

HERBALIFE



*“With self-discipline most anything is possible.”*

**Theodore Roosevelt**  
26th President  
of the United States

FUN  
SIMPLE  
PRACTICAL

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# Sales & Marketing Plan and Business Rules

## Overview

Herbalife's Sales & Marketing Plan offers you unique opportunities which can lead to higher levels of success and to great achievement. The plan was developed by Herbalife's first Distributor and founder, Mark Hughes. The result is arguably the best Sales & Marketing Plan in the industry. Herbalife's Sales & Marketing Plan pays a high percentage of product revenues to Members and Distributors in the form of Retail and Wholesale Profits, Royalty and bonus income and incentives. This tested, proven business plan is designed to maximize rewards for effort and provide substantial and ongoing income.

The Herbalife business opportunity and the Sales & Marketing Plan are identical for every Herbalife Member. Each Member's success is dependent on two primary factors:

- The time, effort and commitment put into the Herbalife business and
- The product sales made by a Member and their downline organization.

These two factors raise the importance of a Member's responsibility to train, support and motivate their downline organization.

The following pages describe the different levels of Herbalife's Sales & Marketing Plan. Each level has specific qualifications and associated benefits to reward Members for their efforts and enhance their success.

### Becoming a Member – The Important First Step

The only required purchase in order to become an Herbalife Member is the Mini Herbalife Member Pack (Mini HMP), or at your election, an Herbalife Member Pack (HMP). The Mini HMP (as well as the larger version) contains the Herbalife Membership Application and Agreement, which you must complete and submit in order to receive an Herbalife Identification Number and purchase products.

### Registration

You officially become an Herbalife Member when your properly completed Application has been processed and accepted by the Herbalife World Operations Home Office. This process takes only a few days, but in the meantime, you are entitled to purchase Herbalife® products from or through the Herbalife Sales Order Department, your Sponsor or first upline Fully Qualified Supervisor at the applicable discount. Once your Application has been accepted, your contract with Herbalife becomes effective immediately, giving you all the rights, responsibilities and privileges of an Herbalife Member.

### Income Opportunities

The Herbalife Sales & Marketing Plan provides many opportunities to earn income and other rewards.

#### Immediate Retail Profit

25% to 50%

The profit from direct sales to customers.

#### Daily Wholesale Profit

Up to 25% of earn base

The difference between what you pay for products and what Members in your personal organization pay for products.

#### Monthly Royalty Override Income

Up to 5% on the sales of all your Supervisors

As a Supervisor, you earn up to 5% on the earn base value of all of your Supervisors, three active levels of downline.

#### Monthly Production Bonuses

TAB Team members can earn an extra 2% to 7%

Organizational Production Bonus.

#### Annual Bonuses

A bonus to Top Achievers in recognition of outstanding performance.

#### Qualify for Special Vacations and Training Events

Members who qualify are rewarded for consistent performance and efforts in building their business.

**Plus other special promotions and bonuses throughout the year.**



# HERBALIFE®

# STEPS TO SUCCESS

**Member**

500 Volume Points or more accumulated in 1 month\*

**Senior Consultant**

1,000 Personally Purchased Volume Points or more in one order\*\*

**Success Builder**

2,500 accumulated Volume Points in 1 to 3 months; all orders must be purchased directly through Herbalife\*

**Qualified Producer**

4,000 Volume Points (VP) in 1 month or 2,500 in each of 2 consecutive months (with a minimum of 1,000 of those VP unencumbered each month), or 5,000 accumulated VP within 12 months, with a minimum of 3 months required

**Supervisor**

2,500 Volume Points (VP) in each of 4 consecutive months or 10,000 VP at 50% in 1 month or 500 Royalty Override Points in 1 month

**World Team**

**Global Expansion Team**

1,000 Royalty Override Points in 3 consecutive months

**Millionaire Team**

4,000 Royalty Override Points in 3 consecutive months

**President's Team**

10,000 Royalty Override Points in 3 consecutive months

**15K President's Team**

Gold and Diamond Cufflinks and Earrings  
15,000 Royalty Override Points in 3 consecutive months

**20K President's Team**

20,000 Royalty Override Points in 3 consecutive months

**30K President's Team**

30,000 Royalty Override Points in 3 consecutive months

**40K President's Team**

Herbalife-branded Movado Watches†  
40,000 Royalty Override Points in 3 consecutive months

**50K President's Team**

50,000 Royalty Override Points in 3 consecutive months

**60K President's Team**

White Gold and Diamond Necklace and Cufflinks  
60,000 Royalty Override Points in 3 consecutive months

**70K President's Team**

White Gold and Diamond Signet Rings  
70,000 Royalty Override Points in 3 consecutive months

**80K President's Team**

White Gold and Diamond Ring and Earrings  
80,000 Royalty Override Points in 3 consecutive months

**90K President's Team**

Plaget Herbalife-branded Diamond Watch† and White Gold Diamond Logo Bracelet  
90,000 Royalty Override Points in 3 consecutive months

\*It is not necessary to become a Senior Consultant, Success Builder or Qualified Producer before qualifying as Supervisor. For complete qualification details, refer to your HMP. †Actual watch model may vary based on availability at time of qualification.



# HERBALIFE® PRESIDENT'S TEAM PLUS AWARDS AND RECOGNITION

**1 Diamond**



**Executive President's Team**  
1 first line, Fully Qualified President's team member\* in any line of your organization

**2 Diamond**



**Senior Executive President's Team**  
2 first line, Fully Qualified President's Team members\* in 2 separate lines of your downline organization

**3 Diamond**



**International Executive President's Team**  
3 first line, Fully Qualified President's Team members\* in 3 separate lines of your downline organization

**4 Diamond**



**Chief Executive President's Team**  
4 first line, Fully Qualified President's Team members\* in 4 separate lines of your downline organization

**5 Diamond**



**Chairman's Club**  
5 first line, Fully Qualified President's Team members\* in 5 separate lines of your downline organization

**6 Diamond**



**Chairman's Club**  
6 first line, Fully Qualified President's Team members\* in 6 separate lines of your downline organization

**7 Diamond**



**Chairman's Club**  
7 first line, Fully Qualified President's Team members\* in 7 separate lines of your downline organization

**8 Diamond**



**Chairman's Club**  
8 first line, Fully Qualified President's Team members\* in 8 separate lines of your downline organization

**9 Diamond**



**Chairman's Club**  
9 first line, Fully Qualified President's Team members\* in 9 separate lines of your downline organization

**10 Diamond**



**Founder's Circle**  
10 first line, Fully Qualified President's Team members\* in 10 separate lines of your downline organization

**Baume & Mercier Watches†**



250,000 Royalty Override Points in 12 consecutive months (calendar year)

**Gold and Diamond Marquis Rings**



500,000 Royalty Override Points in 12 consecutive months (calendar year)

**Piaget Gold and Diamond Watches†**



750,000 Royalty Override Points in 12 consecutive months (calendar year)

**Piaget Diamond Watches†**



1,000,000 Royalty Override Points in 12 consecutive months (calendar year)

\*For complete qualification details, refer to your HMP.  
†Actual watch model may vary based on availability at time of qualification.



HERBALIFE®

# ACHIEVEMENT AWARDS AND ANNIVERSARY PINS

**1 Million Lifetime Achievement Award**



**1 Million Volume Points**  
Lifetime Achievement Awards are given to Distributors who have achieved 1 million Volume Points or more during their Herbalife career\*

**2 Million Lifetime Achievement Award**



**2 Million Volume Points**  
Lifetime Achievement Awards are given to Distributors who have achieved 2 million Volume Points or more during their Herbalife career\*

**3 Million Lifetime Achievement Award**



**3 Million Volume Points**  
Lifetime Achievement Awards are given to Distributors who have achieved 3 million Volume Points or more during their Herbalife career\*

**4 Million Lifetime Achievement Award**



**4 Million Volume Points**  
Lifetime Achievement Awards are given to Distributors who have achieved 4 million Volume Points or more during their Herbalife career\*

**1-Year Anniversary**



1-year anniversary packages are awarded to Members in recognition of their contributions and longevity with Herbalife

**3-Year Anniversary**



3-year anniversary packages are awarded to Members in recognition of their contributions and longevity with Herbalife

**5-Year Anniversary**



5-year anniversary packages are awarded to Members in recognition of their contributions and longevity with Herbalife

**7-Year Anniversary**



7-year anniversary packages are awarded to Members in recognition of their contributions and longevity with Herbalife

**10-Year Anniversary**



10-year anniversary packages are awarded to Members in recognition of their contributions and longevity with Herbalife

**15-Year Anniversary**



15-year anniversary packages are awarded to Members in recognition of their contributions and longevity with Herbalife

**20-Year Anniversary**



20-year anniversary packages are awarded to Members in recognition of their contributions and longevity with Herbalife

**25-Year Anniversary**



25-year anniversary packages are awarded to Members in recognition of their contributions and longevity with Herbalife

**30-Year Anniversary**



30-year anniversary packages are awarded to Members in recognition of their contributions and longevity with Herbalife

\*For complete qualification details, refer to your HMP.



## UNDERSTANDING VOLUME

Throughout this manual, we use the term volume extensively. Volume is a key element in the Sales & Marketing Plan and is the basis for qualifying and working your way to higher levels.

Each Herbalife® product has a Volume Point value assigned to it that is equal in all countries (see order forms and price lists for exact information). Official Herbalife Member Packs (HMPs), literature items and sales tools do not count as volume. As you order products, you accumulate credit for the amount of Volume Points that are applicable to the products ordered. These accumulated Volume Points become your sales production and are used for purposes of qualifications and benefits.

Volume is credited to you in various ways depending on who purchased the volume, their status and discount, your own status and other factors of the Herbalife Sales & Marketing Plan. Volume is calculated on the accumulated Volume Point value of products ordered in a Volume Month.

### Explanation of Sales Volume Month

#### Definition of Volume Month

Sales Volume is credited to and accumulated by a Supervisor on a Volume Month basis. The Volume Month begins on the first business day of the month and ends on the last business day of the month. If the last day is Sunday, the Volume Month will be extended to Monday. Likewise, if the last day of the month is considered a holiday, the month may be extended to the first business day after the holiday. Herbalife reserves the right to modify the Volume Month as it deems appropriate.

#### Determination of Volume Month

Sales Volume is credited to the Volume Month in which the order is both placed and full payment is received by Herbalife, except for orders that meet the rules and conditions that apply to Add-On Sales Volume.

Under no circumstances can volume be placed for a prior order month, with the exception of a Matching Volume order.

#### Add-On Sales Volume

All of the following conditions must be met for an order to be accepted as Add-On Sales volume:

1. Order must be placed no later than the designated last order day of a Volume Month, plus
2. Full payment must be made, or initiated, by the same last order day of the month. If payment is mailed, then the postmark must be stamped the designated last day. If the payment is a wire transfer, direct deposit or other bank transaction, a receipt must be supplied to verify the transaction date was on, or prior to, the last designated order day of the month, plus

3. Full payment must be received by Herbalife no later than the 5th day of the following month. If the 5th of the month falls on a Sunday or a holiday, then the payment must be received by the 4th of the following month.

If for any reason, a payment is not approved for acceptance, such as with a credit card, personal check or APS, then the order will be canceled and the Volume will not be applied unless another order was placed and paid within the time periods indicated.

There are a number of ways volume is credited in the Herbalife Sales & Marketing Plan. The following definitions and examples illustrate these:

#### Personally Purchased Volume

Personally Purchased Volume is the volume on orders purchased directly from Herbalife using your Herbalife Identification Number.

#### Downline Volume

As a non-Supervisor, Downline Volume is based on volume which is placed by your downline directly from Herbalife ordering between 25% to 42% discount.

#### Downline Volume Example

	Purchases/ Discount %	=	Downline Volume
<b>A</b> Supervisor	2,500 Volume Points @ 50% Discount	=	*
<b>B</b> Senior Consultant	500 Volume Points @ 35% Discount	=	900 Volume Points (C & D's Volume)
<b>C</b> Senior Consultant	500 Volume Points @ 35% Discount	=	400 Volume Points (D's Volume)
<b>D</b> Member	400 Volume Points @ 25% Discount	=	0

\*For Fully Qualified Supervisors, Downline Volume is credited as Personal Volume or Group Volume.

