

Transcription of May 17<sup>th</sup>, 2018, Team Call “Beachbars Q & A”

[Beginning of Recorded Material]

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00:00:01 Jenelle: Live. All right, so I’ve got some of my coaches that are getting on and they’re going to let me know if we’re good to, if we’re live, in this group. So you guys, welcome to the team training. Today is May 17<sup>th</sup> and this is such an exciting time in our business. We have so many cool things going on right now. I can’t even...words can’t even express the momentum that’s going on in our teams right now. It’s so exciting. So usually I don’t do the team calls live within this group, but once in a great while, I am going to do that and in fact, I think we’re going to be doing it this way again. If all goes well today, we’re going to do it this way again next week with Joel Freeman. So he’s going to be speaking with us about LIIFT 4, so that’s super exciting. So make sure you tune in next week at the same time, Thursday noon, Eastern Standard Time, or if you’re on the west coast, then it’s 9:00 a.m., but these are always recorded. So if you can’t watch it live, that’s no problem. So I wanted to go on here live and make sure that you guys are aware of what’s going on and give you the scoop on the Beachbars. If you haven’t tried these yet you guys, you’re missing out, you’re missing out. I’m a bar person and I’ve been eating bars...anyone who knows me, knows I’m a bar person. Like I always have my bars. I’m teased about it because I have a big appetite and I’m busy. I’m a busy mom who runs a business and I do not like to be without food and so I’m always carrying with me bars. So I was one of those coaches that was like, “Please give us bars. Please give us bars,” and I’m one of those people that in the store, I’m always analyzing the bars and the ingredients and the macros and all that kind of stuff and trying new bars and how does it feel in my stomach and all that kind of stuff, so when these came out I was super excited. I was like, “Oh my goodness, I have to have Dr. Luigi Gratton speak on our team call.” So I’m really excited that that’s what we’re going to be talking about today, but before I go and introduce him, I just want to make a couple of quick announcements. Of course, if you haven’t heard the news, 2B Mindset is out and it is on fire. People are having great results. It’s a simple, nutritional plan that you can customize it to meet your needs and the program that you’re currently doing. So you can be doing 2B Mindset along with whatever fitness program you’re doing or if you’re working with a customer who just...they aren’t at a point yet where they’re ready to start one of our fitness programs and they just want to shed some weight first before they feel comfortable doing one of our workouts. This is a place for them to start. So 2B Mindset, 2B Mindset is out and you still have time, if you’re watching this mid-May, you still have time to get coaches. New coaches could be in Alana’s exclusive coach test group. I think the cut-off is June...don’t quote me on that, but you still have time. You have a couple of weeks. The other thing I wanted to mention is that LIIFT 4 is coming out so

start talking about LIIFTing and cardio and HIIT workouts because that's what LIIFT 4 is all about. So start building interest on LIIFT 4. June 11<sup>th</sup>, I believe, is when the bundles and the challenge packs become available, June 11<sup>th</sup>. So that's before Summit and people can start doing it as early as, I believe, July 16<sup>th</sup> if they get that early access, okay? So be paying attention to that, so July 16<sup>th</sup>. Everyone else who doesn't take advantage of the VIP early access will get it on their regular Beachbody On-Demand on October 1<sup>st</sup>, okay? So make sure you're paying attention to that. Also, we have Summit coming up. Oh my goodness, it's right around the corner and we're having our team training, The Power of IM, on Thursday from 9:00 am to 1:00 pm. Check in this group. Do a search on it and you will see that we've got the tickets out and they're selling out and we're actually opening this up for the whole network now. So even if you're not a part of my team or my downline, you can come to The Power of IM. We've got myself speaking and Josh Coats and Michael Colson and Kelsey and Ian Shakley and Kate Morgan and oh my gosh, the list goes on. It's going to be an amazing event. Okay, so with that said, I want to get to our guest speaker today. So we have with us today...we're so honored to have with us today Dr. Luigi Gratton and he is the VP of nutritionals for Beachbody and so he comes with him a whole list of credentials and I really thought what a perfect person to have on our team call to speak on the Beachbars and really explain to us because obviously, I like to consider myself like a bar guru. I'm not. I'm not a nutritionist. So I really am excited to have him speak to us and explain the nutrition, explain the differences between this bar and other snack bars on the market and hopefully help us have those conversations with our customers as well. Okay, so with that, Dr. Luigi, you can go ahead and can I hear you?

