RETAIL CUSTOMER – A Coach's Personal Retail Customers, including: 1) those Home Direct Customers whom the Coach enrolls into the Home Direct Program (excluding those who are already Coaches); and 2) those non-Coaches who make product or membership service purchases from a Coach's Beachbody Web site. Coaches may additionally sell products to third parties, from their personal inventory or in other manners, which are not placed through their Coach's Beachbody Web site, provided that these sales will not provide any volume or commissions toward their CBC.

PERSONAL VOLUME (PV) – PV is a value assigned to products and Membership services sold in a Bonus Earning Period either by a Coach's personal purchases or by a Coach to his or her Personal Retail Customers. PV is used to determine Active Status and is also a factor in calculating the payout earned by a Coach for each Cycle.

QUALIFIED – Indicates that a Coach has fully met all requirements to achieve a specific Rank level.

RANKS – The 19 different levels a Coach may qualify for within the Beachbody Compensation Plan. Rank levels

have a direct impact on the amount of compensation a Coach may earn, and may also be a qualifier for participation in various Beachbody programs and promotions. Rank levels are recalculated weekly.

The Rank levels are:
1. Coach
2. Emerald Coach
3. Ruby Coach
4. Diamond Coach
5. One Star Diamond Coach
5. Two Star Diamond Coach
6. Three Star Diamond Coach
7. Four Star Diamond coach
8. Five Star Diamond Coach
9. Six star Diamond Coach
10. Seven Star Diamond Coach
11. Eight Star Diamond Coach
12. Nine Star Diamond Coach
13. Ten Star Diamond Coach
14. Ten Star Diamond Coach
15. Eleven Star Diamond Coach
16. Twelve Star Diamond Coach
17. Thirteen Star Diamond Coach
18. Fourteen Star Diamond Coach
19. Fifteen Star Diamond Coach

RETAIL COMMISSIONS – One of the commission opportunities that may be paid to Coaches under the Beachbody Compensation Plan. This commission is calculated and paid weekly on the sales of products and Membership services to a Coach's Personal Retail Customers through that Coach's Team Beachbody Web site so long as that customer remains attached to that Beachbody Coach.

RETAIL SALES – Retail sales are purchases made by an individual who is not a Beachbody Coach.

RIGHT TEAM VOLUME – Represents a CBC's accumulated TV generated from the downline Coaches in the Right leg of the CBC.

SHOWCASE PACK – A special package comprised of the top-selling Beachbody fitness programs and related accessories, all sold together at a discounted price. A Coach may purchase only one of these Showcase Packs during their lifetime.

SHOWCASE PACK BONUS – One of the bonus opportunities that may be paid to Coaches under the Beachbody Compensation Plan. This bonus is calculated and paid weekly on the sales of Showcase Packs to a Coach's Personally Sponsored Coaches.

SHOWCASE PACK SPONSORS BONUS – A package of six of the top-selling Beachbody fitness programs, the B-LINES Resistance Bands Super Kit, and a Squishy Ball, all sold together at a discounted price. A Coach may purchase only one of these Showcase Packs during their lifetime.

SPONSOR– A Beachbody Coach who enrolls another Beachbody Coach into the Company. The act of enrolling others and training them to become Beachbody Coaches is called "sponsoring" or "Personally Sponsoring."

STAR DIAMOND PRODUCTION BONUS – One of the bonus opportunities that may be paid to Coaches

under the Beachbody Compensation Plan. This bonus is calculated and paid quarterly based on a percentage of the total Company TV, and is paid to those meeting and maintaining Star Diamond qualifications for six (6) consecutive weeks within each quarter

STRONG LEG – In evaluating the TV from a CBC's Downline, the leg with the higher accumulated TV at any time is deemed the Strong Leg at that time.

SUBSCRIPTION COMMISSIONS (aka CLUB COMMISSIONS) – One of the commission opportunities that may be paid to Coaches under the Beachbody Compensation Plan. This commission is calculated and paid weekly on the sales and renewals of Team Beachbody Club Memberships to a Coach's Personal Retail Customers or Personally Sponsored Coaches.

TEAM CYCLE BONUS – One of the bonus opportunities that may be paid to Active and Qualified Emerald or higher Coaches under the Beachbody Compensation Plan. This bonus is calculated and paid weekly on the accumulated TV from a CBC's Downline.

TEAM VOLUME (TV) – TV is a value assigned to products and Membership services sold in a Bonus Earning Period and is used to calculate Team Cycle Bonus. The TV for a CBC is the sum of all TV generated from purchases made by the CBCs Downline Personal Sponsored Coaches and their Personal Retail Customers. TV for a CBC does not include volume generated by the CBC's personal purchases or purchases of their Personal Retail Customers.

UPLINE – This term refers to the CBCs above a particular Beachbody Coach in the Direct Line of Sponsorship.

WEAK LEG – In evaluating the TV from a CBC's Downline, the leg with the lower accumulated TV at any time is deemed the Weak Leg at that time.