BEACHBODY

3301 Exposition Blvd., Third Floor
Santa Monica, California 90404

May 10, 2013

Dear Powder Blue customer:

Unfortunately, it has come to our attention that someone hacked into the Powder Blue website and obtained access to some of our customers' credit card numbers (there were no social security numbers in the affected database). I sincerely apologize for any aggravation or concern that this may cause. Please know that we treat the security of our customers' personal information as a top priority and we are doing everything we can, including working with local law enforcement, the Secret Service, specialized outside legal counsel and forensic security experts to investigate exactly how this illegal attack occurred, to conduct a criminal investigation, and to ensure that all Powder Blue systems will be just as secure as the other Beachbody systems going forward. Attached to this email are FAQs (Frequently Asked Questions) which further detail the information related to these ongoing investigations, how to best protect yourself against any unauthorized charges, and what Beachbody is doing to protect you and all of our other Powder Blue customers.

As an immediate step to protect against potentially unauthorized charges, we suggest that you call the bank or credit card company (there is usually a phone number on the back of any credit or debit card) which you used to purchase Powder Blue products over the past year. Please explain this notice to them and ask that you want to be issued a new card number because your credit card information may have been compromised. We also encourage you to carefully review your statements tied to these cards and report any unauthorized charges to your bank or credit card company.

Working with our experts, we have addressed and fixed the vulnerabilities which caused this problem. And while in this age of cyberattacks and changing technology no one can guarantee that future attacks by online criminals will not occur, rest assured that we are working diligently to help ensure that this does not happen again. Please also know that we have thoroughly investigated all of our Beachbody systems and have concluded that all of the other Beachbody systems, which are maintained separately from the Powder Blue system, are secure and we have found no fraudulent activity or security breaches with any Team Beachbody Coach, Shakeology, or other Beachbody orders.

As required by laws in all states where our customers were affected, we will be contacting all of our affected Powder Blue customers by U.S. Mail shortly. That letter will detail how to enroll in credit monitoring services for our affected Powder Blue customers, as well as credit restoration services for any Powder Blue customer who has been the victim of actual fraud as a result of using the Powder Blue website.

Most importantly, I am truly sorry for this inconvenience. Providing the best customer experience is crucial for Beachbody and me, especially as we work together to help you grow your certification business. I genuinely appreciate your support and understanding while we address and remedy the problems these criminals may have created for us all and I will work even harder to keep your business and reward your loyalty.

Sincerely,

Carl Daikeler
Chief Executive Officer

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Powder Blue Cyber-Attack Frequently Asked Questions

1. What happened?

While we are still investigating, Beachbody recently determined that the Powder Blue database was hacked by unknown individuals. It appears that the hackers inserted a backdoor "web shell" on Powder Blue's web site, which allowed the hackers to potentially access and obtain customer personal information.

2. What personal information was exposed?

The following Powder Blue customer data was exposed as a result of this attack: Email address, mailing address, telephone number, first name, last name, credit card number, and CVV number. No social security numbers were in this database.

3. Were any other Beachbody databases attacked? (If I am a Coach and drink Shakeology®, should I be concerned?)

No. We have done thorough security testing and have concluded that all of the other Beachbody systems, which are maintained separately from the Powder Blue system, are secure. We have found no fraudulent activity or security breaches with any Team Beachbody Coach, Shakeology, or other Beachbody orders.

4. Did Beachbody investigate the attack?

Beachbody began an internal investigation into the attack immediately after it was notified of security concerns by our Powder Blue customers. As soon as we validated a security concern, we contacted a number of law enforcement agencies, including the United States Secret Service, and engaged nationally recognized independent computer forensic experts and independent privacy and data security legal counsel to assist us in aggressively investigating and responding to this incident.

5. Why did it take so long to notify me?

Upon learning of this suspected cyber-attack, Beachbody took steps to immediately investigate and respond. The investigation required a thorough and complete analysis to accurately identify the precise type and scope of the cyber-attack, the data potentially exposed, and the customers who were potentially affected by the suspected cyber-attack. To assist with its investigation, Beachbody retained two different independent, third-party computer forensic expert companies to conduct its investigation, as well as to comply with banking requirements to ensure that the system is compliant with payment card standards and all affected individuals have been identified. Beachbody additionally retained specialized legal counsel to assist in its investigation and response to this incident and to ensure that Beachbody's response complies with all statutory and regulatory legal obligations relating to data events.

During our investigation Beachbody contacted a number of law enforcement agencies, including the United States Secret Service. Beachbody continues to cooperate with the Secret Service in order to move forward with any potential criminal proceedings. Once our investigation confirmed the exposure of customer information, in line with regulatory requirements, Beachbody immediately began preparing notices to all affected customers. We are in the process of arranging for affected customers to receive credit monitoring and identity restoration services for free for one year and will be providing enrollment instructions for these services as well as additional details in a statutory notice that will be sent to you via US mail soon (if we do not have your current postal address, please see the customer service contact information at the end of this FAQ).

6. Was Powder Blue's network security insufficient at the time of attack?

Unfortunately, many companies face hacking attacks every day. Like so many others – from the world's largest financial sites to Facebook – we were not immune. Fortunately, because of the security measures we had in place, we were able to shut this attack down quickly and investigate thoroughly to understand precisely what happened and who was affected. In today's information driven world and economy, there will always be risks for cybercrime. No companies are immune from it, but all companies have to be prepared for it.
We sincerely apologize for any inconvenience or frustration that this may have caused you. We value your business, and remain committed to maintaining the security of your personal information.