00:05:08 Dr. Gratton: Can you hear me okay? I can see you and hear you.

00:05:09 Jenelle: Yes. I just wanted to make sure. Okay, so Dr. Gratton, if you could please just tell us your story, your background, and what brought you to Beachbody?

00:05:17 Dr. Gratton: Sure. Thank you. Well Jenelle, first of all I want to say thanks to you and your organization. Whomever else is on this Zoom call, this Facebook live training call, thanks for your participation. I love talking nutrition, so it's a real pleasure for me and we can do this as many times as you like, but it's great to sort of meet you through the Zoom call, Facebook call. So my Luigi. I've been here almost seven months in Beachbody. I'm a family medicine doctor, born and raised here in sunny Los Angeles, California, and I grew up actually 20 minutes away from the Beachbody headquarters going east. So if you head a little east towards mid-town Los Angeles, that's where I'm from. Went to high school here in Los Angeles. Went to UCLA, a local university you may have heard of, and I did my master's in public health before I moved out to New York City, which was crazy to go to medical school. Lived out there for four years, got my medical

degree, my certificate. Came back here and trained with the county of Lost Angeles and got board certified in family medicine. So in family medicine you do everything. You deliver some babies. You see old people. You see young people. So a little bit of everything which was really exciting, but I always wanted to apply nutrition to all stages of the life cycle. So that's one of the things that I'm very passionate about. When I was in college in UCLA and high school, I was an athlete. I ran track and cross country. I ran the one-mile. I was okay, wasn't like the top guy or anything, but...so I always had a passion for exercise, performance nutrition and that's one of the things that really attracted me to this company. I didn't know anything about Beachbody. I would see Tony Horton commercials and Shaun T and Piyo and all that good stuff that you guys have been doing for years. I would notice those commercials when I was in the gym at 24-hour Fitness and I'm like, "Who are these Beachbody people and how are they getting all over t.v. all the time?" And then when the shake came out, Shakeology, that was a real game-changer for me because I was working for another company and we sold lots of shakes, but I'd never seen a shake with sacha inchi, with rice, pea, chia, flax and a lot of the sustainable proteins that I was really passionate about. So one of the questions Jenelle that you and I had spoken sort of off-line beforehand, one of the things that really attracted me to Beachbody, besides the cool stuff on t.v. that I saw, was really the nutritional products that Carl, Isabelle, and Darren chose to introduce. I didn't know how they made them, but I was like, I want to find out how they made that shake. So it was really something that I was interested in. I happen to have known Michael Neiman, the division president, worked with him 14 years ago, so I gave him a call and I was like, "Dude, who made this shake? I've never seen a shake like this in the industry," this was probably six years ago and I started following up and looking for opportunities here. So that's kind of how I got here. I started in November 2017. I really enjoy training. I love sort of making products and branding products and all that good stuff. So I think it's really important Jenelle that you and all the folks who are in Beachbody understand I really work for you. We're going to talk about the Beachbar in one second. I'll kick it back to you and we can talk about the Beachbar, but the reason why Carl has us on these calls, we want to figure out what you're selling, what your customers...and those of you who are just customers, what are you interested in eating and drinking? That's the beauty of Beachbody. We react very much to what our customers are looking for and what coaches want. So it's a real pleasure meeting all of you and hoping that we can see you in person someday.

00:08:44 Jenelle: Awesome and I have to say, when we were all, as coaches, talking to corporate about, "Please give us bars, give us bars," I kept thinking, "How are they going to do this?" Because myself, being someone that's constantly looking at the different bars out there and of course we've got the class of protein bars, which this is a snack bar and so if we just look at...talk about the snack bars and even just the snack bars that are on the market and

trying to please everyone with all the different approaches to nutrition lately and everyone's food sensitivities and everything and finding something that's low glycemic yet tastes good, yet doesn't have artificial sweeteners. It's just so difficult to please everyone in a bar and I have to say that my expectations have been far exceeded with this bar. I was just so pleasantly surprised when we got the taste at leadership and got to see the ingredients and the label on the bar. What trends are you seeing with nutrition right now? Like what are our customers looking for in a bar?

