Recently there have been anonymous allegations regarding Anusara's employee pension plan that suggest unspecified "illegal" conduct, and raise inferences that employees were somehow cheated out of their benefits. The actual facts demonstrate that these allegations are distortions generated by a disgruntled former employee, whose pension funds are, and always have been, available to him.

To be clear, Anusara mistakenly failed to promptly notify its employees of a modification of its pension plan, and has now corrected that mistake. The modification of the plan occurred as a result of negotiations with a third party who was making a loan to Anusara. There is nothing criminal/illegal about what happened. It was, at worst, an ineffective modification of the plan, that was remedied as soon as Anusara realized its mistake. No money is missing from the plan, and no employee was cheated out of benefits.

Anusara has historically had a defined benefit pension plan for its employees which is administered by a third-party pension administrator. **The plan is funded by Anusara directly**, as opposed to salary deductions taken from employees. The assets of the plan are invested and controlled by a third party professional.

In the summer of 2010, as a condition of obtaining a loan, Anusara was required to "freeze" the funding and accrual of future benefits for all employees, including all of its officers. However, this plan modification did not effect, change or in any way alter, the pension benefits that had already been accrued by the employees up through the end of 2009.

Anusara believed it had to amend the plan and notify its employees of the amendment by the end of year 2010. In December 2010, Anusara called a meeting of its employees and gave them verbal notice that the company would not be funding the pension plan for 2010, or in the future, but that **past vested benefits** would not be affected.

One year later, in late December, 2011, Anusara received a letter from the U.S. Department of Labor stating that an employee has raised "questions concerning when he and other co-workers will receive individual benefit statements." A copy of the Department of Labor letter is enclosed herewith. This is the only written correspondence that Anusara has received from the Department of Labor.

A few days later, Anusara received the annual pension statement from its pension administrator and distributed them along with written notice of the pension amendment to its employees. These documents were sent to the U.S. Department

of Labor as shown by the attached letter. Anusara was still under the mistaken belief that it had properly and retroactively "frozen" the pension benefits to January 1, 2010.

Subsequently, Anusara received a telephone call from the Department of Labor and was told that the plan amendment could not be retroactive and the attempted amendment of the pension benefits was ineffective due to the untimely notice. As a result, Anusara immediately began the whole pension amendment process anew. On January 24, 2012, Anusara sent out proper notice to its employees stating the pension plan would be amended, and the pension "frozen," as of March 1, 2012. That letter is attached.

All of Anusara's actions relating to the pension have been taken in good faith. Its failure to comply with the law has been the result of mistakes – not intentional deception. The Department of Labor never took any adverse action against Anusara as a result of those mistakes.

On March 1, 2012, Anusara's defined benefits plan will be amended. The vested pension benefits of former and current Anusara employees will remain unaffected and, according to the Plan Administrator, sufficient funds exist in the pension plan to pay future benefits as identified by actuarial tables. All former Anusara vested employees will be given the opportunity to cash out their pension funds as allowed by law.

No current or former employees of Anusara have been financially injured by Anusara's mistakes relating to the attempted pension amendment. In fact, the opposite is true - all employees will benefit financially because the pension benefits will continue to accrue for 24 months longer than Anusara intended.

U.S. Department of Labor

Employee Benefits Security Administration Washington, D.C. 20210



December 23, 2011

Mr. John Friend Anusara, Inc. 9400 Grogans Mill Road Suite 200 Spring, Texas 77380

Dear Mr. Friend:

The Employee Benefits Security Administration (EBSA) is responsible for the administration and enforcement of the Employee Retirement Income Security Act of 1974 (ERISA), which covers various types of employee benefit plans.

Mr. a participant of the Anusara Yoga Defined Benefit Plan, has requested our assistance in resolving a question concerning his benefits under the plan. Mr. has questions concerning when he and other co-workers will receive individual benefit statements. This office is willing to assist the plan and Mr. in resolving this question. In order to do so, we are requesting that you provide us with information on when Mr. and other employees will receive benefit statements.

Sincerely,

Chief, Division of Technical Assistance and Inquiries

Enclosure



January 4, 2012

Ms.
U.S. Department of Labor
Suite 400
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Ms.

This letter is to let you know that we are currently working to resolve the issue with which has requested your assistance. Today, we are sending to him as well as to Ms. at the U.S. Department of Labor in Washington, D.C. as requested, a certified letter, including his current Anusara Yoga Defined Benefit Pension Plan statement, and notice in writing about the freeze on the plan. I have attached for you a copy of these items as requested by Ms. along with the original packet we received from her.

Additionally, I am meeting with our staff tomorrow and will hand out everyone's current statements to them then along with a letter explaining the freeze on the account.

The spirit of our intention was good. We were not being intentionally deceptive. I hope that this will clear everything up substantially.