#### Personal Volume

As a Fully Qualified Supervisor, Personal Volume is the volume purchased using your Herbalife Identification Number, as well as the volume purchased by your non-Supervisor downline, down to your first Fully Qualified Supervisor.

Non-Supervisor Members may purchase directly from Herbalife, from their Sponsor or their first upline Supervisor.

Therefore, if you are a Fully Qualified Supervisor, all of your own orders purchased at 50% – as well as all orders purchased by your downline Members, Senior Consultants, Success Builders and Qualified Producers at 25% to 42% discount – count as your Personal Volume.

Personal Volume Example		
	Purchases/ Discount %	Personal Volume
<b>A Supervisor</b>	1,500 Personal Volume Points + B, C & D's Volume	= 3,500 Personal Volume
<b>B Success Builder</b>	1,400 Volume Points + C & D's Volume @ 42% Discount	= 2,000 Personal Volume
<b>C Senior Consultant</b>	200 Volume Points + D's Volume @ 35% Discount	= 600 Personal Volume
<b>D Member</b>	400 Volume Points @ 25% Discount	= 400 Personal Volume

### Group Volume

Group Volume is the volume on orders purchased at a temporary 50% discount by Qualifying Supervisor(s) in their qualifying month.

This Temporary 50% Volume is accumulated as Personal Volume for the Qualifying Supervisor who purchased it, but is Group Volume for the Fully Qualified Supervisor. The Fully Qualified Supervisor may earn Royalty Overrides on their Group Volume if all other Royalty Override requirements are met. (Refer to the "Qualifying as a Supervisor" and "Temporary 50%" sections of this book for complete details.)

Group Volume Example		
	Purchases/ Discount %	Personal Volume
<b>A Supervisor</b>	2,500 Volume Points + B & C's Volume	6,500 Personal Volume + 1,000 Group Volume <b>7,500 Total Volume</b>
<b>B Qualifying Supervisor</b>	1,000 Volume Points @ Temporary 50% Discount + C's Volume	= 5,000 Personal Volume
<b>C Senior Consultant</b>	4,000 Volume Points @ 42% Discount	= 4,000 Personal Volume

### Total Volume

Total Volume is the combined total of a Supervisor's Personal Volume plus Group Volume. (See "Group Volume Example" for Supervisor A's Total Volume.) Total Volume is the factor on which some qualifications are based.

### Organizational Volume

Organizational Volume is the accumulated Volume amount on which a Supervisor earns Royalty Overrides. (See the "Organizational Volume Example" on the following page.)

### Encumbered and Unencumbered Volume

#### Encumbered Volume

Encumbered Volume is all volume produced by any Member qualifying for Supervisor in your personal organization.

#### Unencumbered Volume

Unencumbered Volume is all volume produced by anyone in your personal organization, down to the first qualified Supervisor, who achieves less than 2,500 Volume Points in one Volume Month, plus all your own Personal Volume. Therefore, this is volume that is not used by anyone for Supervisor qualification purposes.

The example on the following page illustrates the use of Encumbered and Unencumbered Volume for each of the Members.

### Matching Volume

Matching Volume is the volume a sponsoring Supervisor must have through personal orders, or by Members in their personal organization in a given month, to equal or exceed the volume achieved by their downline Member(s) who are qualifying for Supervisor.

Matching Volume is how Herbalife verifies and validates the qualification of new Supervisors. Whenever a Supervisor sponsors a Member to the Supervisor position, the sponsoring Supervisor's Total Volume must be at least the same as the Total Volume of their downline Member(s) qualifying within that same month. Without adequate Matching Volume, the new Supervisor will go to the next upline Supervisor.

The Matching Volume example on the following page illustrates the amount of Personal Volume and Total Volume that must be achieved by the sponsoring Supervisor for the downline Members who are qualifying for Supervisor. In this example, "A" (the sponsoring Supervisor) must have at least 4,000 Personal Volume Points and at least 1,000 Group Volume Points in the month that "B" and "C" are qualifying for Supervisor, in order to confirm the volume they report on their Supervisor Qualification Form. This volume obligation for the Supervisor is considered to be their Matching Volume requirement.

## MEMBER BENEFITS

### Organizational Volume Example

<b>A Supervisor</b>	2,500 Volume Points	} = <b>30,000 Organizational Volume</b>
<b>1st Level Supervisor</b>	10,000 Total Volume Points	
<b>2nd Level Supervisor</b>	10,000 Total Volume Points	
<b>3rd Level Supervisor</b>	10,000 Personal Volume Points	

### Encumbered and Unencumbered Volume

<b>A Supervisor</b>	2,500 Total Volume Points + B & C's Volume	=	2,500 Unencumbered 5,000 Encumbered to A
<b>B Member Qualifying Supervisor</b>	1,000 Total Volume Points + C's Volume	=	1,000 Unencumbered 4,000 Encumbered to B
<b>C Member Qualifying Supervisor</b>	4,000 Total Volume Points	=	4,000 Unencumbered to C

### Matching Volume Example

		Matching Volume Requirement for Supervisor "A"	
<b>A Sponsoring Supervisor</b>		4,000 Personal Volume + 1,000 Group Volume = 5,000 Total Volume	
<b>B Qualifying Supervisor</b>	1,000 Volume Points @ Temporary 50% Discount	=	1,000 Group Volume for "A"
<b>C Qualifying Supervisor</b>	4,000 Volume Points @ 42% Discount	=	4,000 Personal Volume for "A"

### Retail Profit

As a Member, you may purchase Herbalife products at a wholesale discount of 25% to 50% on earn base value. As your volume increases, this discount will increase up to a maximum of 50% when you qualify as a Supervisor. You earn an immediate Retail Profit of 25% to 50% when you sell these products to customers. The difference between the discounted product price paid by you and the retail price paid by your customer is your Retail Profit. (See the "Retail Profit Example.")

### Retail Profit Example

Full Retail	Earn Base	Cost (at 25% discount taken from Earn Base)	Profit
\$110	\$100	\$85	\$25

### Wholesale Profit (Commissions)

In addition to Retail Profit, as an Herbalife Member, you can also earn Wholesale Profit on products purchased by your downline. Your Wholesale Profit, also called Commissions, is the difference between the discounted price you pay for products and the discounted price paid by your downline.

If you sell products directly to your downline, you can earn up to 25% Wholesale Profit immediately. If your downline purchase their product directly from Herbalife, then Herbalife pays the difference in discount percentage to the Qualified Producer and/or Fully Qualified Supervisor on the order during the monthly Royalty Override process. These payments are called Commissions and are Wholesale Profit. (See the "Wholesale Profit [Commissions] Example" below.)

### Wholesale Profit (Commissions) Example

Retail	Earn Base	Your Cost	Your Downline's Cost (at 50%)	Your Profit (at 25%)
\$110	\$100	\$60	\$85	\$25

### Split Commission Example

Total Retail	Earn Base	Discount Level	Your Downline's Cost	Split Commissions	
				To the Qualified Producer (QP)	To the Supervisor
\$110	\$100	25%	\$85	\$17	\$8
\$110	\$100	25%	\$85	N/A (no QP)	\$25
\$110	\$100	35%	\$75	\$7	\$8
\$110	\$100	35%	\$75	N/A (no QP)	\$15

# Senior Consultant

## Improve Your Profits With the Discount Scale

As you and your non-Supervisor Downline sell more Herbalife products, your Total Volume increases and you may reach the next level of Senior Consultant. As such, you become entitled to buy products at a 35% or 42% discount off the earn base, giving you a greater profit margin.

### Discount Scale

Members purchase at a 25% discount for all orders until they become eligible for a higher discount. Thereafter, they begin purchasing on the Discount Scale each month as indicated below at no less than 35% discount.

The accumulating Volume Points can either come from orders placed by you directly with Herbalife, which are referred to as Personally Purchased Volume, or they can also come from orders your downline place with Herbalife, which are called Downline Volume. Both types of volume may be used to achieve Senior Consultant Level at 35% or 42% discount.

Level	Monthly Volume	Discount	Eligibility
<b>Senior Consultant</b>	Achieve 500 Volume Points	35%	All orders will be placed at 35% discount until you become eligible for a higher discount.
<b>Senior Consultant</b>	Achieve 2,000 Volume Points	42%	Once you have achieved 2,000 Volume Points, you are eligible to place this order and all orders for the remainder of the Volume Month at a 42% discount.
<b>Success Builder</b>	Minimum 1,000 Volume Points (One Order)	42%	This order entitles you to a 42% discount on this order and all orders for the remainder of the Volume Month.

### Note:

All of your Personal Sales Volume, plus your downline's Sales Volume, count as your Total Volume. Once you are on the Discount Scale, your discount will never be less than 35% for as long as you remain an active Member. The more you sell, the greater your profit potential. Remember that each Volume Month you begin again at 35% and can work your way up the scale – up to 42% discount.

Level	Monthly Volume	Discount	Eligibility
<b>Qualified Producer</b>	Achieve 2,500 Personally Purchased Volume (PPV) in 1-3 months	42%	As a Qualified Producer you are entitled to a 42% discount on every order. (Must requalify annually) <b>Volume can be achieved with all PPV or utilizing up to 1,000 Downline Volume Points, with the remaining 1,500 as Personally Purchased Volume.</b>
<b>Qualifying Supervisor</b>	Achieve 4,000 Volume Points  in one month with a minimum 1,000 Volume Points unencumbered or - Achieve 2,500 Volume Points in each of two consecutive months with a minimum 1,000 Volume Points unencumbered or - Accumulate 5,000 Volume Points within 12 months with a minimum of 3 months required	Temporary 50%	Once Qualifying Volume Points are achieved additional orders are purchased at a Temporary 50% discount.
<b>Supervisor</b>	3 ways to qualify: See "Qualifying as a Supervisor" in this section of the Career Book for details	50%	As a Supervisor, you are entitled to a 50% discount on every order. (Must requalify annually.)

# Herbalife Advantage Program

## Activate your HAP order and immediately enjoy a 35% to 50% discount

The Herbalife Advantage Program (HAP) is open to all Members. HAP is a monthly automatic shipment program that provides Herbalife Members the following added benefits:

- 35% to 50% Discount - You'll save on the products you use most while you enjoy all the benefits of being a HAP member
- Minimum Order - Your HAP order must be a minimum of 100 to a maximum of 1,000 Volume Points of products per month. Additional wholesale product purchases can be made at any time according to the Discount Scale.
- No Activation Fee - There is no activation fee to gain automatic service, regular communications or any of the other benefits associated with being a HAP member.
- Sales Tax Savings - Since your HAP order is a personal use order and not intended for resale, you benefit from a sales tax savings.

- **Placing Your Monthly HAP Order** - Determine the products you use most or wish to sample from the Herbalife product line and place your personal automatic monthly HAP order over the phone with the Herbalife Advantage Program Department at 866-866-4744, or mail your completed HAP order form. Your monthly HAP order will be sent to you four business days after your monthly deadline.
- **Changing Your Monthly Order** - You have a choice of two HAP deadlines: the 11th or the 18th of each month. You may change your monthly order at any time during the month – from the day after your deadline, up to and including your deadline day.

## Success Builder

As an Herbalife Member, you have an opportunity to place a single order of 1,000 Volume Points purchased at a 42% discount. This qualifies you to become a Success Builder. As a Success Builder, you will be able to order at a 42% discount for the remainder of the Volume Month. If you place your Success Builder order directly with Herbalife, you are automatically updated to this prestigious position.

As a Success Builder, you will:

- Receive a 42% discount on your Success Builder Order
- Receive a 42% discount on additional purchases in the same Volume Month

## Qualified Producer

As an Herbalife Member, you have the opportunity to place your orders directly with Herbalife and accumulate personally purchased volume that counts toward your Qualified Producer status. When you achieve 2,500 personally purchased Volume Points within 1 to 3 months, you will become a Qualified Producer. **You can also reach this status by utilizing up to 1,000 Downline Volume Points, with the remaining 1,500 as Personally Purchased Volume.**

You are automatically updated to this prestigious position on the 1st of the month following the month your qualification volume was achieved.

You will be able to maintain your 42% discount as long as you retain your Qualified Producer status.

**A Qualified Producer is eligible to:**

- Earn a 42% Retail Profit
- Earn up to 17% Wholesale Profit (Commissions) on earn base purchases made by downline at 25% or 35%

## Requalification:

All Qualified Producers must requalify their status annually between February 1 and January 31 to maintain their rights and privileges. The requalification requirements are the same as the Qualified Producer requirements.

