From the Desk of Jonathan Gelfand  
Senior Vice President Business Development and General Counsel

THE BATTLE AGAINST PIRACY RAGES ON.

Everyone knows that counterfeit products hurt all of us, but most do not fully understand just how serious the effects of piracy really are. While it causes immeasurable harm on a global basis—such as funding terrorism and organized crime, causing identity theft, and contributing to lost business and jobs—it also significantly harms companies, governments, and consumers. Beachbody® is a victim of this problem, and we know that you, as Independent Team Beachbody Coaches, also suffer from the illegal stealing, manufacturing, importing and selling of counterfeit Beachbody products.

WE’RE FIGHTING THE PIRATES AND GETTING RESULTS.

Knowing the critical impact piracy has on Beachbody’s business, as well as the businesses of all our dedicated Coaches, Beachbody has created an Anti-Piracy Group, which I am personally leading. The members of this group are dedicating significant time, efforts, and resources to battle this issue every day. And we’re getting real results from our numerous efforts.

In the first half of 2010 alone, we have:

• Enforced against 1,314 Web sites selling counterfeit product
• Taken out more than 38,000 online auction/marketplace listings, which account for an estimated volume of more than 13 million units of product valued at more than $281 million
• Removed 787 sponsored link-type ads on Google, Yahoo, Bing, and Facebook
• Removed more than 100,000 links to unique downloads of our titles
• Brought or continued existing lawsuits against more than 40 individual pirates
• Sent well over 1,400 Cease and Desist letters to counterfeiters
• Entered into settlement agreements with more than 150 counterfeiters

GOVERNMENT AGENCIES ARE JOINING US IN THE BATTLE.

Every few months, I travel to Washington, D.C. to conduct several meetings with government officials and regulatory agencies, such as the International Trade Association and Immigration and Customs Enforcement, to help rally additional support for our cause and to increase awareness of the severe impact counterfeiting has on Beachbody and on each and every one of you.

Similarly, our Intellectual Property Counsel David Squellati, my right-hand man on our Anti-Piracy Group who has more than 11 years’ experience in intellectual property and anti-piracy arenas, is assisting Customs agencies with criminal investigations and prosecutions of counterfeiters. Our hard work has resulted in close to 150 government seizures of more than 5,700 units of our product in the first half of 2010 alone, as well as multiple ongoing criminal investigations and prosecutions.

WHILE THE NUMBERS LOOK IMPRESSIVE, WE’RE NOT SATISFIED.

To help Customs authorities more effectively spot and seize counterfeit merchandise, David is now traveling nationwide to train officers from 30 ports and express mail facilities. This activity is increasing the awareness of the piracy issues we face and will hopefully encourage these officers to more rigorously support our efforts in the seizure of counterfeit product.

We’re committed to stemming the tide of piracy and the damage it causes to Beachbody and to each of you. You have my word that we are constantly battling counterfeiting. Of course, you can help as well. If you ever learn of suspect activity, please let us know by sending an email to antipiracy@beachbody.com.