



Medifast, Inc. Complaints Pending With the United States Department of Justice, the United States Securities and Exchange Commission, the Maryland Securities Commissioner

--Medifast Disavows Allegations as False, Misleading and/or Without Merit --Medifast revenue has had over 40% compound year -over-year growth rate since 1999 due to increased product sales

OWINGS MILLS, Md., Jan 14, 2010 /PRNewswire via COMTEX News Network/ -- Medifast, Inc. (NYSE: MED) has been the subject of a series of fraudulent attacks on its stock in a case of outright, deliberate, and possibly illegal market manipulation. Beginning February 17, 2009, Mr. Barry Minkow, a convicted felon, and his Fraud Discovery Institute (FDI) posted on the FDI website a "report" authored by his close associate, Mr. Robert Fitzpatrick, which accused Medifast through its direct selling subsidiary, Take Shape for Life, Inc., of being: 1) an illegal "endless chain" pyramid, and 2) a Ponzi scheme comparable to that perpetrated by Bernard Madoff. The attacks continued with subsequent "reports" and updates posted by Mr. Minkow, Mr. Fitzgerald and their co-conspirators in May and June 2009; and most recently January 8, 2010. The allegations are patently untrue. They were made with the intent to manipulate the share price of Medifast downward (which occurred) in order for Mr. Minkow and others to profit from his subsequently disclosed short position in Medifast stock, which he acquired prior to publishing his first fraudulent attack.

Following the first attack, Medifast, Inc. constituted a committee of prestigious, experienced independent directors to review the public allegations made by Mr. Minkow and his associates on the FDI website pertaining to alleged illegal activities of Take Shape for Life, the direct selling subsidiary of Medifast, Inc. These public allegations were made in mid- February 2009 and were immediately followed by significant short selling and short selling option puts that shaved more than \$30 million from the market capitalization of Medifast. The company has demanded that this third party take down its website information containing false information or be subject to appropriate legal action.

Medifast, in a press release on February 17, 2009, responded to the false claims in United States Securities and Exchange Commission File #: 001-31573; Film #: 09617581. The Medifast Independent Committee appointed as chairman Mr. Barry B. Bondroff, CPA, an officer and director of the law firm Gorfine, Schiller & Gardyn, PA. Members of the Committee include: Mr. George J. Lavin, Esq, founding partner of the law firm, Lavin, O'Neil, Ricci, Ceprone & Dispicio, who is an expert in Product Liability Law; Lt. Gen. Dennis M. McCarthy USMC (Ret.), Executive Director of the Reserve Officers Association of the United States and a licensed attorney; Capt. Joseph D. Calderone USNR (Ret.), chaplain and counselor of the Villanova University Law School; and Mr. Charles P. Connolly, former president and chief executive officer of First Union Corporation of Pennsylvania and Delaware. After an investigation of the facts and information developed to date the committee unanimously agreed that the allegations were false, misleading and or without merit.

Counsel forwarded three cease and desist demands by letter to Mr. Minkow, a convicted felon, and FDI, of which Minkow/FDI confirmed receiving two. After the initial attack in February, 2009, Medifast, Inc. soon filed complaints with the United States Department of Justice, the United States Securities and Exchange Commission, the Maryland Securities Commissioner. Those complaints are deemed confidential matters, and Medifast, Inc. as any responsible corporate citizen should, has honored that confidentiality. The most recent January 8, 2010 attack regurgitated the same published allegations which Medifast, Inc. consider to be false, misleading and without merit.

Other public direct selling companies have been attacked by this individual and his network of associates using the same blueprint of allegations before retracting or disavowing their unsubstantiated allegations as part of an announced settlement. Medifast believes that any investigation, regulatory or otherwise, should be focused on the false allegations and stock dealings of Mr. Minkow, Mr. Fitzgerald and their co-conspirators to harm Medifast, Inc., our over 360 Maryland-based employees, 122 Medifast clinic associates, our 5,800 dedicated nationwide health coaches and our loyal shareholders.

Medifast respectfully suggests its team members and shareholders keep in mind that the widespread acceptance of the Medifast products by our customers who want to improve their health through a proven, clinically tested, weight loss program is the important focus of the Medifast core mission. The periodic audited Medifast financial reports reflect in large measure the success its growing customer base has seen in achieving their weight loss goals and enjoying a healthier lifestyle as they take shape for life.

Michael S. McDevitt, chief executive officer of Medifast, Inc., said, "Our diversified product distribution model continues to operate very efficiently and we believe that will continue to be the case for the foreseeable future. We will be reporting year-end financial results in early to mid-March 2010 and we believe those results will reflect our confidence."

About Medifast:

Medifast (NYSE: MED) is the leading easy-to-use, clinically proven, portion-controlled weight-loss program. Medifast has been recommended by over 20,000 doctors and used by over one million customers since 1980. It is committed to enriching lives by providing innovative choices for lasting health. Medifast programs have been proven effective through studies by major university teaching hospitals. The company sells its products and programs via four unique distribution channels: 1) the web and national call centers, 2) the Take Shape For Life direct-selling division 3) medically supervised Medifast Weight Control Centers, and 4) a national network of physicians. Medifast was founded in 1980 and is located in Owings Mills, Maryland. For more information, log onto http://www.choo_semedifast.com. MED-G

Safe Harbor Statement

Please Note: This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by use of phrases or terminology such as "intend" or other similar words or the negative of such terminology. Similarly, descriptions of Medifast's objectives, strategies, plans, goals or targets contained herein are also considered forward-looking statements. Medifast believes this release should be read in conjunction with all of its filings with the United States Securities and Exchange Commission and cautions its readers that these forward-looking statements are subject to certain events, risks, uncertainties, and other factors. Some of these factors include, among others, Medifast's inability to attract and retain independent Associates and Members, stability in the pricing of print, TV and Direct Mail marketing initiatives affecting the cost to acquire customers, increases in competition, litigation, regulatory changes, and its planned growth into new domestic and international markets and new channels of distribution. Although Medifast's believes that the expectations, statements, and assumptions reflected in these forward-looking statements are reasonable, it cautions readers to always consider all of the risk factors and any other cautionary statements carefully in evaluating each forward-looking statement in this release, as well as those set forth in its latest Annual Report on Form 10-K and Quarterly Report on Form 10-Q, and other filings filed with the United States Securities and Exchange Commission, including its current reports on Form 8-K. All of the forward-looking statements contained herein speak only as of the date of this release.

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