**In addition to requalifying their Qualified Producer status, a Qualified Producer must assure their Annual Membership Services Fee is current and paid.**

Failure to requalify each year by January 31, will cause a Qualified Producer to be demoted to Senior Consultant (35% discount level) and lose all of their Qualified Producer privileges.

## Supervisor

As an Herbalife Supervisor you will earn the highest discount of 50%, plus Retail and Wholesale Profit, and become eligible to earn Royalty Overrides (R.O.).

A Fully Qualified Supervisor is eligible to:

- Earn a 50% Retail Profit
- Earn up to 25% Wholesale Profit
- Earn an R.O. of 1% to 5% on their first-level Supervisor
- Earn an R.O. of 1% to 5% on their second-level Supervisor
- Earn an R.O. of 1% to 5% on their third-level Supervisor
- Attend special workshops and training sessions
- Qualify for special Supervisor recognition



Members who achieved the level of Supervisors are often referred to as Members or Herbalife Independent Distributors.

## Qualifying as a Supervisor

There are three ways to qualify as a Supervisor:

- **One-Month Qualification:** Achieve 4,000 Volume Points in one Volume Month (with a minimum 1,000 of those 4,000 Volume Points Unencumbered).
- **Two-Month Qualification:** Achieve 2,500 Volume Points for two consecutive months (with a minimum of 1,000 of those 2,500 Volume Points Unencumbered for each month).
- **Accumulated Qualification:** Achieve 5,000 Personally Purchased Volume Points within 12 months (of which a minimum of 3 months is required). Members have the opportunity to qualify via this method when purchasing their orders directly with Herbalife. **You can use up to 1,000 Downline Volume Points with the remaining 4,000 as Personally Purchased Volume.**

### Supervisor Qualification Form:

If orders are placed directly with Herbalife, a Supervisor Qualification Form is not required. Members are promoted to Supervisor on the 1st of the month following the month their qualification volume was achieved.

It is necessary for a Supervisor Qualification Form to be completed and sent to Herbalife for all Members who are qualifying for Supervisor. These forms are available in the "Sample Forms" section of this book and from your upline Supervisor. This form must be completed in full with all necessary attachments and submitted on or after the 1st of the month following the qualification, and received by Herbalife no later than the 5th of the month. If a Member is completing a two-month Supervisor qualification, then a Supervisor Qualification Form must be completed and sent to Herbalife at the 1st of each month following the month the Qualifying Volume was achieved.

## Qualifying Supervisor

### Eligibility for Temporary 50% Discount

A Member who has completed the required Volume Points toward Supervisor Qualification is considered a **Qualifying Supervisor** until the 1st of the following month, when they become a **Fully Qualified Supervisor**. As a **Qualifying Supervisor**, they are eligible for a temporary 50% discount for the remainder of the Volume Month in which their qualifying Volume Points were achieved.

All 50% discount orders must be purchased directly from Herbalife. If you have not purchased your qualifying order directly from Herbalife, your Supervisor must contact Herbalife to authorize you to purchase at the temporary 50% discount. The authorization, once approved, will be in effect until the 1st of the following month, at which time you will be entitled to all the privileges of a Fully Qualified Supervisor, assuming all other Supervisor requirements have been met.

The upline Supervisor must have adequate Personal Volume credited with Herbalife in that month to qualify the Supervisor.

To assure volume on the order is credited properly, it is imperative that the Order Form be completed correctly. The Temporary 50% Purchaser must assure that their Name and Herbalife ID Number are entered on the Wholesale Product Order Form in the "Qualifying Supervisor - Temporary 50%" space to assure proper crediting of Volume. The name and Herbalife ID Number of the first upline "Fully Qualified Supervisor" who is authorizing the 50% discount must also be entered in the "Fully Qualified Supervisor" space. Adjustments to the order after the order is placed are not permitted. Volume purchased at Temporary 50% is considered Group Volume for the Fully Qualified Supervisor.

### Definition of Matching Volume

The definition of Matching Volume is the Total Volume a sponsoring Supervisor must achieve in any given Volume Month when their downline are qualifying as Supervisor.

Whenever a Fully Qualified Supervisor sponsors a Member(s) to the Supervisor position, the sponsoring Supervisor's Total Volume must be at least the same amount as the Member's volume within that same Volume Month. Supervisors are not permitted to qualify Members as Supervisors using volume purchased in a prior Volume Month, unless an equal amount is purchased from Herbalife in the current month to replace it.

### Matching Volume for Supervisor Qualification

The sponsoring Supervisor must have at least 4,000 Personal Volume Points for each of their downline organizations that are qualifying for Supervisor using a one-month qualification. The sponsoring Supervisor must have at least 2,500 Personal Volume Points each month for each of their downline organizations who is qualifying for Supervisor with a qualification of two consecutive months.

The sponsoring Supervisor, however, must have enough Total Volume to match all orders submitted by their downline who are qualifying for Supervisor.

For example, suppose a Supervisor sponsors a Member who qualifies for Supervisor in September with 4,000 Total Volume Points. If the orders to qualify are purchased directly from Herbalife, either at 42% by the Member or directly by the Supervisor, the volume will be automatically matched. If the orders are purchased directly from the Supervisor, the Supervisor must ensure that an equal amount of volume is purchased from Herbalife during the qualifying month in order to match volume.

### Failure to Match Volume

When a Supervisor Qualification Form is received from a Member and the first upline Fully Qualified Supervisor does not have enough Total Volume Points for the month the qualifying Supervisor's volume was achieved to confirm the orders submitted by the Member to qualify, then the Fully Qualified Supervisor is "short" Matching Volume. Herbalife will notify the Supervisor that they must place a Matching Volume Order for the amount they are short. The Order Department will be authorized to accept the Matching Volume Order for the appropriate month.

To place this volume, the order must be clearly identified as "Matching Volume Order for Month of \_\_\_\_\_."

## Matching Volume Order

To receive proper credit for this volume, the order must be clearly identified as Matching Volume Order for the appropriate month and year, with full payment included. The order may not be combined with other volume. A Matching Volume Order can only be accepted by Herbalife if the Company has identified a Matching Volume problem and notified the Supervisor accordingly, and has authorized the Order Department to accept the order. This order will be applied to the Volume Month specified. Matching Volume Orders placed after the Volume Month in question do not count for Royalty Point qualifications for TAB Team Production Bonuses or other earnings for the Supervisor. However, appropriate adjustments will be made on the order to the upline Royalty and Production Bonus receiving Supervisors of the sponsoring Supervisor.

## Matching Volume Permanent Penalty

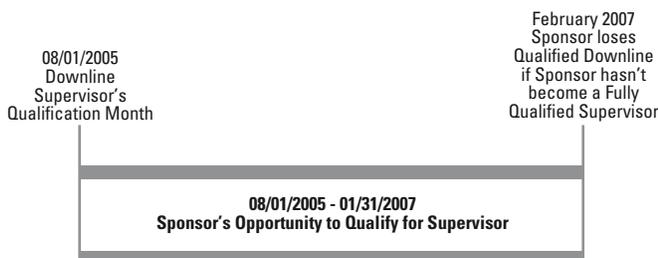
The Supervisor must place the Matching Volume Order once they have received notification to do so from Herbalife to avoid a penalty. If the Supervisor who is short volume, fails to place an order to Match Volume, a Matching Volume Penalty will be assessed. The penalty is that the Supervisor will permanently lose a Supervisor who qualified the month in question and that Supervisor's downline.

## Failure to Qualify as a Supervisor

If a Member's sponsored downline becomes a Fully Qualified Supervisor before the Member does, the Member will have one year from the date of the downline's qualification to also become a Fully Qualified Supervisor (applied at the end of the Supervisor's first requalification year).

If a Member does not become a Fully Qualified Supervisor within the one year following their downline's Supervisor qualification, the Member will permanently lose that downline to their first upline Supervisor.

Example:



## Requalification

All Supervisors must requalify their status annually between February 1 and January 31 to maintain their rights and privileges. The requalification requirements for this are described below.

- One-Month Qualification: Achieve 4,000 Volume Points in one Volume Month (with a minimum 1,000 of those 4,000 Volume Points unencumbered).
- Two-Month Qualification: Achieve 2,500 Volume Points for two consecutive months (with a minimum of 1,000 of those 2,500 Volume Points unencumbered for each month).
- Twelve-Month Requalification: Accumulate 4,000 Unencumbered Total Volume Points over the 12-month Requalification period.

Or,

Accumulate 10,000 Unencumbered Total Volume Points over the 12-month requalification period.

The computer system will automatically requalify you each year if the volume requirements are met during the qualification period, so there is no need to resubmit an application. As a reminder, you have the advantage of receiving a 50% discount on your requalification volume.

In addition to requalifying their Supervisor status, a Supervisor must assure their Annual Membership Services Fee is current and paid. Failure to pay the Annual Membership Services Fee prior to or within 90 days after requalification will result in suspension of qualification, ordering privileges and earnings until the Annual Membership Services Fee is paid.

Supervisors who do not complete their Supervisor Requalification will lose all rights and privileges of a Supervisor. This includes, but is not limited to, the loss of any lineage that includes a Supervisor. In this case, the entire downline lineage will be moved to the next upline Fully Qualified Supervisor.

Failure to requalify each year by January 31 will cause a Supervisor to be demoted to the position of Senior Consultant, unless they have met the requirements to requalify as a Qualified Producer. To requalify as a Qualified Producer, the Supervisor must achieve 2,500 Personal Volume Points within 1 to 3 consecutive Volume months between the requalification period of February 1 and January 31.

Supervisors who accumulate 4,000 unencumbered Volume Points between February 1 and January 31 will retain their Supervisor status and 50% buying privileges. It is important to note that if you requalify using this method, any leg with a Supervisor will be lost to the upline Supervisor.

However, if you accumulate 10,000 unencumbered Volume Points you will be able to retain your downline Supervisors.

As a Supervisor with Fully Qualified or Qualifying Supervisors in your first three downline levels, you may qualify to earn Royalty Overrides of 1% to 5% of your Organizational Volume. Royalty Overrides are paid on the 15th of each month for the prior month's business.

**Three Levels of Success**

The people you personally sponsor as Herbalife Members are known as your First Level. They may be friends or family or business associates, or even people you have just met. You can personally sponsor as many people as you want in any country in which Herbalife officially operates. When these Members in your First Level sponsor other Members, these new Members become your second level. When your Second Level, in turn, sponsor others, those they sponsor become the third level in your Herbalife organization.

By training your downline and encouraging them to follow your example, you are assisting every Member on your team to qualify at the Supervisor level. As a Supervisor with Fully Qualified or Qualifying Supervisors in your first three levels, you may qualify to earn Royalty Overrides between 1% to 5% of your Organizational Volume.

Royalty Override Sliding Scale	
Your Total Volume Points	Royalty Override Earning %
0-499	0%
500-999	1%
1,000-1,499	2%
1,500-1,999	3%
2,000-2,499	4%
2,500 plus	5%

**Payment of Royalty Overrides**

Your Royalty Override percentage is based on your Total Volume for each month, and if you produce less than 500 Volume Points, then no Royalty Overrides are earned. If you produce 2,500 Volume Points or more, then a full 5% is earned on three active downline levels. The Royalty Override scale above shows the volume requirements that a Supervisor must meet every month to earn Royalty Overrides.

**Royalty Overrides are paid as follows:**

- The 1% to 5% Royalty Override is paid on the Total Volume of personally sponsored first-level qualified Supervisors.

- The 1% to 5% Royalty Override is paid on the Total Volume of second-level qualified Supervisors (e.g., a Supervisor who has been sponsored in turn by your personally sponsored Supervisor).
- The 1% to 5% Royalty Override is paid on the Personal Volume of third-level Supervisors (e.g., a Supervisor who has been sponsored in turn by a second-level Supervisor).

In the following example, at a full 5%, your Royalty Override is calculated on 30,000 Organizational Volume, which gives you 1,500 Royalty Override Points. Royalty Override Points are used for qualification purposes. Keep in mind, earnings are calculated on the earn base value of the products in the country from which the product is ordered.\* In certain countries, these Royalty Override earnings are converted to your local currency.