00:09:49 Dr. Gratton: It's really important. So, Jenelle, this is why you're such a phenomenal trainer. You may not know it, but you hit all the key buzz words just now in the last 30 seconds and I love it because it's really important, those of you who are looking for a healthy snack, you address that. You talked about a low-glycemic index and I always say if you're new in Beachbody or let's say you're a customer just buying some products and you're a little interested, all the work has been done. If you take your Beachbar box and you just go right across the top, this is what you need to know. These are the important points: 150 calories, so it's very low-calorie as a snack bar. You mentioned this earlier, we're different than sort of these muscle bars that you may find in the gym. The snack-bar category is a seven-billion, with a "b," seven-billion-dollar category. It's huge and that's what we're playing with this bar. So Cliff Bar, RX Bar, Kind Bar, Larabar – great bars. This is a better bar and because we have lower calorie, pound-for-pound, apples-to-apples comparison when you compare our calories to calories, we have more protein. So you're going to see ten grams of protein there. We have higher fiber – four grams of fiber, no trans fats and only five to six grams of sugar depending on which bar you're talking about, okay? Peanut butter has a tiny bit more organic cane sugar. So this is really important and you mentioned, Jenelle, the low-glycemic index. All the products, Shakeology, Daily Sunshine, and the bars are all certified low-glycemic index, which simply means – we don't have to nerd out on science, but it simply means that if you're talking to someone that really hates sugar and a lot of moms, especially, who purchase for the household, don't want sugar in their kids. This is very low sugar and when you have a low-glycemic index it simply means when you eat something, the sugar, the absorption and the metabolism into the body in sugar is very low. So on a score of let's say 1 to 100, a high-glycemic index is let's say 100, if I slam down a can of soda. A low-glycemic index would be below, let's say, 55. This is probably in the 30s to 40s. It's a very low-glycemic index, really great, sustained energy and people feel terrific. So it's a huge snack category, seven-billion dollars. We're not going up against Quest Bars. Those are different types of bars and really delicious.

00:12:14 Jenelle: Yeah, and you know it's so good that you mentioned all those snack bars, the RX Bars, the Kind Bars, the Cliff Bars. There's also the granola Nature Valley bars. Like all of those, we are completely guilty of buying all of

those as a family because, like I said, we're bar people and we're busy and we're on the run and all three of us, my husband and my son too, have these big appetites. My husband's 6' 5", my son's getting there and we constantly need food and so we're grabbing bars and we bought all those bars before and I'm very familiar with the ingredients and the macros on all those bars and this one when compared to all of them, I was like, "Okay, we can just pitch all of these now. We don't need to buy any of these anymore. We can just eat Beachbars."

00:12:57 Dr. Gratton: Oh so true, Jenelle, and you make a great point. So I've been married going on seven years, excuse me, six-and-a-half years. Two kids: my son and my daughter are both under five and they eat these bars like they just tear them up as snacks throughout the day. So they'll have upwards of two bars a day. It's interesting - they started with the peanut butter and everyone thought peanut butter's a huge hit. We sell a pretty even split, a little more peanut butter than chocolate cherry almond, but the chocolate cherry almond really creeps up on you and now I noticing my kids are reaching for that snack and they want that as a snack because they're getting this really sort of taste for it. But I think of questions Jenelle, earlier, was, "What's sort of trending?" Clearly when we shop for our family, my wife does the shopping, she's looking for low sugar. One of the trends though, is healthy fats and you're going to hear Darren and Isabelle often talk about this in some of the training materials. Isabelle talks about when she makes the shake, she'll put avocado, nut butters, the same types of nut butters, almond and nuts, so let's say peanuts. Those nut butters have healthy mono-unsaturated fats and those are really important for kids. They're important for us because all the cells in our bodies - I know you know this already - they need healthy fats for the membranes of the cells and we know that a lot of the bad fats, the pro-inflammatory fats, they're called omega 6 fats that you find in a lot of just processed foods and salad dressings that are not so great. Those promote inflammation. They cause a lot of issues in the brain and the heart and the kidneys and all this stuff. So we want to make sure that we're promoting good fats, just like the healthy fat balance that we have in Beachbars, that we have in Shakeology, and we have in Daily Sunshine. So that's a thing that's trending Jenelle. Healthy fats you're going to see in the market place as a thing, it's happening, and when you see chia, flax, and oat, you'll notice that's the oils that we use in our products.

