

## Initial Integrated Compensation Plan Income Disclosure Statement

This Income Disclosure Statement is a representation of Take Shape For Life's business opportunity. THE COMPANY POLICY IS NOT TO STATE OR ENDORSE "POTENTIAL" OR "HYPOTHETICAL" INCOME CLAIMS BUT RATHER TO PRESENT HISTORICAL DATA AND RANGES OF ACTUAL HEALTH COACH EARNINGS. With the launch of the new Integrated Compensation Plan on September 1, 2013, to provide information on realistic earnings opportunities for Health Coaches under the Integrated Compensation Plan, Take Shape For Life has provided the following chart. The chart is based on Health Coach performance for the date range provided assuming the compensation mechanism for performance during that period was the Integrated Compensation Plan. The Integrated ranks represented below are new ranks that were not included in the prior compensation plan. Had the Integrated Compensation Plan been the compensation mechanism for the January – June 2013 period, the resulting rank and income performance for the integrated ranks would have been as indicated on the chart.

### January – June 2013 Active Health Coaches who would have Received Payment by Month

Active Health Coach Rank	Percentage of Active Health Coaches in each rank	Average Volume of Sales* to Clients	Percentage of Total TSFL Sales* Generated	Monthly Income (U.S. Dollars)			
				High	Low	Average <sup>1</sup>	Median <sup>2</sup>
Health Coach	57.78%	551.97	16.80%	\$885.48	\$25.01	\$87.45	\$73.77
Senior Coach	17.66%	1,531.18	14.25%	\$896.70	\$28.22	\$324.19	\$322.66
Manager	7.59%	2,484.13	9.93%	\$2,117.97	\$37.16	\$603.11	\$614.72
Associate Director	3.79%	3,452.44	6.89%	\$2,363.17	\$152.34	\$957.45	\$965.45
Director	2.16%	4,310.08	4.91%	\$3,165.87	\$395.38	\$1,350.33	\$1,333.15
Executive Director	6.17%	7,743.62	25.16%	\$14,176.03	\$799.82	\$2,842.70	\$2,588.30
Integrated Executive Director	0.18%	10,191.40	0.95%	\$8,458.17	\$2,927.03	\$5,076.27	\$4,755.64
Regional Director	2.46%	7,245.63	9.38%	\$9,096.18	\$1,182.69	\$3,482.44	\$3,369.93
Integrated Regional Director	0.90%	11,058.01	5.25%	\$12,155.56	\$3,160.30	\$6,449.31	\$6,430.17
National Director	0.23%	5,052.32	0.60%	\$20,309.80	\$1,745.57	\$7,846.00	\$7,459.92
Integrated National Director	0.50%	11,474.69	3.04%	\$23,342.73	\$3,419.91	\$8,739.61	\$8,161.67
Global Director	0.44%	9,543.01	2.22%	\$75,040.21	\$3,649.73	\$18,087.03	\$14,376.42
Integrated Global Director	0.02%	8,441.50	0.09%	\$59,045.77	\$48,259.19	\$53,317.40	\$53,026.36
Presidential Director	0.06%	10,879.93	0.36%	\$56,277.11	\$16,228.97	\$28,005.42	\$25,449.82
Integrated Presidential Director	0.06%	5,427.64	0.17%	\$276,657.46	\$29,259.12	\$148,142.50	\$127,574.81

\* Refers to Commissionable Sales

The above earning statistics are for all Active Take Shape For Life Health Coaches who would have been paid commissions and/or bonuses from January 1, 2013 to June 30, 2013 via the Integrated Compensation Plan during that time period, if that plan was the compensation mechanism in place. If the Integrated Compensation Plan had been in effect during the period, approximately 79% of Health Coaches would have been "active" during this period. An "Active Health Coach" is defined as any person who:

- purchased one of Take Shape For Life's enrollment pack options; and

1 Average – The average monthly income is defined as the sum total amount of all payments earned and released for that rank, divided by the number of active Health Coaches receiving payment at that rank.

2 Median – The median monthly income is defined as the midpoint amount of all of the payments earned and released for Health Coaches receiving payment at that rank.