**Royalty Override Example**

<b>YOU</b>	2,500 Volume Points	=	Your Total Royalty Override = 1,500 Royalty Points
<b>First-Level Supervisor</b>	10,000 Volume Points	=	5% = 500 Royalty Points
<b>Second-Level Supervisor</b>	10,000 Volume Points	=	5% = 500 Royalty Points
<b>Third-Level Supervisor</b>	10,000 Volume Points	=	5% = 500 Royalty Points

**Additional Requirements**

Supervisors who meet the specified requirements to earn Royalty Overrides must also comply with Herbalife's 10 Retail Customers Rule and the 70% Rule, to earn and receive both Royalty Overrides and Production Bonus. The Supervisor must confirm their adherence to these requirements by submitting the Earnings Certification Form each month. If the Supervisor fails to comply with either of these rules, the Royalty Overrides and Production Bonus will not be paid to the Distributor.

**Royalty Override Roll-Up**

As a Supervisor, you also have the opportunity to earn Royalty Override Roll-Ups. Royalty Override Roll-Ups are paid to the appropriate qualified upline Supervisor(s) when any downline Royalty Override contributing Supervisor earns less than the maximum 5% payout. This "roll-up" percentage is the difference between the 5% maximum Royalty Override

\*In some cases, for reasons which relate to currency, cost and other factors, the base against which earnings are calculated may not be equal to the retail price in the particular country.

and the actual percentage earned by the downline Royalty contributing Supervisor.

To be eligible for Royalty Override Roll-Ups, a Supervisor must be at the maximum 5% earning level, based on the Royalty Override Sliding Scale. A Supervisor may not earn more than 5% Royalty Override on any volume.

Royalty Override Roll-Up Example		
<b>YOU</b>	2,500 Total Volume Points 5% Royalty Override	= Earns 5% Royalty Override on First-, Second- and Third-Level Supervisors  = Earns 4% Royalty Override Roll-Up on Fourth-Level Supervisor
<b>First-Level Supervisor</b>	2,500 Total Volume Points 5% Royalty Override	= Earns 5% Royalty Override on Second-, Third- and Fourth-Level Supervisors
<b>Second-Level Supervisor</b>	2,500 Total Volume Points 5% Royalty Override	= Earns 5% Royalty Override on Third- and Fourth-Level Supervisors
<b>Third-Level Supervisor</b>	500 Total Volume Points 1% Royalty Override	= Earns 1% Royalty Override on Fourth-Level Supervisor
<b>Fourth-Level Supervisor</b>	1,000 Total Volume Points No Royalty Override	= Supervisor does not have downline to earn Royalty Overrides

## World Team

Qualifying as a World Team member is an important step in your Herbalife business. You have demonstrated your success by qualifying for this prestigious team. World Team is your launching pad to move on to qualifying for the TAB Team.

### To Qualify:

Achieve 10,000 Total Volume Points in one Volume Month after becoming a Qualifying Supervisor or a Fully Qualified Supervisor.

**OR As a Fully Qualified or Qualifying Supervisor, achieve 2,500 Total Volume Points, each Volume Month, for four consecutive months.**

**OR Achieve 500 Royalty Points in one Volume Month.**

Providing you have achieved your Supervisor qualification, after achieving the required Volume or Royalty Points listed



above, you are promoted to World Team member status on the first of the following month.

### You Receive:

- All the benefits of a Supervisor
- A World Team pack, containing a personalized World Team Certificate, World Team pin and Herbalife daily journal

### Plus You Become Eligible to:

- Attend special planning and training sessions targeted to accelerate your progress to TAB Team.
- Qualify for special Company qualifications.

## TAB Team

Successful Supervisors have the opportunity to proceed to the higher scale of the Herbalife Sales & Marketing Plan, which is the Top Achievers Business (TAB) Team. Upon meeting initial requirements, Supervisors may obtain TAB Team status. There are three steps within the TAB Team: Global Expansion Team (GET), Millionaire Team and President's Team.

Achieving TAB Team status is a prestigious recognition within Herbalife. TAB Team status indicates that the Supervisor has developed a strong, active downline Supervisor base and has demonstrated a willingness to take a leadership role within Herbalife. Your Form and Acknowledgment to qualify for this status brings with it the responsibility to exclusively promote the Herbalife products and opportunity. You'll receive additional benefits and earn leadership status. Reaching each new level enables you to participate in advanced training, earn unrivaled Production Bonuses and qualify for exceptional awards and incentives.

### TAB Team Production Bonus

As a TAB Team, you are eligible to receive from a 2% to 7% Production Bonus on your entire downline organization's volume. Production Bonus earnings are paid monthly to all qualified TAB Team. It is necessary to submit a completed TAB Team Production Bonus Acknowledgment Form and also comply with Herbalife's 10 Retail Customers Rule and the 70% Rule to be eligible for Production Bonus payments. The TAB Team Production Bonus is, in part, a reward for your undivided loyalty. (Please refer to the "Sample Forms" section of this book.) The Application must have been accepted and approved by Herbalife in order to receive payments. This form will be sent to you by Herbalife during your qualification period. (See individual team qualifications for specific Production Bonus qualifications.)

## Annual Bonuses

A bonus payment representing a percentage of Herbalife's worldwide sales is distributed annually among Herbalife's President's Team members in recognition of their outstanding performance in advancing sales of Herbalife products. (Refer to "Mark Hughes Bonus Award Rules" distributed to President's Team members, and available online at [MyHerbalife.com](http://MyHerbalife.com).)

## Vacation and Training Events

Reward, recognition and training are of the utmost importance at Herbalife. Vacation and Training Events (when offered) are both fun and informative and are held in exciting locations around the world. The Vacation and Training Events will teach you how to meet your goals, increase your earning power and build an international business without leaving the comfort of your own home! You'll learn all this while enjoying an exciting, adventurous vacation guaranteed to make an extraordinary impact on your life.

## Global Expansion Team (GET)

### To Qualify:

Achieve 1,000 Royalty Points each month for three consecutive months. The first of the following month you are promoted to Global Expansion Team (GET) member.

### You Receive:

- A Global Expansion Team plaque and pin
- All the benefits of a Supervisor

### Plus You Become Eligible to:

- Earn TAB Team Production Bonus based on your qualification level. (Please refer to the "TAB Team Production Bonus Payout Guidelines" section in this book.) Upon completion of your Qualification, you will receive a detailed communication that further specifies your monthly TAB Team Production Bonus earning requirements.
- Qualify for Vacation and Training Events.
- Participate in special advanced trainings.
- Participate in special conference calls.



## Millionaire Team

### To Qualify:

Achieve 4,000 Royalty Points each month for three consecutive months. The first of the following month, you are promoted to Millionaire Team member.

### You Receive:

- A Millionaire Team plaque and pin
- All the benefits of a Supervisor

### Plus You Become Eligible to:

- Earn TAB Team Production Bonus based on your qualification level. (Please refer to the "TAB Team Production Bonus Payout Guidelines" section of this book.) Upon completion of your Qualification, you will receive a detailed communication that further specifies your monthly TAB Team Production Bonus earning requirements.
- Qualify for Vacation and Training Events.
- Develop your teaching skills and assist with worldwide trainings.
- Participate in special conference calls.



## President's Team

### To Qualify:

- President's Team: Achieve 10,000 Royalty Points in three consecutive months. After a waiting period of three months, earn a 2% to 6% Production Bonus.
- 20K President: Achieve 20,000 Royalty Points in three consecutive months. After a waiting period of three months, earn a 2% to 6.5% Production Bonus.
- 30K President: Achieve 30,000 Royalty Points in three consecutive months. After a waiting period of three months, earn a 2% to 6.75% Production Bonus.
- 50K President: Achieve 50,000 Royalty Points in three consecutive months. After a waiting period of three months, earn a 2% to 7% Production Bonus.



### You Receive:

- A prestigious President's Team plaque and pin
- All the benefits of a Supervisor

### Plus You Become Eligible to:

- Earn TAB Team Production Bonus based on your qualification level. (Please refer to the "TAB Team Production Bonus Payout Guidelines.") Upon completion of your Qualification, you will receive a detailed communication that further specifies your monthly TAB Team Production Bonus earning requirements.
- Qualify for Vacation and Training Events.
- As a leader, assist with worldwide trainings.
- Participate in special conference calls.

**Awards Policies**

Herbalife International delivers recognition awards (such as, but not limited to) pins, plaques, and jewelry in a timely manner to Members that have achieved such recognition.

In the event an award is not received, the Awards and Recognition Department should be contacted in writing (via email or at the postal address below). The request must be received by Herbalife no later than six (6) months after the qualification date associated with the Award.

**Awards Replacement and/or Repair Policy:**

Herbalife strives to provide the highest quality awards available. In the event that an award that is received defective or otherwise damaged, the Member may return the item(s) for free replacement within six months of the original qualification date associated with the award. After this six-month period, the Member may return damaged item(s) to be professionally refurbished or repaired which shall be at their cost paid through an earning deduction. Any deviations from this policy shall be at the sole and absolute discretion of Herbalife.

Request may be submitted by phone or in writing to:

Local Distributor Relations  
P.O. Box 80210  
Los Angeles, CA 90080-0210  
or  
toll-free at 866-866-4744.

# President's Team Plus Awards and Recognition

	One Diamond	<b>Executive President's Team</b> To achieve this reward, you must have one (1) first-line, Fully Qualified President's Team member in any line of your downline organization.
	Two Diamonds	<b>Senior Executive President's Team</b> To achieve this reward, you must have two (2) first-line, Fully Qualified President's Team members in two separate lines of your downline organization.
	Three Diamonds	<b>International Executive President's Team</b> To achieve this reward, you must have three (3) first-line, Fully Qualified President's Team members in three separate lines of your downline organization.
	Four Diamonds	<b>Chief Executive President's Team</b> To achieve this reward, you must have four (4) first-line, Fully Qualified President's Team members in four separate lines of your downline organization.
	Five Diamonds	<b>Chairman's Club</b> To achieve this reward, you must have five (5) or more first-line, Fully Qualified President's Team members in five or more separate lines of your downline organization.
	Ten Diamonds	<b>Founder's Circle</b> To achieve this reward, you must have 10 or more first-line, Fully Qualified President's Team members in 10 or more separate lines of your downline organization.

## Presidential Plus Awards

The Presidential Plus Awards are based on production (January through December Volume).



Baume & Mercier Watch<sup>†</sup> 250,000 Royalty Override Points



Marquis Diamond Ring 500,000 Royalty Override Points



Piaget Gold and Diamond Watch<sup>†</sup> 750,000 Royalty Override Points



Piaget Diamond Watch<sup>†</sup> 1,000,000 Royalty Override Points

<sup>†</sup>Actual watch model may vary based on availability at time of qualification.

## STATEMENT OF AVERAGE GROSS COMPENSATION PAID BY HERBALIFE TO USA MEMBERS IN 2012

People become Herbalife Members for a number of reasons. The majority (73%)<sup>(1)</sup> primarily join us to receive a wholesale price on products they and their families enjoy. Some wish to earn part-time money, wanting to give direct sales a try and are encouraged by Herbalife's low start-up costs (at their option, a Mini Herbalife Member Pack [Mini HMP] at \$57.75 or full HMP at \$89.55, plus applicable sales tax, shipping and handling) and money-back guarantee<sup>(2)</sup>. Others are drawn to Herbalife because they can be their own boss and can earn rewards based on their own skills and hard work.

Whatever the motivation, an Herbalife Membership is something like a gym membership: results vary with the time, energy and dedication you put into it. Anyone considering an active Membership needs to understand the realities of direct selling. It is hard work. There is no shortcut to riches, no guarantee of success. However, for those who devote the time and energy to develop a stable base of customers and then mentor and train others to do the same, the opportunity for personal growth and an attractive part-time or full-time income exists. Moreover, unlike other businesses, there are minimal start-up costs in beginning your Herbalife Membership. There is no need for a Member to spend significant amounts of money on sales aids or other materials. In fact, Herbalife's corporate policy discourages the use of such sales aids, especially in the first few months of a Membership.

The majority of Herbalife's Members (71%) have not sponsored another Member and are therefore "single-level" Members. Single-level Members benefit from buying Herbalife® products at a preferred price for their consumption and that of their families, and for many this is the only benefit they seek. Some may also be retailing products for a profit and this profit is not included in any of the compensation figures shown.

