

# History of Isagenix International

## The Remarkable Story of Vision, Leadership, and Growth



### Introduction

#### Why the Company Holds an Enviable Position in the Marketplace

Isagenix International is a health and wellness company that develops and manufactures high-quality systems for cleansing and fat burning, nutrition, and skin care that are distributed through an independent network of Associates in the U.S., Canada, and Puerto Rico. The company's vision is to impact world health by continually searching the world and sharing the discoveries in science and nature that will make a difference in the health, wealth, and happiness of humankind. Isagenix, established March 23, 2002, is a privately owned company with headquarters in Chandler, Ariz.

At Isagenix, our mission and promise is to provide no-compromise nutritional products—of foremost importance are synergy of ingredients, potency, natural affinity, bio-availability, and superior absorption. Isagenix's Founder and Formulator, John Anderson, makes sure the company uses only the highest-quality raw materials that are thoroughly inspected for safety, purity, and potency.

Isagenix is a key player in the \$100 billion a year health and wellness market. Isagenix distinguishes itself from its competitors by applying proven principles of a healthy and lean lifestyle—mainly a lower-calorie diet and increase in physical activity—with the addition of a proprietary internal body cleansing and nutrition system. The system, called the "Cleansing and Fat Burning System," combines the best of science and nature into four nutritionally dense components that allow consumers to safely reduce their caloric intake without depleting the body's needs for essential nutrients. The four components of this system are: Cleanse for Life drink (with aloe vera, herbal teas, and IsaLyte™—a proprietary blend of more than 70 ionic trace minerals), IsaLean Shake (a meal replacement that includes organic whey protein, active enzymes, vitamins and minerals), Natural Accelerator capsules (a formula using natural thermogenic and lipotropic ingredients to help enhance fat loss), and Isagenix Snacks (a low-calorie blend of proteins, carbohydrates, and fat to help curb cravings).

Cleansing by limiting the diet to the Isagenix Cleanse for Life drink for one or two days per month, combined with the other key daily components of the Cleansing and Fat Burning System, provides customers with benefits such as steady loss of weight, increased energy, elimination of impurities, better absorption of vitamins and minerals, and better overall health. In clinical trials, the average weight loss was seven pounds in nine days.

The company believes the immediate visible results produced by this system are a distinct advantage Isagenix enjoys over its competitors. Thousands of customers have been able to lose weight and keep weight off consistently by following the Isagenix programs.

### 2002

#### The Beginning

Founder and Formulator John Anderson and Co-Founders Jim and Kathy Coover officially launched Isagenix International in March 2002 with a total of nine employees. From its inception, the company's core product was the Cleansing and Fat Burning System, which is now available in a 9 Day and a 30 Day Program. It was sold to the U.S. market via the Internet.

Despite beginning with just the Cleansing and Fat Burning System, a few supplements, and virtually no sales tools, the company's sales exceeded \$50 million within the first 18 months—and approximately 50 percent of those sales were directly paid out in commissions to Isagenix Associates.

Isagenix originally operated out of three separate buildings. There was one small office suite, located in Tempe, Ariz., that housed Customer Service and the Director of Operations. This office had enough room for 25 Customer Service Representatives. Another small facility was located in Tempe, Ariz., for the warehouse and accounting departments. The warehouse only had room for four pick-and-pack bays. A manufacturing facility was also located in Tempe, Ariz., at a separate location.

Also of note in 2002 was the first Isagenix convention, which the company refers to as a "Celebration." It was held the summer of 2002 in Scottsdale, Ariz. Nearly 500 Isagenix Associates from various states within the U.S. attended. During this Celebration, Isagenix announced a couple of new supplements to the Isagenix product line, including a complete nutritional maintenance program for use once weight loss goals are achieved.

### 2003

#### Endorsements from Doctors, Nutritionists, and Authors

By the start of its first full year in business, Isagenix had grown to 39 employees. To increase the company's credibility and serious commitment to health and wellness, Isagenix established a Medical Advisory Board. This board consisted of medical doctors and nutritionists who would not only validate our products but also test new products, conduct studies, and answer questions from Associates regarding the Isagenix products.

One of the highlights of the year was when best-selling authors John Gray, Ph.D. and Jack Canfield joined as Isagenix Associates and recommended the Isagenix Programs in their books.

Isagenix had its second annual Celebration in Las Vegas, Nev., at the Treasure Island Hotel. More than 1,000 Isagenix Associates attended. Authors Jack Canfield and John Gray were keynote speakers. Isagenix launched several new products, including the electrolyte drink *Want More Energy?* and *SlimCakes*. The company also introduced two new books written for Isagenix; *Chicken Soup for The Healthy Soul* by Jack Canfield, and *The Mars Venus Diet & Exercise Solution* by Dr. John Gray. In addition, Isagenix introduced a new workout video created by Gilad, the star *Bodies in Motion Fitness* TV show, called "Gilad 3X Isagenix."