00:14:50 Jenelle: Right. That's awesome. And the other thing is just that they help you feel satiated and the fact that they are low glycemic, it's not spiking your sugar and carb cravings. So that's a good one for me too. I mean someone might say, "Oh, well I do fine with sugar alcohols. I can have this sugar-free bar that just says an artificial sweetener in it or whatever," and maybe they can do okay with that, but it is still spiking...isn't it still spiking the insulins that can cause cravings?

00:15:20 Dr. Gratton: Yes, absolutely. That's a great point. So a lot of folks, when we launched the bar, a lot of coaches called me or Facebooked me and said, "Hey, I've been using Quest Bars or my customer uses Quest Bars, what's up with that? How do we go up against Quest? It's got more protein." I always say, "We love our company and the beauty of Beachbody and coaches in Beachbody, super positive, we're all about good vibes, so we don't trash other companies, but we've got to point out that if you're going to bring a competitor like Quest Bar, we've got to talk about the sucralose, which is Splenda, and the aspartame, which is NutraSweet, a lot of those artificial sweeteners. Jenelle, you just mentioned sugar alcohols, like maltitol, xylitol. A lot of folks consider those okay, but a lot of moms don't want those anymore and here's the interesting thing, the food companies always listen to moms. For those of you, Beachbody...the vast majority of folks, let's face it, women run this company, okay? Working moms are the head of the household and they shop for you, all shop for your kids and your husbands and everyone. And so when working moms notice that aspartame and sucralose, if there's data on these artificial sweeteners or sugar alcohols, if they don't want them, they get out of those and this is why diet sodas started taking a dive years ago and they started going to natural sure. You'll notice a lot of companies, Snapple did this. A lot of companies are advertising, "Look mom, we have real sugar." So you as a mom, you have a tremendous amount of power in the market because you vote with your dollar and we know our coaches do not want genetically modified soy. They don't want sucralose or Splenda and a lot of that stuff is in other bars like Quest. That's where they use Splenda. So we stay away from that stuff. Not saying it's a bad bar, I'm just saying it's not for us.

00:17:06 Jenelle: Exactly. Okay, awesome. And so we talked about the comparison to the other bars. That was one of my questions. What about the primary ingredients in our bar? How can you explain what we use there? And maybe talk a little bit about the palm oil.

00:17:21 Dr. Gratton: Yeah, absolutely. That's a great question, Jenelle, because that's actually been a very I wouldn't say frequently asked question, but of all the questions, because a lot of people don't ask about the sugar and then we'll talk about that. They're not too worried about the protein, we'll talk about that, but people have asked about the fats and that's palm kernel oil. So very important. So two points on palm kernel oil. First of all, whenever you make a bar, you want it to have a good mouth texture, a nice mouth feel. You can't just take a bunch of like nuts and seeds and press them together because it's going to feel like a rock in your mouth. So healthy fats give texture and they give a smooth quality to foods. So there's different types of fats. A lot of companies are using like modified let's say soybean oil or corn oil. We stay away from that. We want to use healthy fats that are considered sustainable. So we chose palm kernel oil. Now here's the things. There's two issues on palm kernel oil. Most of the palm kernel oil is sourced out of Southeast Asia,