Some Members (29%) have decided to sponsor others to become Herbalife Members. In that way, they may seek to build and maintain their own downline sales organizations. They are not paid anything for sponsoring new Members. They are paid solely based on product sales to their downline Members for their own consumption or for retail to others. This multilevel compensation opportunity is detailed in Herbalife's Sales & Marketing Plan, which is available to all Members online at [www.MyHerbalife.com](http://www.MyHerbalife.com).

For potential Members to make an informed decision, we offer the following chart to show the different ranges of average gross compensation that Herbalife pays to its Members. The figures below do not include any retail / wholesale profit that a Member makes from selling Herbalife's products to others nor do these figures include expenses incurred by a Member in the operation or promotion of his or her business. Such business expenses can vary widely. They might include advertising or promotional expenses, product samples, training, rent, travel, telephone and Internet costs, and miscellaneous expenses. The compensation received by the Members in this chart is not necessarily representative of the gross compensation, if any, that any particular Member will receive. These figures should not be considered as guarantees or projections of your actual gross compensation or profits. Success with Herbalife results only from successful product sales efforts, which require hard work, diligence and leadership. Your success will depend upon how effectively you exercise these qualities.

The compensation chart that follows indicates that 434,125 Members (88%) received no payments from Herbalife during 2012. However, this chart does not include amounts earned by Members on their sales of Herbalife® products to others.

Additionally, this chart does not include the benefit to Members buying Herbalife® products at a preferred price for their consumption and that of their families. Based on the company's survey, 73%<sup>(1)</sup> of individuals became Members primarily for this benefit.

(1) Based on a Member research survey conducted in the USA by Lieberman Research Worldwide, January 2013, with a margin of error of +/- 3.7%.

(2) 90 days on the return of the HMP and one year on the return of resalable inventory, upon leaving the business.

<b>Single-Level Members (No Downline)</b>							
<b>Economic Opportunity</b>	Members*		The economic rewards for single-level Members are the wholesale pricing received on products for consumption by the Member and his or her family as well as the opportunity to retail product to non-Members. Neither of these rewards are payments made by the company and therefore are excluded from this schedule.				
	Number	%					
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> </ul>	351,065	71%					
<b>Non-Sales Leaders** With a Downline</b>							
<b>Economic Opportunity</b>	Members		In addition to the economic rewards of the single-level Members above, which are not included in this chart, certain non-sales leader Members with a downline may be eligible for payments from Herbalife on downline product purchases made directly with Herbalife.				
	Number	%					
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> <li>Wholesale profit on sales to another Member</li> </ul>	60,333	12%	2,466 of the 4,449 eligible Members earned such payments in 2012. The average total payments to the 2,466 Members was (USD)104.				
<b>Sales Leaders** With a Downline</b>							
<b>Economic Opportunity</b>	Members		All Sales Leaders with a Downline				This chart does not include amounts earned by Members on their sales of Herbalife® products to others.
	Number	%	Average Payments from Herbalife (USD)	Number of Members	% of Total Grouping	Average Gross Payments (USD)	
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> <li>Wholesale profit on sales to another Member</li> <li>Multilevel compensation on downline sales <ul style="list-style-type: none"> <li>Royalties</li> <li>Bonuses</li> </ul> </li> </ul>	82,464	17%	>250,000	194	0.2%	724,030	
			100,001-250,000	452	0.5%	148,808	
			50,001-100,000	539	0.7%	68,912	
			25,001-50,000	1,136	1.4%	35,581	
			10,001-25,000	1,940	2.4%	15,538	
			5,001-10,000	2,552	3.1%	7,008	
			1,001-5,000	11,307	13.7%	2,216	
			1-1,000	39,151	47.5%	292	
			0	25,193	30.6%	0	
Total	82,464	100.0%	4,485				
<small>*30,621 of the 351,065 single-level Members are sales leaders without a downline.  **Sales leaders are Members that achieved the level of Supervisor or higher. See details on Herbalife's Sales &amp; Marketing Plan at <a href="http://www.MyHerbalife.com">www.MyHerbalife.com</a>.</small>							

51.0% of all sales leaders as of February 1, 2011, requalified by February 1, 2012 (including 34.3% of first time sales leaders). The majority of those Members who earned in excess of (USD)100,000 in 2012 had reached the level of Herbalife's President's Team. During 2012, 47 U.S. Members joined the level of President's Team. They averaged nine years as an Herbalife Member before reaching President's Team, with the longest being 20 years and the shortest being less than three years.

## STATEMENT OF AVERAGE GROSS COMPENSATION PAID BY HERBALIFE TO PUERTO RICO MEMBERS IN 2012

People become Herbalife Members for a number of reasons. Based on a US survey, the majority (73%)<sup>(1)</sup> primarily join us to receive a wholesale price on products they and their families enjoy. Some wish to earn part-time money, wanting to give direct sales a try and are encouraged by Herbalife's low start-up costs (at their option, a Mini Herbalife Member Pack [Mini HMP] at \$57.75 or full HMP at \$89.55, plus applicable sales tax, shipping and handling) and money-back guarantee<sup>(2)</sup>. Others are drawn to Herbalife because they can be their own boss and can earn rewards based on their own skills and hard work.

Whatever the motivation, an Herbalife Membership is something like a gym membership: results vary with the time, energy and dedication you put into it. Anyone considering an active Membership needs to understand the realities of direct selling. It is hard work. There is no shortcut to riches, no guarantee of success. However, for those who devote the time and energy to develop a stable base of customers and then mentor and train others to do the same, the opportunity for personal growth and an attractive part- or full-time income exists. Moreover, unlike other businesses, there are minimal start-up costs in beginning your Herbalife Membership. There is no need for a Member to spend significant amounts of money on sales aids or other materials. In fact, Herbalife's corporate policy discourages the use of such sales aids, especially in the first few months of a Membership.

The majority of Herbalife's Members (74%) have not sponsored another Member and are therefore "single-level" Members. Single-level Members benefit from buying Herbalife® products at a preferred price for their consumption and that of their families, and for many this is the only benefit they seek. Some may also be retailing products for a profit and this profit is not included in any of the compensation figures below.

Some Members (26%) have decided to sponsor others to become Herbalife Members. In that way, they may seek to build and maintain their own downline sales organizations. They are not paid anything for sponsoring new Members. They are paid solely based on product sales to their downline Members for their own consumption or for retail to others. This multilevel compensation opportunity is detailed in Herbalife's Sales & Marketing Plan, which is available to all Members online at [www.MyHerbalife.com](http://www.MyHerbalife.com).

For potential Members to make an informed decision, we offer the following chart to show the different ranges of average gross compensation that Herbalife pays to its Members. The figures below do not include any retail / wholesale profit that a Member makes from selling Herbalife's products to others nor do these figures include expenses incurred by a Member in the operation or promotion of his or her business. Such business expenses can vary widely. They might include advertising or promotional expenses, product samples, training, rent, travel, telephone and Internet costs, and miscellaneous expenses. The compensation received by the Members in this chart is not necessarily representative of the gross compensation, if any, that any particular Member will receive. These figures should not be considered as guarantees or projections of your actual gross compensation or profits. Success with Herbalife results only from successful product sales efforts, which require hard work, diligence and leadership. Your success will depend upon how effectively you exercise these qualities.

The compensation chart below indicates that 7,558 Members (89%) received no payments from Herbalife during 2012. However, this chart does not include amounts earned by Members on their sales of Herbalife® products to others.

Additionally, this chart does not include the benefit to Members buying Herbalife® products at a preferred price for their consumption and that of their families. Based on the company's survey, 73%<sup>(1)</sup> of individuals became Members primarily for this benefit.

(1) Based on a Member research survey conducted in the USA by Lieberman Research Worldwide, January 2013, with a margin of error of +/- 3.7%.  
(2) 90 days on the return of the HMP and one year on the return of resalable inventory, upon leaving the business.

<b>Single-Level Members (No Downline)</b>							
<b>Economic Opportunity</b>	Members*		The economic rewards for single-level Members are the wholesale pricing received on products for consumption by the Member and his or her family as well as the opportunity to retail product to non-Members. Neither of these rewards are payments made by the company and therefore are excluded from this schedule.				
	Number	%					
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> </ul>	6,249	73.6%					
<b>Non-Sales Leaders** With a Downline</b>							
<b>Economic Opportunity</b>	Members		In addition to the economic rewards of the single-level Members above, which are not included in this chart, certain non-sales leader Members with a downline may be eligible for payments from Herbalife on downline product purchases made directly with Herbalife.				
	Number	%					
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> <li>Wholesale profit on sales to another Member</li> </ul>	1,364	16.1%	55 of the 194 eligible Members earned such payments in 2012. The average total payments to the 55 Members was (USD)103.				
<b>Sales Leaders** With a Downline</b>							
<b>Economic Opportunity</b>	Members		All Sales Leaders with a Downline				This chart does not include amounts earned by Members on their sales of Herbalife® products to others.
	Number	%	Average Payments from Herbalife (USD)	Number of Members	% of Total Grouping	Average Gross Payments (USD)	
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> <li>Wholesale profit on sales to another Member</li> <li>Multilevel compensation on downline sales <ul style="list-style-type: none"> <li>Royalties</li> <li>Bonuses</li> </ul> </li> </ul>	879	10.4%	>250,000	3	0.3%	417,551	
			100,001-250,000	2	0.2%	111,383	
			50,001-100,000	11	1.3%	76,056	
			25,001-50,000	15	1.7%	37,116	
			10,001-25,000	36	4.1%	15,149	
			5,001-10,000	51	5.8%	6,869	
			1,001-5,000	182	20.7%	2,172	
			1-1,000	470	53.5%	339	
			0	109	12.4%	0	
Total	879	100.0%	4,913				
<small>*261 of the 6,249 single-level Members are sales leaders without a downline.  **Sales leaders are Members that achieved the level of Supervisor or higher. See details on Herbalife's Sales &amp; Marketing Plan at <a href="http://www.Myherbalife.com">www.Myherbalife.com</a>.</small>							

58.0% of all sales leaders as of February 1, 2011, requalified by February 1, 2012 (including 44.7% of first time sales leaders).

The majority of those Members who earned in excess of (USD)100,000 in 2012 had reached the level of Herbalife's President's Team. During 2012, 2 Puerto Rican Members joined the level of President's Team. They averaged four years as an Herbalife Member before reaching President's Team, with the longest being four years and the shortest being less than four years.

## Qualifications by Team Level

Following is an easy-to-understand graph of qualifications for each team level.

Qualifications	Waiting and Earning Periods		
	Team	Achieve required Royalty Points each month for 3 consecutive months	Waiting Period
Global Expansion Team (GET)	1,000	None	12 months from Fully Qualified/Requalified Date
Millionaire Team (MILL)	4,000	2 months	12 months after waiting period is complete
President's Team (PRES)	10,000	3 months	12 months after waiting period is complete
PRES 20K (20K)	20,000	3 months	12 months after waiting period is complete
PRES 30K (30K)	30,000	3 months	12 months after waiting period is complete
PRES 50K (50K)	50,000	3 months	12 months after waiting period is complete

## Production Bonus Earning % Requirements

Once you have qualified and/or requalified for a particular TAB Team earning % level, the following must be achieved in each of the earning months to receive a TAB Team Production Bonus ("PB" on the following table) during your earning period:

Max Earning % Level	Total Volume Points Required	Royalty Points Required for Max 2% TAB Team PB	Royalty Points Required for Max 4% TAB Team PB	Royalty Points Required for Max 6% TAB Team PB	Royalty Points Required for Max 6.5% TAB Team PB	Royalty Points Required for Max 6.75% TAB Team PB	Royalty Points Required for Max 7% TAB Team PB
2%	5,000	1,000					
4%	3,000	1,000	4,000				
6%	2,500	1,000	4,000	10,000			
6.5%	2,500	1,000	4,000	10,000	20,000		
6.75%	2,500	1,000	4,000	10,000	20,000	30,000	
7%	2,500	1,000	4,000	10,000	20,000	30,000	50,000

To help you better understand the TAB Team Production Bonus Payout, we've put together the following guidelines.

