

For Immediate Release

Title: Multi-level marketing expert releases new findings on Medifast, Inc. (NYSE:MED): calls company a ‘consumer pyramid’

Sub-Title: Expert: “Under the Medifast (NYSE:MED) chain letter pay plan, the great majority of the coaches can never reach the tantalizing income lures that are used in Take Shape for Life’s promotion”

January 8, 2010 San Diego, CA

The Fraud Discovery Institute, Inc. today released a new, updated report on Medifast, Inc. (NYSE:MED). The report reveals that the company derives almost two-thirds of their revenue from their multi-level marketing company, making them competitors with companies like Mannatech, Amway and PrePaid Legal, Inc. and not Weight Watchers, Jenny Craig or NutriSystem as Wall Street analysts assert. Nationally recognized multi-level marketing expert Robert Fitzpatrick makes the following observation about Medifast, Inc.’s meteoric stock price rise from April of 2009 to January 2010:

“The foundation of Medifast’s stock surge is the recent rise in its revenue, which is driven by the “endless chain” income opportunity that it markets to consumers. Medifast’s income scheme is a solicitation to consumers to become distributors that buy and sell the company’s meal replacement products and to recruit others to do the same. Medifast seamlessly integrates its “income opportunity” product with its meal replacement products. It makes earning money a key part of its three-part “system” for weight control and good health – the only company in that field to do this – and it offers consumers the company’s own recruitment scheme as the means to meet financial goals.”

Mr. Fitzpatrick goes on to make the following observations that are not readily disclosed by Medifast, Inc.

- * About two-thirds of every commission dollar generated by sales or purchases of the bottom 80% are transferred to the top 20%
- * 67% of all commissions paid out on total revenue were transferred to the top 10% of active coaches
- * Take Shape for Life’s new disclosure continues to conceal critical data factors. In particular it does not reveal how much of the income of the top 1% is derived from retail sales they themselves made and how much is merely “overrides” on the purchases and sales of the “downline.”

* The mean average commission income for the bottom one-half of the “active” sales channel (Fast Track Coaches and Health Coaches) – \$24 a week – indicates a monthly retail sales level of about 2 meal replacement customers per coach.

* Medifast does not disclose the overall average retail sales per coach, just as it does not reveal how many coaches are actually enrolled, including those that make no sales but do purchase goods and pay fees.

Medifast has shown phoenix-like growth. Yet, this unusual growth should be a ‘red flag’ to investors and regulators that something is awry. It was Bernard Madoff’s uncanny consistency of 12% profits each year, and his ability to deliver projected returns regardless of the size of his portfolio and in the face of down market trends that first attracted the suspicion of whistleblowers. Under the Medifast chain letter pay plan, the great majority of the coaches can never reach the tantalizing income lures that are used in Take Shape for Life’s promotion.

The report, included in entirety at www.medifraud.net, goes on to add: “A typical web-based solicitation makes the often-repeated statement, ‘The average Health Coach at the Executive level makes about \$3,000 per month supporting roughly 30 people. It goes up from there.’ This statement omits the crucial fact that Executive Level coaches constitute only 6% of the entire organization.” The Fraud Discovery Institute, Inc. also responded to Medifast, Inc’s (NYSE:MED) alleged ‘independent investigation’ of past claims about the pyramid scheme compensation plan that lures in new prospects and is the only reason for the company’s growth (www.frauddiscovery.net).