## 2004

### 2004 – Growth Ignited

2004 was the year that growth for Isagenix truly ignited. To prepare for this growth, Isagenix moved into a new 62,000-square-foot World Headquarters in Chandler, Ariz. With the purchase of this 15-acre site, Customer Service and Order Entry, Distribution, Accounting, Purchasing, Human Resources, and the Executive Management team were all now in one location. Many offices were created and a 7,200-square-foot call center was designed. Customer Service expanded from 25 workstations to 83 workstations. With 38 pick-and-pack bays, the 40,000-square-foot warehouse has the capability to pack and ship 25,000 orders daily.

In January 2004 Isagenix celebrated its accomplishments by publishing a new Isagenix for Life magazine, which was circulated to all active Isagenix Associates. 2004's Celebration was held at Caesars Palace in Las Vegas, Nev. At this event Isagenix launched Ionix Supreme, two new flavors of Want More Energy?, the IsaLean Bars, new Product Programs, and the IsaDermix Skin Renewal System. These products and system opened significant new market potential for the company by addressing the anti-aging movement.

Internationally renowned cosmetic surgeon George T. Boris not only assisted in the creation of the new IsaDermix Skin Renewal System, but was also introduced as the newest member of the Isagenix Medical Advisory Board. Isagenix also introduced the company's philanthropy program for Childhelp. For each sale of an IsaDermix Skin Renewal System, Isagenix would donate a portion of the profit to Childhelp. Childhelp is an organization that serves abused children.

Isagenix finished the year with nearly \$100 million in cumulative sales since the company was established in March 2002.

## 2005

### 2005 – International Expansion Begins, Management Reorganized

At the beginning of 2005, Isagenix officially opened Canada and Puerto Rico, including establishing a warehouse in each country. The company also finalized plans to construct a 100,000-square-foot building for Isagenix Manufacturing next to its World Headquarters.

Isagenix held its 2005 Celebration in Scottsdale, Ariz., and more than 2,500 Associates attended. Many of these of Associates also toured the state-of-the-art facility during this time. Many new sales tools were introduced, along with new products, including IsaFruits, new IsaDermix Skin Intensives, and an enhanced IsaDermix Skin Renewal System with new packaging. Dr. John Gray also shared with everyone that Isagenix would launch a new system of several products designed by Dr. Gray to help optimize brain chemistry. Isagenix made plans to introduce Dr. Gray's products in early 2006.

To more effectively manage and fuel its growth, Isagenix underwent important internal restructuring and successfully attracted additional capital. John Anderson named Jim Coover as President and CEO, which allowed John to focus on

product formulation and manufacturing. Jim Coover also recruited Jim Pierce to join the team as Chief Operating Officer/Chief Financial Officer, as well as promoted the following members of the management team to new positions: Vice President of Operations Patty Raphael, Vice President of Marketing Rick Despain, Vice President of Logistics Jim Beck, Director of IT Scott Flohr, and Director of Human Resources Cindy Camhi. Also joining the team was Director of Field Development Larry Lantieri. In addition, a Board of Directors was established. The year concluded with the introduction of two new products: IsaFuel and the IsaLean Creamy Tomato Soup.

Following another successful Celebration and the reorganization of the management and executive teams, company sales began to rise every month afterward. By the close of 2005, Isagenix had generated more than \$170 million in sales—with approximately 50 percent of those sales directly paid out in commissions to the Isagenix Associates.

## 2006

### Continual Growth

Growth for the company is unyielding. January 2006 was the biggest month in sales in Isagenix history—up nearly 100 percent from January 2005. New staff personnel were added to the management team: CIO Dave Pickrell, VP of Manufacturing Dwight B. Shaulis, Controller Jeff Brademeyer, Director of Communications Jeffery E. Pizzino, and Director of International Expansion Warren Te Brugge. Isagenix began this year with 116 employees.

At the Top Achievers Event in Los Angeles Jan. 20 and 21, where more than 300 of the top Isagenix Associates attended, Isagenix introduced an expanded participation in the program for Childhelp. Now, not only can employees contribute, but also Associates.

One of the most note-worthy accomplishments of Isagenix this year thus far has been the launch of a new logo and Web site February 9. The Web site has received enthusiastic approval from Associates, as it will help them to more effectively present the Isagenix opportunity to those they recruit.

This year's Celebration is scheduled for Aug. 20-22 at the Mandalay Bay Resort and Casino in Las Vegas. More than 2,000 are expected to attend.

Sales continue to grow. In March, the company had its first \$2 million week in its history. Currently, approximately 2,000 Associates are joining the company weekly and the Isagenix internal staff is approaching 140. After the first quarter of 2006, Isagenix had generated \$200 million in accumulated sales.



Isagenix International headquarters in Chandler, Ariz.