- When a TAB Team in your downline earns a TAB Team Production Bonus at a lower % level than you, you will earn the % difference on their downline. For example, if you earn a TAB Team Production Bonus at the 6% level and your downline TAB Team earns a TAB Team Production Bonus at the 2% level, you will earn 6% on that TAB Team and the remaining 4% TAB Team Production Bonus on their downline organization down to the next TAB Team Production Bonus earning member. Your TAB Team Production Bonus earnings below those downline TAB Team earners will depend upon the earning % of each TAB Team.
- When a downline TAB Team earns a TAB Team Production Bonus at the same % level as you, you will earn on that TAB Team, but you will be unable to earn a TAB Team Production Bonus on their downline.
- When a downline TAB Team earns a TAB Team Production Bonus at a higher level than you, you will be unable to earn a TAB Team Production Bonus on that downline and their organization.
- Remember, to be eligible to receive the TAB Team Production Bonus, your completed TAB Team Production Bonus Acknowledgment Form must have been accepted and approved by Herbalife, and all other terms and conditions must be met.

## Production Bonus Eligibility Period Examples

Qualification Period			Global Expansion Team (GET)														
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
1,000 Royalty Points	1,000 Royalty Points	1,000 Royalty Points	<b>Eligible to earn 2% TAB Team PB from April to March</b>														
<b>Requalification Period from April to March</b>																	

Qualification Period			Millionaire Team														
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
4,000 Royalty Points	4,000 Royalty Points	4,000 Royalty Points	<b>Waiting Period</b>		<b>Eligible to earn 4% TAB Team PB from June to May</b>												
<b>Requalification Period from April to March</b>																	

Qualification Period			President's Team														
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
10K, 20K, 30K, 50K Royalty Points x 3 months			<b>Waiting Period</b>			<b>Eligible to earn 6% TAB Team PB from July to June</b>											
<b>Requalification Period from April to March</b>																	

## Production Bonus Requalification

To continue earning your TAB Team Production Bonus, you need to requalify at your team level or above. Here's how you do just that:

### Requalification

To remain at your earning level, simply achieve three consecutive months of Royalty Point requirements (same as original qualification) every year during your requalification period.

**Please note:** When you qualify for any Team status, you retain that status regardless of your TAB Team Production Bonus earning % level (unless you achieve a higher TAB Team status or are demoted as a Supervisor).

If you don't requalify for any TAB Team Production Bonus earning % level during your last requalification period and later qualify for the same level, you will need to observe the waiting period before you start earning at that level.

### Requalification Period

To allow you ample time to requalify and continue to earn your TAB Team Production Bonus, you have a 12-month time frame from your last Team qualification/requalification date.

## GLOSSARY OF TERMS

The following terms are used throughout this text. Some have specific Herbalife connotations, so please become familiar with them and make them a part of your vocabulary as quickly as possible.

**Blocking:** As a Production Bonus earner, when you have a Production Bonus earner below you earning at a higher Production Bonus earning percentage, you will be “blocked” from earning on that Production Bonus earner as well as their downline organization.

**Commission:** The difference between the discounted price paid by the Sponsor and the price paid by the downline. It is also known as Wholesale Profit.

**Customer:** Anyone who is not an Herbalife Member who purchases Herbalife products at retail price.

**Cut Off:** As a Production Bonus earner, when you have a downline Production Bonus earner earning an equal Production Bonus earning percentage, you will be able to earn your eligible Production Bonus percentage on volume down to and including that person, but will be “cut off” from earning a Production Bonus on any lineage below that person. When you have a downline Production Bonus earner earning at a lower Production Bonus earning percentage than you are, you will earn your full Production Bonus percentage down to and including the volume of that Production Bonus earner and earn the percentage difference on their downline below. For example, if your Production Bonus earning percentage is 6% and the Production Bonus earning percentage of the person downline is 4%, you’ll earn 6% on volume down to and including the volume of that person and 2% (6% to 4%) on the volume down to the next Production Bonus earner.

**Distributor:** Any Herbalife Member who has risen to the level of Supervisor, or above in Herbalife is also referred to as a Distributor.

**Discount Scale:** An earned discount of 35% to 50% which is allowed after reaching specified sales goals.

**Downline Organization:** All Members personally sponsored by you as well as all other persons sponsored by them.

**Earn Base:** The value assigned to a product, in local currency, on which discounts and earnings are calculated.

**First-Level Member:** All Herbalife Members you personally sponsor are considered your First Level.

**Fully Qualified Supervisor:** A Distributor who has met all the requirements for Supervisor qualification and is now entitled to all Supervisor privileges.

**HAP Member:** A Member who activates the regular monthly automatic ordering procedure called Herbalife Advantage Program (HAP). The HAP Program is not available for the residents of Puerto Rico.

**Lineage:** All Members who are part of one organization as a result of sponsoring or being sponsored.

**Member:** Anyone who purchases an Official Herbalife Member Pack (HMP) and submits to Herbalife a valid and complete Membership Application and whose Application has been accepted by Herbalife.

**Production Bonus:** A bonus of 2%, 4%, or 6% to 7% on downline Organizational Volume earned by eligible members of the TAB Team who meet certain requirements.

**Profit, Retail:** The difference between the discounted product price paid by a Member and the retail price paid by a customer.

**Profit, Wholesale:** The difference between the discounted price paid by the Sponsor and the price paid by the downline. Also known as Commission.

**Qualified Producer:** A Member who accumulates 2,500 personally purchased Volume Points within 1 to 3 months and is entitled to purchase at a 42% discount and earn split commissions. This status can be reached by utilizing up to 1,000 Downline Volume Points, with the remaining 1,500 as Personally Purchased Volume.

**Qualifying Month:** The month in which a Member achieves the required volume for Supervisor qualification.

**Qualifying Supervisor:** A Member who has achieved the required Volume Points toward Supervisor Qualification in their qualifying month. Assuming that all qualifications are met, they will be recognized as a Fully Qualified Supervisor on the first of the following month. A Qualifying Supervisor is eligible to purchase from Herbalife at a temporary 50% discount.

**Royalty Override:** A payment ranging from 1% to 5% made to Fully Qualified Supervisors on the Monthly Volume of their three levels of active downline Supervisors.

**Royalty Points:** Used for qualification purposes, this is the sum of a Supervisor’s Organizational Volume times their royalty earnings percentage.

**Royalty Roll-Ups:** Herbalife pays Supervisors the full 5% for each of three active downline Supervisor levels. Royalty Roll-Ups are paid to the appropriate upline Supervisor(s) when a downline Supervisor earns less than the maximum 5% Royalty Override payout per level. In these instances, the difference between 5% and the Supervisor’s earning percentage (1% to 4%) results in the Royalty Roll-Ups.

**Senior Consultant:** A Member who has qualified to purchase at 35% to 42% discount.

**Split Commission:** The commission earned from a downline purchasing at less than 42% discount. A commission of 7% or 17% is first paid to the first upline Qualified Producer and the remaining 8% is paid to the first upline Fully Qualified Supervisor.

**Sponsor:** A Member who brings another individual into Herbalife.

**Success Builder:** A Member who places an order of 1,000 Volume Points at 42% discount.

**Supervisor's Personal Organization:** Includes all Members in the Supervisor's downline who are at Member, Senior Consultant, Success Builder, Qualified Producer and Qualifying Supervisor levels.

**TAB Team:** A Distributor who has met all the requirements for GET, Millionaire Team or President's Team.

**10 Retail Customers Rule:** A Member must make sales to at least 10 separate retail customers each month to qualify and receive Royalty Overrides and Production Bonus.

**The 70% Rule:** In any given month, a Member must sell to retail customers, and/or sell at wholesale to downline Members, at least 70% of the total value of Herbalife products they hold for resale, in order to qualify for TAB Team and to earn and receive Royalty Overrides and Production Bonus for that month's business.

**Upline Organization:** Your Sponsor and their Sponsor and their Sponsor's Sponsor, and so on.

**Volume, Downline:** As a non-Supervisor, Downline Volume is based on volume which is placed by your downline Members directly from Herbalife ordering between 25% to 42% discount.

**Volume, Encumbered:** All volume produced by anyone in your personal organization who has achieved 2,500 Volume Points or more in one Volume Month. This is volume being used by them for Supervisor qualification purposes.

**Volume, Group:** Orders purchased at a temporary 50% discount, by Qualifying Supervisor(s) in a Supervisor's personal organization.

**Volume, Matching:** The Total Volume a sponsoring Supervisor must have in a given month to equal or exceed the volume achieved by their downline Member(s) who are qualifying for Supervisor.

**Volume, Organizational:** The volume on which a Supervisor is paid a Royalty Override.

**Volume, Personal:** The volume from orders purchased by you as a Fully Qualified Supervisor and all others in your downline organization, excluding any 50% orders by Qualifying Supervisors and Qualified Supervisors.

**Volume, Personally Purchased:** The volume from orders purchased directly from Herbalife using your Herbalife Identification Number.

**Volume, Total:** The combined total of Personal Volume plus Group Volume.

**Volume, Unencumbered:** All volume produced by anyone in your personal organization who has achieved less than 2,500 Volume Points in one Volume Month, and all your own Personal Volume. Volume that is not used by anyone else for Supervisor qualification purposes.

**Volume Point:** A point value assigned to each Herbalife product that is equal in all countries. Volume Points are used for qualification and bonuses.

## THE HERBALIFE SATISFACTION GUARANTEE

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Herbalife guarantees the quality of any product which carries the Herbalife name and certifies that the products manufactured for it meet high standards of freshness and purity for customer use.

We are confident that our consumers will find our products satisfactory in every way. However, if for any reason, a retail customer is not completely satisfied with any Herbalife product purchased from an Herbalife Member, the customer may request a refund from the Member within 30 days from the date the customer receives the product. The customer will be instructed to return the unused portion of the product, or the original product labels, or the empty product containers, along with a copy of the retail receipt/copy of the Retail Order Form, to the Member from whom the customer purchased the product. The Member must offer the customer a full credit toward the purchase of other Herbalife products or a full refund of the purchase price.

Similarly, subject to certain conditions, Members who purchase a product for their own consumption and who are not satisfied with the product, may return it within 30 days (from the date they received the product) in exchange for other product. To initiate the exchange, contact the Refunds & Repurchase Department at 310-410-9600 extension 43132 for a "Return Authorization Number."

### **Member Must Honor Guarantee**

Herbalife's Satisfaction Guarantee is limited only by the terms of certain specific warranties attached to or packaged with certain products and does not apply to any product intentionally damaged or misused. If the retail customer is not satisfied, the Member must honor the product guarantee quickly and courteously, according to the instructions that follow.

A Member is required to fully complete and provide an official Herbalife Retail Order Form with each retail sale made. It is important for the customer to know how to reach the Member for more products, questions, etc. The Member must maintain a copy of the Retail Order Form for their records so they can properly follow up with their customer.

If, however, a customer requests a refund, then the Member must complete a Request for Refund Form, a copy of which is included in the "Sample Forms" section of this book. The Member is to calculate the amount of the customer's refund or credit due, have the customer sign the Refund Form, and immediately pay the refund to the customer or apply their credit to other products.

The Member may then submit the Request for Refund Form, a copy of the customer's original Retail Order Form, along with the unused portion of the product, or the original product labels, or the empty product containers to Herbalife within 30 days of making the refund to the customer. Herbalife will exchange the returned product with the identical replacement product for the Member as soon as all the required documentation has been received. In the case of a Member returning product, there may be additional inquiry to ensure that the reason for the return is the Member's dissatisfaction as a consumer of the products returned.

This section of the Career Book is designed to acquaint you with Herbalife's administration policies, which ensure the smooth flow of daily business activity.

Every profitable enterprise establishes clear guidelines for the conduct of its own business. The rules provide the parameters within which the business operates freely. Many of the rules relating to the conduct of business are applied externally, by government, regulatory bodies, consumer legislation, or industry codes and practices. In addition to the rules governing companies in the United States, other countries and the direct-selling industry, Herbalife has developed a set of rules for the conduct of an Herbalife Membership, to ensure the maximum fairness and protection for all Members.

These rules provide consistency, security, integrity and honesty, enabling the Company, Members, Distributors and the public to enjoy total confidence in the system and respect for our industry.

Please read and become familiar with these policies and procedures.

### Ordering Procedures

To place your orders via phone, mail or email, or to place and pick up your orders in person, please contact Herbalife at 866-866-4744. For TTY assistance please contact 800-503-6180.

### Important Ordering Tips

As soon as you have become a Member, you may purchase from your Sponsor, your first upline Supervisor, or directly from Herbalife.

