



Compensation Plan Improvements – “Rewarding Results!”

Team Beachbody has announced that it is making improvements to the Team Beachbody Compensation Plan for the following purposes:

- create opportunities for more Coaches to participate in bonus compensation
- create incentives and rewards for volume-producing actions by Coaches
- reward those Coaches who build large, volume-producing organizations over time
- increase the annual potential earning opportunity
- simplify some aspects of the calculation of the Team Cycle Bonus

To achieve these goals, improvements are being made to the following:

- Team Cycle Bonus
- New Ranks and Requirements
- New Potential Earnings from Team Cycle Bonus per Rank
- Multiple Business Centers

These Compensation Plan Improvements, formally announced on December 10, 2009, are being programmed into the Team Beachbody systems and will be implemented within the first calendar quarter of 2010, with a targeted effective date in the month of February 2010. Team Beachbody will continue to calculate and pay commissions and bonuses based upon the existing Compensation Plan until the effective date for the improved Compensation Plan which will be announced with a minimum of 30-days notice.

Team Cycle Bonus

Earn a Team Cycle for every 300 Team Volume (TV)

- 100 TV in the weak leg / 200 TV in the strong leg

Simplified Team Cycle Bonus Values

- Emerald Coaches \$14 per cycle
- Ruby Coaches \$16 per cycle
- Diamond Coaches \$18 per cycle

Standardized allowable Daily Team Cycles

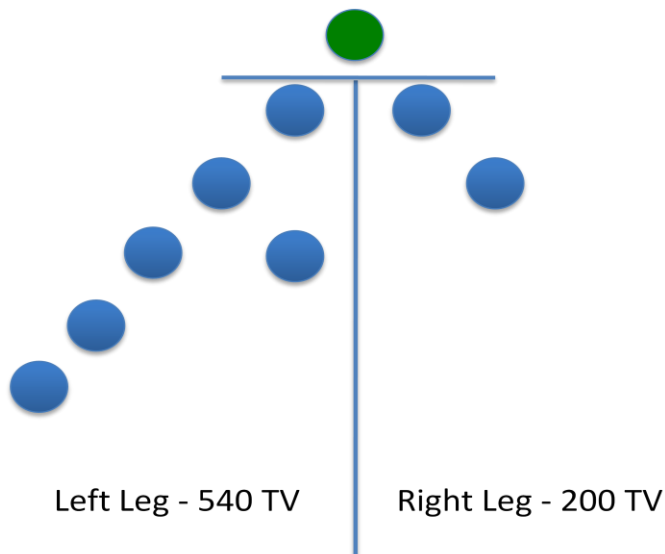
- Coaches of all ranks may cycle up to 96 Team Cycles each day

Master Cycle threshold increased to 5,000 Cycles

- Upon reaching each increment of 5,000 lifetime Team Cycles, strong leg TV is adjusted to a maximum of 5,000 TV and all weak leg TV is carried forward
- Allows more time to utilize carry over Team Volume

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.



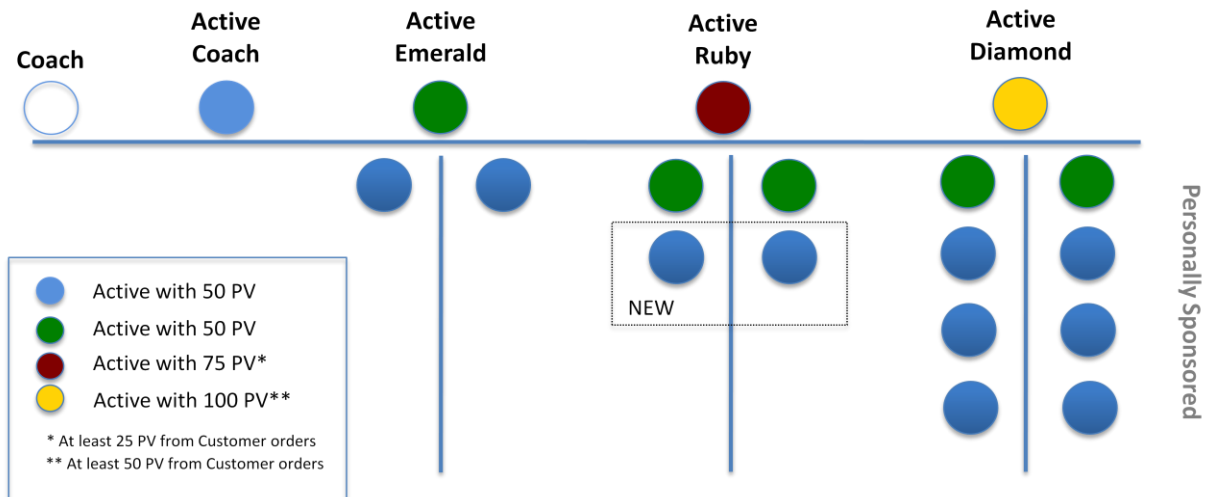
<u>Left Leg</u>	<u>Right Leg</u>	
540 TV	200 TV	
<200 TV>	<100 TV>	Cycle #1
<200 TV>	<100 TV>	Cycle #2
140 TV	0 TV	