places like Indonesia. They have these huge rain forests and they take the palm oil out of these rain forests. Now some companies are chopping down those trees and they're not planting new ones and that's not sustainable. So we don't want to order from those companies that don't have certified sustainable palm oil, very important. So we go out of our way to audit the facilities and find out are those farms sustainable? We want a third-party endorsement, which we have, on our palm oil so that you can feel confident it's a sustainable source, it's healthy, and we're not doing any damage to the rain forests in Southeast Asia, point number one. Point number two, anyone of you who've ever had kids and you ever tried Nutella which is a chocolate, hazelnut spread. It tastes so good. It's huge in Europe and it became pretty big out here in the U.S. Nutella had a huge problem years ago because again, moms figured out that they were using non-sustainable palm oil, number one, and they found out number two, they were heating the palm oil above 200 degrees and that was causing carcinogens to form in the palm oil that was in the Nutella. Stopped buying it. Sales plummeted. Nutella had to react quickly. I was working for a company. I was in Italy at the time and Italians love their Nutella, and they completely stopped buying it. It was a huge problem, huge business problem because working moms voted with their dollars. So we make sure, number one, it's sustainable palm oil. Number two, it's not heat treated above that 200-degree mark so that it's within the range where there's no byproducts that are created. So those are two really important things on palm kernel oil and you're going to see a lot in the marketing material. So don't worry too much about writing down all these facts. I just want you to have the confidence.

00:20:15 Jenelle: Right. That's awesome. Of course, with any bar, you're going to have some push-back. Someone needs it to be dairy-free or someone needs it to be nut-free. So there's no perfect bar that's going to meet every single person's needs in one shot, but are we looking at maybe down the road, the possible options of maybe something that's dairy-free or maybe something that's nut-free for those people who have a nut allergy, things like that?

00:20:46 Dr. Gratton: Absolutely. Yeah. Absolutely. And it's so fitting that you're going to have Joel next week who is a super-star, rock-star. I'm so excited because that guy is special. We've been working with him in the office a lot and man can he promote. He's just really incredible. Anyway, talking with him a lot. We talk a lot about how his programs and the things that Autumn has done and Chalene and Shaun T and Tony, all these things. It's not just the program in fitness that people are buying, it's also the trust in that super train, as many of you know and I think it's really important. So coming out of 80-Day Obsession, we realized a lot of people do not like dairy so we are looking into non-dairy options with the bars. We have our research and development team, our scientists, are seeing if they can develop a bar that would be vegan, that means dairy-free, right? So you wouldn't have any of the whey issues that people have in tolerance or allergy to whey. There's

nothing wrong with whey protein. We use super-clean whey. We make sure there's no toxic products in the whey. If you look right on your label, you'll notice protein from pea and whey. Cool thing about the dairy protein, the whey protein is it provides all the amino acids, so you have a complete protein. And of course the pea protein provides plant-based nutrition which we love in Beachbody. Okay, so you've got that compliment, and you've also got organic cane sugar. The reason why we're using organic cane sugar, the same way we use it in Shakeology and Daily Sunshine, very important. A lot of you moms out there do not want, you don't want sucralose or Splenda, aspartame, all those artificials, and you're very sensitive to genetically modified corn sweetener. You'll notice high-fructose corn syrup, glucose syrup. So here's the dirty little secret that food companies aren't telling us. You can take corn, especially if it's genetically modified. You can chemically modify it and make sugar out of it and this is where they put it, in the sodas and candy and everything. Now here's the thing, they can also call it fructose and they can sell it to other food companies like us, and not tell us where it's sourced from. So the reason why we buy organic cane sugar, especially for the bar is it has to be real sugar, not from corn, and it has to be organically sourced, which means no GMO products are grown on that farm, no pesticides, no herbicides, no irradiation, or sewer leakage on that farm. There are very strict standards that the United States has on USDA non-GMO and organic. So very important I want to mention that we use the organic cane sugar not just because it tastes great and we use a small amount, but because it's very clean sweetener and we don't have any of that other garbage that other food companies use.

00:23:46 Jenelle: Perfect and that's why, I think, as a family, we consume so many Beachbody nutritionals because of all the research and development that goes behind all these products. Like I know and I trust what I'm eating or drinking and that just goes so far and I think for us as coaches it just is so helpful to give us that confidence when we're talking to other people that this is what we feed our families and this is what we use and we feel confident in doing that because we know what went on behind the scenes. We know what went on behind the scenes and the research and development and the processing of the product, so that's just huge. So, I'm not seeing questions. I thought I would with this live, but I don't see questions. You don't see them, do you Dr. Gratton?