If you need to contact me with anything further, you can also reach me at toll-free 1-888-398-9642 ext. Sor by email at the solution of the so

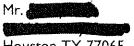
Sincerely,

Cc: Chief, Division of Technical Assistance and Inquiries

Yoga • Shri • Community



January 4, 2012



Houston TX 77065

Dear Mr.

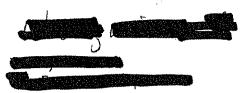
Please find attached your most current Anusara Yoga Defined Benefit Pension Plan statement, dated "As of January 1, 2010."

Please also find attached a statement from the company administering our Defined Benefit Pension Plan explaining the freeze on the account.

On behalf of Anusara, Inc., I apologize for this oversight. The spirit of our intention was good. We were not being intentionally deceptive. I hope that this will clear everything up substantially.

If you need further assistance, please contact me.

Sincerely,



Cc: and

Chief, Division of Technical Assistance and Inquiries

Enclosure:

Yoga • Shri • Community

ERISA 204(h) NOTICE

Name of Plan:

Anusara Yoga

Defined Benefit Pension Plan

Plan Sponsor:

Anusara, Inc.

EIN:

20-2206066

Plan Number:

001

Plan Administrator:

Clifford J. Friend

Address:

9400 Grogan's Mill Rd. Ste 200

The Woodlands, TX 77380

Phone No.:

281-367-9763

Proposed Effective Date:

January 1, 2010

PURPOSE OF NOTICE

The purpose of this Notice is to inform Plan Participants that Anusara, Inc. (the "Employer") has adopted a Plan amendment that will result in a significant reduction of future accrued benefits under the Anusara Yoga Defined Benefit Pension Plan (the "Plan").

TIMING OF NOTICE

This Notice is being provided to you at least 15 days before the amendment's effective date.

To the extent that this notice has not been provided to you in a timely manner as described above, the plan amendment described herein will not be applicable unless it can be established that the Employer put forth a good faith effort to describe the reduction in accruals in a timely and complete manner.

The benefit or allocation formula before the amendment was as follows:

of a Plan Participant's Average Monthly Compensation, computed to the nearest cent.

The benefit or allocation formula effective is as follows:

0% of a Plan Participant's Average Monthly Compensation.

If you have any questions concerning the effect of this reduction of accrued benefits, please contact the Plan Administrator.

NOTE: A hard copy of this notice must be provided to each Participant via first class mail or hand delivery. Electronic media is acceptable only if the Plan Administrator takes appropriate measures to ensure that the notice is actually received and informs the Participant of their right to request paper copies of the notice.



January 24, 2012



Dear

Please find attached a statement from Loren D. Stark Company, the company administering our Defined Benefit Pension Plan, stating that your pension account will not be frozen until March 1st of this year.

We will be liquidating the funds and closing out this account at that time. Once I have the amount of your benefits, I will notify you again. You will have approximately six months from this future notification date to move your funds to a separate retirement account of your choosing in order to avoid paying a hefty penalty for drawing on your benefits early.

If you have any questions, please contact me.

Sincerely,

Enclosure

D. T.

Yoga + Shri + Community

ERISA 204(h) NOTICE

Name of Plan:

Anusara Yoga

Defined Benefit Pension Plan

Plan Sponsor:

Anusara, Inc.

EIN:

20-2206066

Plan Number:

001

Plan Administrator:

Clifford J. Friend

Address:

9400 Grogan's Mill Rd. Ste 200

The Woodlands, TX 77380

Phone No.:

281-367-9763

Proposed Effective Date:

March 1, 2012

PURPOSE OF NOTICE

The purpose of this Notice is to inform Plan Participants that Anusara, Inc. (the "Employer") has adopted a Plan amendment that will result in a significant reduction of future accrued benefits under the Anusara Yoga Defined Benefit Pension Plan (the "Plan").

TIMING OF NOTICE

This Notice is being provided to you at least 15 days before the amendment's effective date.

To the extent that this notice has not been provided to you in a timely manner as described above, the plan amendment described herein will not be applicable unless it can be established that the Employer put forth a good faith effort to describe the reduction in accruals in a timely and complete manner.

The benefit or allocation formula before the amendment was as follows:

of a Plan Participant's Average Compensation, multiplied by Credited Service.

The benefit or allocation formula effective March 1, 2012 is as follows:

0% of a Plan Participant's Average Compensation, multiplied by Credited Service.

If you have any questions concerning the effect of this reduction of accrued benefits, please contact the Plan Administrator.

NOTE: A hard copy of this notice must be provided to each Participant via first class mail or hand delivery. Electronic media is acceptable only if the Plan Administrator takes appropriate measures to ensure that the notice is actually received and informs the Participant of their right to request paper copies of the notice.