$2 \text{ Cycles} \times \$14 = \$28$

New Ranks and Requirements

- Added Ranks to the Star Diamond Coach levels, for both recognition and compensation
- Updated Personally Sponsored Coach requirements for Coaches to be eligible to be paid Team Cycle Bonus at their current period calculated rank level
- Applied the minimum PV requirement (higher than the Active Status requirement of 50 PV in each 35-day period) to ranks of Ruby Coach and higher for payment of Team Cycle Bonus at a Coach's current period calculated rank level...increases as rank progresses
- The portion of the required minimum PV at each rank level which must come from Customer purchase activity begins at the rank of Ruby Coach with 25 PV and increases as rank progresses

In the diagram of ranks from Coach to Diamond Coach below, note the new Personally Sponsored Coach requirement at the Ruby rank level, and the minimum PV requirement and the PV from Customer orders requirement beginning at the Ruby rank and increasing at the Diamond rank.



A Coach who has achieved a current period calculated rank who has not met the Personally Sponsored Coach requirement, the minimum PV requirement or the PV from Customer orders requirement will be paid their calculated Team Cycles for the period at the highest rank level for which they have met all Team Cycle Bonus requirements.

The following charts present the requirement 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 requirement that at least 100 PV must be generated from Customer orders at the Star Diamond rank levels

Star Diamond Ranks

- Active with 50 PV
- Active with 50 PV
- Active with 75 PV*
- Active with 100 PV**
- Active with 200 PV***

* At least 25 PV from Customer orders
** At least 50 PV from Customer orders
*** At least 100 PV from Customer orders

	Active 1 Star Diamond	Active 2 Star Diamond	Active 3 Star Diamond	Active 4 Star Diamond	Active 5 Star Diamond
Personally Sponsored	<ul style="list-style-type: none"> •Must be a Diamond •Must have 1 PS Diamond •Must have a minimum of 10 PS Active Coaches (including the PS Diamonds) 	<ul style="list-style-type: none"> •Must be a Diamond •Must have at least 1 PS Diamond on each leg •Must have a total of 2 PS Diamonds •Must have a minimum of 12 PS Active Coaches (including the PS Diamonds) 	<ul style="list-style-type: none"> •Must be a Diamond •Must have at least 1 PS Diamond on each leg •Must have a total of 3 PS Diamonds •Must have a minimum of 14 PS Active Coaches (including the PS Diamonds) 	<ul style="list-style-type: none"> •Must be a Diamond •Must have at least 1 PS Diamond on each leg •Must have a total of 4 PS Diamonds •Must have a minimum of 16 PS Active Coaches (including the PS Diamonds) 	<ul style="list-style-type: none"> •Must be a Diamond •Must have at least 2 PS Diamond on each leg •Must have a total of 5 PS Diamonds •Must have a minimum of 20 PS Active Coaches (including the PS Diamonds)