- completed the online activation process to activate his/her account, including agreeing to the terms and conditions in the Health Coach Agreement, submitting a W-9 Form, and successfully completing the Basic Activation Questionnaire; and
- would have had earnings with the Integrated Compensation Plan at or above \$25, the minimum amount required to receive a check or EFT, in a given calendar month (Note: any earnings below \$25 are accrued and disbursed once the \$25 threshold is met)

Please note that this excludes Clients, Inactive Clients, Leads, and Pending Health Coaches. Individuals who have purchased one of the enrollment pack options, but have not completed the activation process, are not considered Health Coaches until that process has been fulfilled. Accordingly, the status of an individual can and sometimes will change throughout the year. For example, Beverly begins the year as a Client and decides to purchase a Health Coach enrollment pack in February. However, she does not complete the activation process and become a Health Coach until March. The following March, she opts not to renew her Health Coach account and returns to Client status. Therefore, for the purposes of this Income Disclosure Statement, Beverly is only considered a Health Coach for the 12 months from March until February.

The earnings of the Health Coaches in this chart are not necessarily representative of the income, if any, that a Take Shape For Life Health Coach can or will earn through participation in the Take Shape For Life Integrated Compensation Plan. THE COMPANY BELIEVES ANY ACTIVE HEALTH COACH'S RESULTS WILL VARY DEPENDING ON HIS/HER PERSONAL EFFORTS AND BUSINESS STRUCTURE. TAKE SHAPE FOR LIFE DOES NOT GUARANTEE ANY LEVEL OF INCOME OR SUCCESS.

Take Shape For Life's corporate ethics compel us to do not merely what is legally required, but rather to conduct the absolute best business practices. To this end, we have developed the Take Shape For Life Income Disclosure Statement (IDS). The Take Shape For Life IDS is designed to convey truthful, timely, and comprehensive information regarding the income that Take Shape For Life Health Coaches earn. In order to accomplish this objective, a copy of the IDS must be presented to all prospective Health Coaches.

A copy of the IDS must be presented to a prospective Health Coach (someone who is not a party to a current Health Coach Agreement) any time the Integrated Compensation Plan is presented or discussed or any type of income claim or earnings representation is made.

The terms "income claim" and/or "earnings representation" (collectively "income claim") include: (1) statements of average earnings, (2) statements of actual earnings, (3) statements of non-average or non-actual earnings (projected earnings), (4) statements of earnings ranges, (5) income testimonials, (6) lifestyle claims, and (7) hypothetical claims.

A lifestyle income claim typically includes statements (or pictures) involving large homes, luxury cars, exotic vacations, or other items suggesting or implying wealth. It also consists of references to the achievement of one's dreams or having everything one always wanted and is phrased in terms of "opportunity" or "possibility" or "chance." Claims such as "My Take Shape For Life income exceeded my salary after six months in the business" or "Our Take Shape For Life business has allowed my wife to come home and be a full-time mom" also fall within the purview of "lifestyle" claims.

In any non-public meeting (e.g., a home meeting, one-on-one regardless of venue) with a prospective Health Coach or Health Coaches in which the Compensation Plan is discussed or any type of income claim is made, you must provide the prospect(s) with a copy of the IDS. In any meeting that is open to the public in which the Integrated Compensation Plan is discussed or any type of income claim is made, you must provide every prospective Health Coach with a copy of the IDS and you must display at least one 3-foot x 5-foot poster board in the front of the room in reasonably close proximity to the presenter(s). In any meeting in which any type of video display is utilized (e.g., monitor, television, projector, etc.) a slide of the IDS must be displayed continuously throughout the duration of any discussion of the Integrated Compensation Plan or the making of an income claim.

Copies of the IDS may be printed or downloaded without charge from the corporate Web site at [http://www.tsfl.com/become\\_a\\_coach/index.jsp](http://www.tsfl.com/become_a_coach/index.jsp).

Health Coaches who develop sales aids and tools in which the Integrated Compensation Plan or income claims are present must incorporate the IDS into each such sales aid or tool prior to submission to the Company for review.