Once you qualify as an Herbalife Supervisor, you must always purchase directly from Herbalife. There are several convenient methods you may use to place an order directly with Herbalife: telephone, mail or in person at an Herbalife Sales or Distribution Center. All orders will be shipped on the next business day, whenever possible, if all moneys have cleared. Please remember that our ordering process is computerized, so once you complete your order it cannot be adjusted or altered in any way. Therefore, no matter what method you choose to place your order, it is important that you prepare your order in advance to ensure accurate and speedy processing.

All orders must be paid in full, confirmed and processed for Herbalife to release the order. Please always have the following information readily available.

- Prepare your order in advance to ensure accurate and speedy processing.
- Clearly indicate order month.
- Have your Herbalife Identification Number ready.
- Have the name and Identification Number of your Sponsor and upline Fully Qualified Supervisor (FQS).
- Have shipping method and shipping address, recipient's name and corresponding telephone number (if applicable).
- Provide the appropriate discount percentage.
- Provide method of payment and appropriate details (i.e., credit card number, expiration date, Automatic Payment System [APS] PIN number, etc.).
- All calculations – prices, discounts, Volume Points, and taxes of the city/county/state to which you are shipping. (Please have the correct ZIP code available.) Refer to the latest U.S. price list on [MyHerbalife.com](http://MyHerbalife.com).
- Provide the stock number(s), description and quantity of the item(s) you are ordering.
- Complete all calculations and totals.

### Mail Orders

All orders must be completely filled out, with appropriate payment included. Herbalife sells in individual units, only as specified on the order form.

Depending on the method of mail, you should address your orders as follows:

#### VIA REGULAR MAIL

Herbalife International of America, Inc.  
Attn: Sales Order Department  
P.O. Box 80210  
Los Angeles, CA 90080-0210  
United States of America

#### VIA EXPRESS MAIL (e.g., Federal Express)

Herbalife International of America, Inc.  
Attn: Sales Order Department  
950 West 190th Street  
Torrance, CA 90502-1001  
United States of America

To assure correct and prompt processing of your orders, make sure they are correctly and completely filled out, with an acceptable form of payment attached.

### Telephone Orders

To place your telephone orders, please call the Sales Order Department toll-free at 866-866-4744 between the hours of:

Monday–Friday: 9:00 a.m.–6:00 p.m. (PT)  
Saturday: 6:00 a.m.–2:00 p.m. (PT)  
EOM: 9:00 a.m.–12:00 a.m. (PT)  
Holidays: 9:00 a.m.–2:00 p.m. (PT) or Closed  
Closed Sunday

### TTY Assistance

TTY Users: 800-503-6180

Monday–Friday: 9:00 a.m.–6:00 p.m. (PT)  
Closed Saturday and Sunday

After payment has cleared, your order will be transmitted.

### Acceptable methods of telephone payment are:

- Major Credit Cards (Visa, MasterCard, American Express and Discover).
- Automatic Payment System (APS); approved applications must be on file at the World Home Office (must have 4-digit code). Contact the Sales Order Department for an APS Application.
- Wire Transfers must be bank-to-bank transactions.

Upon payment clearance, your order will be transmitted to the Distribution Center for shipment.

All telephone orders must be placed and fully paid by the close of business day on the designated “End of Month” (EOM) day. Please have your order ready before calling the Sales Order Department.

### Walk-In Orders

If you are located near Los Angeles, Riverside or Tracy, CA; Memphis, TN; Dallas or Houston, TX; Phoenix, AZ; Chicago, IL; or Bronx or Brooklyn, NY, the fastest way to receive product(s) is to place, pay for and pick up your order in person at one of our Sales or Distribution Centers. The addresses of our U.S. Sales and Distribution Centers are listed below for your reference:

### Los Angeles Distribution Center (LADC)

18431 S. Wilmington Avenue  
Carson, CA 90746  
Telephone: 310-952-0100  
Monday–Friday: 9:00 a.m.–7:00 p.m. (PT)  
Saturday: 9:00 a.m.–5:00 p.m. (PT)  
Closed Sunday

### Memphis Distribution Center

5025 Crumpler Road  
Memphis, TN 38141  
Telephone: 901-795-5056  
Monday–Friday: 8:00 a.m.–7:00 p.m. (CT)  
Closed Saturday and Sunday

### Dallas Sales Center

8105 North Beltline Road, Suite 120  
Irving, TX 75063  
Telephone: 214-441-3333  
Monday–Friday: 10:00 a.m.–7:00 p.m. (CT)  
Saturday: 10:00 a.m.–3:00 p.m. (CT)  
Closed Sunday

### Phoenix Sales Center

1606 E. University Dr., Suite 109  
Phoenix, AZ 85034  
Telephone: 602-358-2066  
Monday–Friday: 10:00 a.m.–7:00 p.m. (PT)  
Saturday: 10:00 a.m.–3:00 p.m. (PT)  
Closed Sunday

### Jamaica-Kingston Pick-Up Center

S.K. D.P. Company Ltd.  
18 Hillcrest Ave.  
Kingston, Jamaica  
Hours for Pick-up Only  
Monday–Thursday: 8:30 a.m.–5:00 p.m.  
Friday: 8:30 a.m.–4:30 p.m.  
1st Saturday after the 5th of the Month:  
9:00 a.m.–12:00 p.m.  
(Jamaica Local Time)

### Discovery Bay Pick-up Center

P.O. Box 160 Discovery Bay  
St. Ann, Jamaica  
Hours for Pick-up Only  
Monday–Friday: 9:00 a.m.–5:00 p.m.  
(Jamaica Local Time)

### Puerto Rico Sales Center

Ave. Jose (Tony) Santana  
Building #18 C-8  
Carolina, P.R. 00979  
Monday–Friday: 11:00 a.m.–7:00 p.m. (PT)  
Saturday: 9:00 a.m.–2:00 p.m. (PT)  
Closed Sunday

### **Chicago Quick Response Center**

200 Howard Avenue, Suite 232

Des Plaines, IL 60018-5910

Telephone: 847-298-9533

Monday, Wednesday and Friday: 10:00 a.m.–6:00 p.m. (CT)

Tuesday and Thursday: 12:00 p.m.–8:00 p.m. (CT)

Saturday: 10:00 a.m.–3:00 p.m. (CT)

Closed Sunday

### **Bronx Quick Response Center**

2359 Hollers Avenue

Bronx, NY 10475

Telephone: 718-708-7020

Monday, Wednesday and Friday: 10:00 a.m.–6:00 p.m. (ET)

Tuesday and Thursday: 12:00 p.m.–8:00 p.m. (ET)

Saturday: 10:00 a.m.–3:00 p.m. (ET)

Closed Sunday

### **Tracy Quick Response Center**

470 West Larch Road, Suite 10

Tracy, CA 95304

Telephone: 209-832-4110

Monday and Wednesday: 12:00 p.m.–8:00 p.m. (PT)

Tuesday, Thursday and Friday: 10:00 a.m.–6:00 p.m. (PT)

Saturday: 10:00 a.m.–3:00 p.m. (PT)

Closed Sunday

### **Houston Quick Response Center**

4702 N. Sam Houston Pkwy. W., Suite 130

Houston, TX 77086

Telephone: 281-895-8193

Monday, Wednesday and Friday: 10:00 a.m.–6:00 p.m. (CT)

Tuesday and Thursday: 12:00 p.m.–8:00 p.m. (CT)

Saturday: 10:00 a.m.–3:00 p.m. (CT)

Closed Sunday

### **Riverside Quick Response Center**

7560 Jurupa Avenue

Riverside, CA 92504

Telephone: 951-689-4444

Monday and Wednesday: 12:00 p.m.–8:00 p.m. (PT)

Tuesday, Thursday and Friday: 10:00 a.m.–6:00 p.m. (PT)

Saturday: 10:00 a.m.–3:00 p.m. (PT)

Closed Sunday

### **Brooklyn Quick Response Center**

919 Flushing Avenue

Brooklyn, NY 11206

Telephone: 718-381-9610

Monday, Wednesday and Friday: 10:00 a.m.–6:00 p.m. (ET)

Tuesday, Thursday: 12:00 p.m.–8:00 p.m. (ET)

Saturday: 10:00 a.m.–3:00 p.m. (ET)

Closed Sunday

### **San Jose Quick Response Center**

1430 Tully Road, Suite 417

San Jose, CA 95122

Telephone: 408-280-0444

Fax: 408-724-8380

Monday, Wednesday: 12:00 p.m.–8:00 p.m. (PT)

Tuesday, Thursday, Friday: 10:00 a.m.–6:00 p.m. (PT)

Saturday: 10:00 a.m.–3:00 p.m. (PT)

Closed Sunday

All walk-in orders must be placed and fully paid by the close of business day at the respective Sales or Distribution Center on the designated EOM day. Please have your order ready before handing it to a Sales Order Representative. You must have your Herbalife ID number, photo ID and order number with you when you pick up your order.

Cashier's checks, money orders, most major credit cards, wire transfers or cash are the acceptable terms for purchasing products and other materials through the Herbalife Sales or Distribution Centers.

### **Payment Policy**

Please note that all orders must be paid in full, processed and accepted for Herbalife to ship and release the order. The following are acceptable methods of payment:

### **Personal Checks**

Those who become Supervisors and who have been fully qualified for 30 days may use (in addition to the previously listed methods of payment) personal checks to purchase products. A check-writing policy of \$5,000 in one day is the maximum amount allowed. Any order in excess of this amount must be paid for by one of the methods previously noted.

### **Guaranteed Checks**

Cashier's checks, traveler's checks and money orders, which must be made out to Herbalife International of America, Inc., and must be in U.S. dollars only. Guaranteed checks may be used for mail and walk-in orders only.

### **Most Major Credit Cards**

Visa, MasterCard, American Express (dollar amount is at Amex's discretion, mostly under \$200.00) and Discover. The credit card must be in the name of the purchaser. Credit cards may be used for telephone, mail and walk-in orders.

### **Cash**

U.S. dollars only. Cash may be used for walk-in orders only. Please do not mail cash!

### **Automatic Payment System (APS)**

To speed up and simplify the processing of your telephone order, Supervisors who have been fully qualified for 30 days may authorize Herbalife to deduct the exact amount from their bank or other financial institution as payment for their order.

## Wire Transfers

- Members may purchase products from Herbalife by bank-to-bank transaction.
- Wire transfers must be initiated by the designated End of Month (EOM) day, and must be received no later than the 5th of the following month (regardless of what day the actual EOM falls on).
- You must reference your Herbalife ID Number and order number with your transfer.
- If you wish to use this method, contact Herbalife's Sales Order Department for the correct procedure.
- Wire transfer orders will be shipped when the correct payment is received by Herbalife.

## Shipping Procedures

All orders will be shipped on the next business day, whenever possible, if all moneys have cleared. You must indicate the method of shipment as applicable (e.g., air, FedEx, motor freight, etc.) on each order.

Selecting the right method of shipment for your order is an important decision. You will want to keep the freight cost as low as possible and at the same time, get the best results in terms of service. The decision must be based on distance, weight and size of the order, and how rapidly you want it delivered. You should call the various freight carriers in your area for rates and service details. However, here is some general information on how they work:

### Federal Express (FedEx) Home Delivery

Federal Express home delivery is our standard ground carrier. This may be one of your best options for shipping.

#### Things to Remember:

- FedEx Home Delivery takes typically three to five working days Tuesday to Saturday for delivery. It is recommended that someone be available at the "Ship To" address to accept the shipment. (You may desire to address your shipment to your neighbor, friend, relative, etc.)
- Herbalife allows a maximum weight of 48 pounds per box.
- When your shipment consists of several boxes, they may not all be delivered at the same time. (If this happens, simply allow two [2] additional days for the balance of the shipment to be delivered.)

All orders to be shipped via FedEx are shipped from the Los Angeles and Memphis Distribution Centers on a freight prepaid basis. When you request FedEx as the method of shipment on an order, your delivery and freight will be calculated as indicated in the following ground chart.

## FedEx Home Delivery

Rate	times (X)	Retail Value
4.25%		\$1,000 and Up
4.75%		\$700 - \$999.99
5.25%		\$400 - \$699.99
5.75%		\$125 - \$399.99
\$7.50	Minimum	\$0 - \$124.99

#### Examples:

A) \$400 retail value x 5.25% = \$21.00 freight cost

B) \$130 retail value x 5.75% = \$7.48 freight cost

C) \$124.99 retail value - add \$7.50 minimum freight cost

Please be sure to include the shipping costs in your payment to avoid any delay in processing and shipping your order.