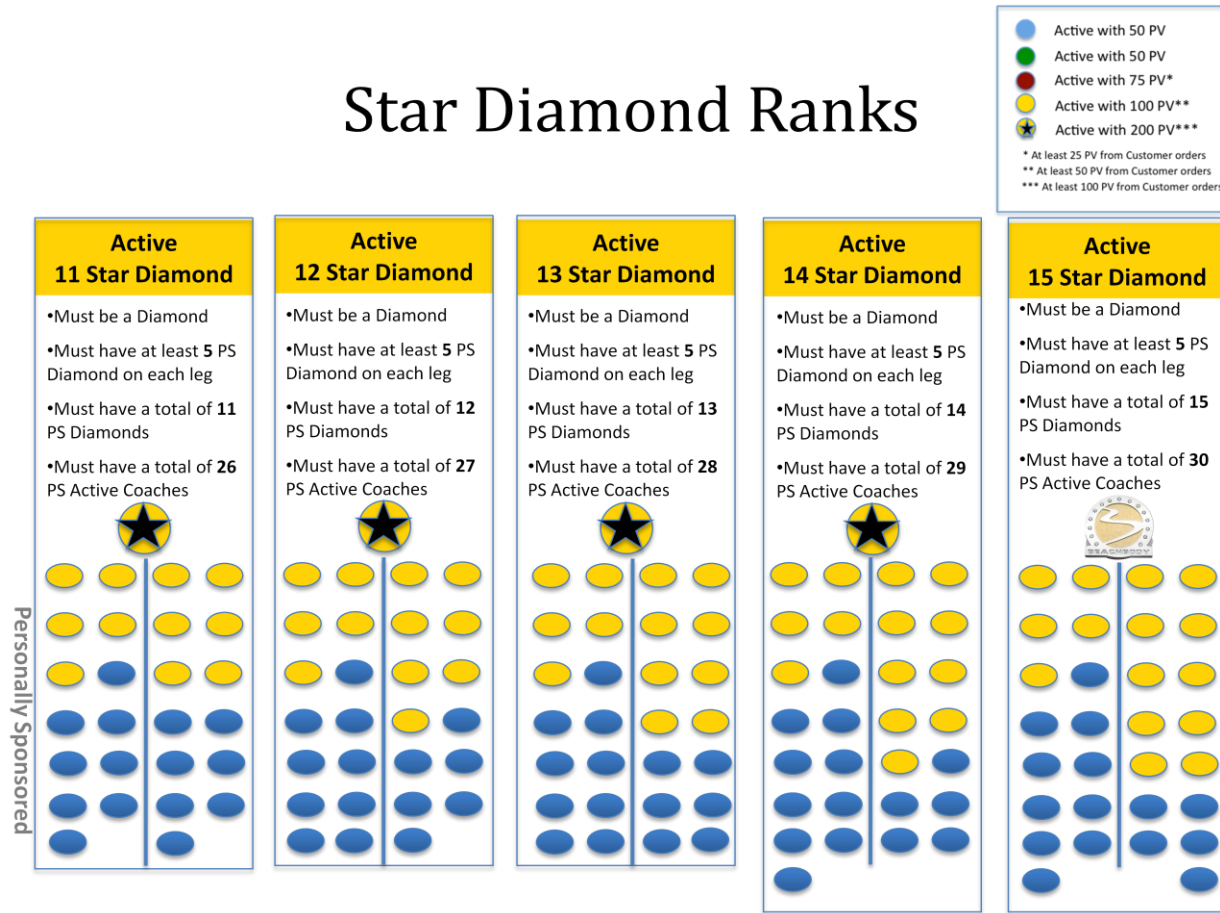
Star Diamond Ranks

- Active with 50 PV
- Active with 50 PV
- Active with 75 PV*
- Active with 100 PV**
- Active with 200 PV***

* At least 25 PV from Customer orders
** At least 50 PV from Customer orders
*** At least 100 PV from Customer orders

	Active 6 Star Diamond	Active 7 Star Diamond	Active 8 Star Diamond	Active 9 Star Diamond	Active 10 Star Diamond
Personally Sponsored	<ul style="list-style-type: none"> •Must be a Diamond •Must have at least 2 PS Diamond on each leg •Must have a total of 6 PS Diamonds •Must have a minimum of 21 PS Active Coaches 	<ul style="list-style-type: none"> •Must be a Diamond •Must have at least 2 PS Diamond on each leg •Must have a total of 7 PS Diamonds •Must have a minimum of 22 PS Active Coaches 	<ul style="list-style-type: none"> •Must be a Diamond •Must have at least 2 PS Diamond on each leg •Must have a total of 8 PS Diamonds •Must have a minimum of 23 PS Active Coaches 	<ul style="list-style-type: none"> •Must be a Diamond •Must have at least 2 PS Diamond on each leg •Must have a total of 9 PS Diamonds •Must have a minimum of 24 PS Active Coaches 	<ul style="list-style-type: none"> •Must be a Diamond •Must have at least 5 PS Diamond on each leg •Must have a total of 10 PS Diamonds •Must have a minimum of 25 PS Active Coaches

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.

New Potential Earnings from Team Cycle Bonus per Rank

A new potential earnings from Team Cycle Bonus value has 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 upon the number of cycles generated up to the potential weekly earnings value for the rank level for which the Coach is fully qualified.

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 volume sufficient to continue cycling.

Potential Weekly Earnings from Team Cycle Bonus per Rank

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

The Team Beachbody Compensation Plan contains several earnings opportunities including Retail and Club commissions, Showcase Pack and Fast Start (Shakeology) bonuses and a Matching Bonus, all of which increase a Coach's potential earnings opportunities. The Team Cycle Bonus, which utilizes the power of the Binary to reward team activity, is the only compensation type subject to a governor to ensure the integrity of the Compensation Plan.

As a precaution, Team Beachbody continues to reserve the right and authority to implement a Team Cycle Bonus Cap, should that become necessary. Team Beachbody reserves up to 35% of total Company BV each week for Team Cycle Bonus payouts. Should the total calculated Team Cycle Bonus for any bonus earning period exceed 35% of total Company BV, a Team Cycle Bonus payout adjustment may be implemented which will adjust all Team Cycle Bonus payouts on an equal pro-rata basis for each CBC after the first 20 cycles.

In the event that Team Cycle Bonus paid is less than 35% of total Company BV, Team Beachbody will reserve the difference to be potentially included in future Bonus compensation.

Multiple Business Centers

- Each time a Coach develops a new 2 Star Diamond Business Center, they may open an additional Coach Business Center (CBC)
- A Coach may now open up to 25 Business Centers for potential annual Team Cycle Bonus earnings of \$15,600,000

The Future

Team Beachbody will continue to look for incentives that will reward the culture of our network.