7. What other protective measures does Beachbody have in place and is it safe placing another order?

We have network security measures in place that work to protect us against malicious online attacks and warn us when an attack occurs, including protection behind a firewall. We also have physical and procedural safeguards in place that protect, and limit access, to customer and user information. In addition, following this attack, we are implementing enhanced network security

measures, which are stringent and state of the art, employing the best resources available both internally and externally to protect all customer information.

8. Were Social Security numbers accessed?

No. Beachbody does not ask for or require our customers to provide social security numbers so they were never in the affected database.

9. How can you be sure that you are right about the information that was and was not compromised?

Our IT team measured the impact of this attack through extensive testing and monitoring methods. Further, our independent security auditors are performing their own network tests and investigation and verifying our conclusions.

10. How do I know if I was affected by this incident and will this affect my current orders or continuities with Powder Blue?

We are providing email and/or written notice of this incident to the last known contact information of all customers in the affected Powder Blue database whose information may be at risk as a result of this incident. This will not affect anybody's pending orders, VIP status or continuity workouts and music.

11. What should I do to protect myself?

We encourage all Powder Blue customers to call the banks and credit card companies that issued any credits cards used to purchase Powder Blue products, discuss this matter with them, and request new card numbers and new credit cards. We encourage all Powder Blue customers to change account passwords, refrain from sharing account passwords and other user credentials, and refrain from opening any email or link sent from an unknown sender.

Beachbody also encourages users to remain vigilant in reviewing account statements and reviewing credit reports. Under U.S. law, you are entitled to one free credit report annually from each of the three major credit bureaus. To order your free credit report, visit www.annualcreditreport.com or call, toll-free, 1-877-322-8228. You can also obtain your free credit report directly from any one or more of the three national consumer reporting agencies.

The contact information for these agencies is:

Equifax, PO Box 105069, Atlanta, GA 30348, 800-525-6285, www.equifax.com
Experian, PO Box 2104, Allen, TX 75013, 888-397-3742, www.experian.com
TransUnion, PO Box 6790, Fullerton, CA 92834, 800-680-7289, www.transunion.com

At no charge, you can have these credit bureaus place a "fraud alert" on your file that alerts creditors to take additional steps to verify your identity prior to granting credit in your name. This service can make it more difficult for someone to get credit in your name. However, because it tells creditors to follow certain procedures to protect you, it may also delay your ability to obtain credit while the agency verifies your identity. As soon as one credit bureau confirms your fraud alert, the others are notified to place fraud alerts on your file. Should you wish to place a fraud alert, or should you have any questions regarding your credit report, please contact any one of the credit agencies.

The Federal Trade Commission has also compiled helpful information on steps you can take to avoid or detect identity theft. You can visit the FTC's website at www.ftc.gov/bcp/edu/microsites/idtheft/ or call their toll-free hotline at 877-ID-THEFT (438-4338).

12. Even if I haven't seen any fraudulent activity, should I still check my credit report?

Yes. It's always a good idea to check your credit report, regardless of whether you've been a victim of identity theft or fraud, and regardless of whether your personal information has been exposed. Every consumer can receive one free credit report every twelve months by contacting one of the three national credit bureaus or through the Annual Credit Report Service by visiting www.annualcreditreport.com.

13. Is Beachbody offering its users identity or credit monitoring services?

Yes, though we were not obligated to, for our customers' peace of mind, we are offering users whose information may be at risk as a result of this attack one (1) free year of access to the following service, with instructions on how to enroll to be provided to all affected customers in the mail shortly following this email:

> Triple Credit bureau monitoring will be available through the 3 national credit report agencies. If you choose this service, you may either access it immediately online or by completing the Credit Authorization Form. This service will monitor your credit activity and promptly report to you any activity involving a new inquiry, new trade line, new derogatory information, new public record or change of address. This service will not affect your credit score nor will it appear as a hard inquiry on your credit report when the credit report is accessed by a third party.

14. There are fraudulent charges on my credit/debit card. What do I do?

If you have fraudulent charges on your credit or debit card, you should immediately contact the financial institution that issued the card and let them know about the unauthorized charges. They will provide you with the instructions to have the unauthorized charges disputed and how to have

a new account issued to avoid any further unauthorized activity. Also, you may wish to report any instance of suspected identity theft to law enforcement.

15. Does this mean I am a victim of identity theft?

Not necessarily. The fact that an unauthorized individual had access to your personal information does not mean that you are a victim of identity theft, or that the information accessed will be used to commit fraud. Identity theft occurs when a person who is not you uses your personal information fraudulently, beyond only fraudulently charging on your credit or debit card.

16. I have been the victim of identity theft. What services can you offer me?

We will be offering credit restoration services to those Powder Blue customers who are the victims of fraud as a result of using the Powder Blue website to assist in restoring any credit or identity attacks for those affected to the pre-theft status. We will provide our affected customers instructions on how to obtain credit restoration services in the postal letter which will be sent shortly.

17. I am a Powder Blue customer and am trying to get more information. How do I do so?

Please contact our security response call center at 1-855-269-6545, which will be open Monday through Friday from 8 AM to 5 PM Central.

18. I work with the media and am trying to get more information. How do I do so?

Please contact Beachbody's Chief Legal Officer, Jonathan Gelfand, at jonathan@beachbody.com.

19. I work with law enforcement and am trying to get more information. How do I do so?

Please contact Beachbody's VP of Legal Affairs, Steve Moran smoran@beachbody.com or (310) 883-9202.