00:24:32 Dr. Gratton: I'm not seeing any, but you just touched on...while some of the questions may be loading up...or and if folks watch this later and have questions. Jenelle, if they send them to you, you can always e-mail me directly and I'll write you the answers back. The important things you just said about confidence, it's really important that coaches understand that my job is to support you guys. So it's not like we're doing...our day job is all about what you need. So if you guys have specific questions...I wrote some Facebook questions last week about ashwagandha for a coach in New York. I wrote

some Facebook questions on someone who has high blood pressure, can they use Energize? And I coached them from a doctor's perspective, a corporate perspective and told them how to talk to the doctor. We do questions all day long on Facebook, so always feel free, you guys, to reach out and write. Something you just mentioned Jenelle on testing, I would to talk about real quickly. Three stages of testing that we do with our products. Really important, I think it gives people tremendous confidence because if you take anything like Performance, or let's take Shakeology. This is a really commonly asked question with Shakeology. So anytime we...and this is what sets us apart from other companies. When we take all these products and you guys, for those of you coming to Summit, you're going to see Darren and Isabelle. We're doing this very cool stage presentation on Shakeology. You don't want to miss it. It's going to be phenomenal and we're going to talk about the complexity of the shake and why it's so important, like all these ingredients. But when you look at the back and you see all these ingredients, something that we do that's very different, in terms of Beachbody, we send our scientists, our gals and guys, they go out to all the companies, the individual companies that we buy these ingredients from. This is step one. It's called the ingredient identification. So imagine we flew one of our guys, a guy named Miguel, I know him very well. Miguel flew over to Indonesia to check out some of the suppliers and he does what we call the white glove test. I call it the white glove test. He literally puts on his gloves and cruises around with a flashlight. He goes into the manufacturing facilities where they are making the sugar or the oil or the processing things and he checks around and makes sure that it's clean, that they hold up to our standards of excellence. Most companies don't do that. They just order the raw material. They get a bag of sweetener and they blend it. They don't care what's in there, if there's sawdust or all kinds of fillers. We audit the facility. We check and make sure, "Let me see your specifications. When you sell us the ashwagandha, is it really the ashwagandha that Darren asked for? Or is it truly the ricci that Isabelle wanted to ask for. So we do an ingredient audit that's very technical, step one. Then when we order that raw material, we have our gals and guys fly back to the U.S. They ship that raw material to us and step two is when we get big batches of that raw material, we take 60, that's six, zero, 60 individual samples of each batch and we put those samples on a shelf in our little ingredient library and we can test them later if there's ever any issue or complaint about something in the product. That's really, really important. Then we blend everything together, before we go to step three, we blend it all. And then when we have the final product, we do 300 individual samples with each batch of finished product. We put those in the ingredient library and again, we have a complete testing. So it's 60 before, 300 after and this ingredient identification which very few people do in the industry. One last point Jenelle, and then I'll kick it back to you. I found out recently from our quality people, this process is so scientific and so high-standard, that other companies when they find out that we're working with let's say a sweetener supplier, they know that we've done all the heavy lifting

so that a lot of other companies say, "If Beachbody's using them they must be good, so we'll order from them too." It is phenomenal. So you all buy these products buy you literally raise the bar and we make companies better because of our standards of excellence and that's because it's what you as coaches ask for.

00:28:45            Jenelle:            That is amazing. That's so good to know because there are so many people where they just look for the cheapest product and that is really scary because that company could be taking all the shortcuts just to put out the cheapest product and obviously that's not what we want for our health and us as coaches, believing so much in health and fitness and what we put in our bodies is so crucial and it's just so good to know that we can trust these nutritional and that's why our house is full of them and all of us as coaches are constantly, probably overly, excited about all our nutritional. It's just so great to know the quality that's behind them. It's just huge. So Dr. Gratton, thank you so much for being on this call. I'm checking over here. I can see all of the comments, tons of comments. Everyone's super excited, loving the information, but I'm not seeing any questions, so I think we covered it. We must have covered it all. So thank you so much for being on this call. I so appreciate your time. I know you're very busy.

00:29:53            Dr. Gratton:        It's my pleasure. Thank you Jenelle for hosting and looking forward to meeting many of you at Summit and thanks for all of your passion and your participation in making Beachbody an amazing company. Thank you.

00:30:06            Jenelle:            Thank you. All right, I'm going to see if I can figure out how to exit us off. Thanks you guys and we'll see you next week on next...

00:30:14

[End of Recorded Material]