## FedEx 2 and 1 Day Delivery

FedEx - 2 Day 7.75% - \$11 minimum

FedEx - 1 Day 11.75% - \$19 minimum

## Motor-Freight Carrier

When your order weight exceeds 100 pounds, you may want to consider a motor-freight carrier. Generally you will pay for a minimum of 100 pounds of freight.

#### Things to Remember:

- All truck shipments are made on a freight-collect basis.
- This service will range from overnight delivery to five (5) or more working days, depending on the distance between the shipping point and the destination.
- Door-to-door delivery is provided to most locations or, upon request, your order may be held at the dock for pickup.
- Generally, the complete shipment is delivered at once.
- If door-to-door is requested, there must be someone available at the "Ship To" address to accept the shipment.
- The heavier the shipment, the lower the freight rate per pound. For more detailed information, call your local trucking companies.

## Air Shipping

Special rates are available for almost any shipment size, but when your order weighs over 200 pounds, it may be to your advantage to consider the delivery time and the possible cost savings. The airfreight industry is becoming very cost competitive with ground-freight transportation. Convenient special freight-cost programs are available through most airlines. For example, E and EH Disposable Corrugated Air Containers can be shipped at special rates, or you can take advantage of the special rates of the deferred airfreight programs.

### Things to Remember:

- All air shipments are made on a freight-collect basis.
- Airfreight offers the fastest means of transportation.
- They offer call-upon-arrival service.
- Your order can be delivered to your door.  
(This requires an additional charge, and someone must be available to accept the shipment.)
- Shipments may be held at the airport terminal for pickup.
- Weekend service is available at most major airports.
- Air containers have special rates. (When using this method, remember that the total cubic footage cannot be 100% utilized due to the variance of product dimensions.)
- Please specify the airport of destination, or the airline will ship to the airport closest to the "Ship To" address.
- There is excellent traceability. For more specific information, call the airfreight carriers at the airport(s) closest to you.

### Air- and Truck-Freight Insurance

Herbalife recommends that you insure your air and truck shipments at their full discounted value for a small premium. Typically the cost of the airfreight insurance is approximately 40 cents for each \$100 declared value. For example, if you are a Supervisor placing a \$2,000 retail order at a 50% discount, you are paying \$1,000. If you declare this \$1,000 as your freight value, your full insurance coverage will cost \$4. When ordering, indicate in the shipping instructions that you wish to have your order "insured at full value." The additional insurance amount will be added to your freight charges. Without the insurance, you can only collect the amount determined by the freight company policy. (Flat and per pound rates vary from carrier to carrier, but tend to be in the area of 50 cents to 60 cents per pound.)

### When Receiving Your Shipment

All Herbalife® products are in perfect condition when the carrier takes possession of the shipments at our Distribution Center loading docks. Upon receipt of your package, here are some things to remember:

- Your signature means that you have received your shipment in a satisfactory manner (unless otherwise specified).
- Determine the number of boxes your shipment includes, either by the packing slip or by the number of boxes marked on top of each box (e.g., 1 of 3, 2 of 3, etc.).
- Only sign "Received" for the number of boxes actually received.
- Check your shipment for obvious outside damages. (Even though there is no apparent damage on the outside of a box, some damage may have occurred inside.) See "Shipping Inquiries and Claims" below.

- Note any damages and/or box shortages on the carrier's delivery documents. (FedEx may not deliver all boxes the same day.)

### Shipping Inquiries and Claims

For any specific inquiry or problem associated with a particular shipment (damaged and lost order claims, etc.) please call Herbalife's Order Support Department toll-free at 866-866-4744.

### FedEx Home Delivery Claims

- FedEx lost shipments (complete or partial) must be reported to Herbalife International within seven (7) days after the estimated time of arrival.
- Any hidden damages found on a FedEx delivery, discovered after the FedEx driver has left, must be reported to your local FedEx office immediately. FedEx will send a driver to pick up the damaged items for inspection. Keep the damaged items in the original package as found, including all packing material and the master container.
- FedEx will forward a copy of the damage-inspection report to the Herbalife Distribution Center that originated the shipment.
- The Distribution Center, upon receiving this report, will initiate the proper FedEx claim(s) procedures and follow up to completion.
- In some instances, FedEx may desire not to send an inspector to pick up the damaged items. However, the damage report will still be generated, and the same procedure as above will take effect. In either case, you will be given a control number from FedEx.

### Month-End Ordering Guidelines

#### General – United States

The Herbalife U.S. Sales Order Department, as well as all Herbalife International Sales Order Departments, will be open extended business hours on the designated End of Month (EOM); Distribution Centers will be open regular business hours that day.

#### A. Business Hours

##### 1. Sales Order Department:

English and Spanish Lines

Monday–Friday:	9:00 a.m.–6:00 p.m. (PT)
Saturday:	6:00 a.m.–2:00 p.m. (PT)
EOM:	9:00 a.m.–12:00 a.m. (PT)
Holidays:	9:00 a.m.–2:00 p.m. (PT)

or Closed

Closed Sunday

##### 2. TTY Users: 800-503-6180

Monday–Friday:	9:00 a.m.–6:00 p.m. (PT)
Closed Saturday and Sunday	

**3. Los Angeles Distribution Center (LADC):**

Monday–Friday: 9:00 a.m.–7:00 p.m. (PT)  
Saturday: 9:00 a.m.–5:00 p.m. (PT)  
Closed Sunday

**4. Memphis Distribution Center:**

Monday–Friday: 8:00 a.m.–7:00 p.m. (CT)  
Closed Saturday and Sunday

**5. Dallas Sales Center:**

Monday–Friday: 10:00 a.m.–7:00 p.m. (CT)  
Saturday: 10:00 a.m.–3:00 p.m. (CT)  
Closed Sunday

**6. Phoenix Sales Center:**

Monday–Friday: 10:00 a.m.–7:00 p.m. (PT)  
Saturday: 10:00 a.m.–3:00 p.m. (PT)  
Closed Sunday

**7. Puerto Rico Sales Center**

Monday–Friday: 11:00 a.m.–7:00 p.m. (PT)  
Saturday: 9:00 a.m.–2:00 p.m.  
Closed Sunday

**8. Jamaica-Kingston Pick-Up Center:**

Monday–Thursday: 8:30 a.m.–5:00 p.m.  
Friday: 8:30 a.m.–4:30 p.m.  
1st Saturday after the 5th of the Month:  
9:00 a.m.–12:00 p.m.  
(Jamaica Local Time)

**9. Discovery Bay Pick-up Center:**

Monday–Friday 9:00 a.m.–5:00 p.m.  
(Jamaica Local Time)

**10. Chicago Quick Response Center:**

Monday, Wednesday, Friday: 10:00 a.m.–6:00 p.m. (CT)  
Tuesday and Thursday: 12:00 p.m.–8:00 p.m. (CT)  
Saturday: 10:00 a.m.–3:00 p.m. (CT)  
Closed Sunday

**11. Bronx Quick Response Center:**

Monday, Wednesday, Friday:  
10:00 a.m.–6:00 p.m. (ET)  
Tuesday and Thursday: 12:00 p.m.–8:00 p.m. (ET)  
Saturday: 10:00 a.m.–3:00 p.m. (ET)  
Closed Sunday

**12. Tracy Quick Response Center:**

Monday and Wednesday: 12:00 p.m.–8:00 p.m. (PT)  
Tuesday, Thursday, Friday: 10:00 a.m.–6:00 p.m. (PT)  
Saturday: 10:00 a.m.–3:00 p.m. (PT)  
Closed Sunday

**13. Houston Quick Response Center:**

Monday, Wednesday, Friday: 10:00 a.m.–6:00 p.m. (CT)  
Tuesday and Thursday: 12:00 p.m.–8:00 p.m. (CT)  
Saturday: 10:00 a.m.–3:00 p.m. (CT)  
Closed Sunday

**14. Riverside Quick Response Center:**

Monday and Wednesday: 12:00 p.m.–8:00 p.m. (PT)  
Tuesday, Thursday, Friday: 10:00 a.m.–6:00 p.m. (PT)  
Saturday: 10:00 a.m.–3:00 p.m. (PT)  
Closed Sunday

**15. Brooklyn Quick Response Center:**

Monday, Wednesday, Friday: 10:00 a.m.–6:00 p.m. (ET)  
Tuesday, Thursday: 12:00 p.m.–8:00 p.m. (ET)  
Saturday: 10:00 a.m.–3:00 p.m. (ET)  
Closed Sunday

**16. San Jose Quick Response Center:**

Monday, Wednesday: 12:00 p.m.–8:00 p.m. (PT)  
Tuesday, Thursday, Friday: 10:00 a.m.–6:00 p.m. (PT)  
Saturday: 10:00 a.m.–3:00 p.m. (PT)  
Closed Sunday

**B. Business Numbers/Addresses**

**1. World Operations Home Office**

- a. Toll-Free Number (Distributor Relations in English and Spanish): 866-866-4744
- b. TTY Users: 800-503-6180
- c. HAP Order Line: 866-866-4744
- d. Mailing Address  
Herbalife International of America, Inc.  
Sales Order Department  
P.O. Box 80210  
Los Angeles, CA 90080-0210
- e. Express Mail Only  
Herbalife International of America, Inc.  
Sales Order Department  
950 West 190th Street  
Torrance, CA 90502

**2. Los Angeles Distribution Center (LADC)  
(Walk-In and Pickup Service)**

Herbalife International of America, Inc.  
18431 S. Wilmington Avenue  
Carson, CA 90746

**3. Memphis Distribution Center  
(Walk-In and Pickup Service)**

Herbalife International of America, Inc.  
5025 Crumpler Road  
Memphis, TN 38141

**4. Dallas Sales Center**

**(Walk-In and Pickup Service)**  
8105 North Beltline Road, Suite 120  
Irving, TX 75063

5. **Phoenix Sales Center**  
(Walk-In and Pickup Service)  
1606 E. University Dr., Suite #109  
Phoenix, AZ 85034
6. **Puerto Rico Sales Center**  
Ave. Jose (Tony) Santana  
Building #18 C-8  
Carolina, P.R. 00979
7. **Jamaica-Kingston Pick-Up Center**  
S.K. D.P. Company Ltd.  
18 Hillcrest Ave.  
Kingston, Jamaica
8. **Discovery Bay Pick-up Center**  
P.O. Box 160 Discovery Bay  
St. Ann, Jamaica
9. **Chicago Quick Response Center**  
(Walk-In and Pickup Service)  
200 Howard Avenue, Suite 232  
Des Plaines, IL 60018-5910
10. **Bronx Quick Response Center**  
(Walk-In and Pickup Service)  
2359 Hollers Avenue  
Bronx, NY 10475
11. **Tracy Quick Response Center**  
(Walk-In and Pickup Service)  
470 West Larch Road, Suite 10  
Tracy, CA 95304
12. **Houston Quick Response Center**  
(Walk-In and Pickup Service)  
4702 N. Sam Houston Pkwy. W., Suite 130  
Houston, TX 77086
13. **Riverside Quick Response Center**  
(Walk-In and Pickup Service)  
7560 Jurupa Avenue  
Riverside, CA 92504
14. **Brooklyn Quick Response Center**  
(Walk-In and Pickup Service)  
919 Flushing Avenue  
Brooklyn, NY 11206

For additional information on products, qualifications, Sales & Marketing Plan, etc., please contact the Distributor Relations Department English and Spanish Lines:

Monday–Friday: 9:00 a.m.–6:00 p.m. (PT)  
EOM: 9:00 a.m.–6:00 p.m. (PT)  
Closed Holidays, Saturday and Sunday

## End of Month Ordering and Payment Deadlines

The deadlines specified below are set to ensure accurate payment of Royalty Overrides to each and every Distributor.

- All orders MUST be received on or before the End of Month (EOM) day in order to count for that month's Volume. The EOM day is absolutely the last day for us to process your order in the current month.
- Telephone orders must be placed and fully paid by the end of business day on each country's specified EOM day.
- Mail orders must be postmarked on or before each country's specified EOM day and received by Herbalife NO LATER than the 5th of the following month. Appropriate payment must be included with the order.
- Walk-in orders must be placed and fully paid by close of business day on the specified EOM day.
- Wire transfers or postal payments must be initiated on or before each country's specified EOM day. These transactions must be received by Herbalife no later than the 5th of the following month.
- All payments for all orders placed on the EOM day must be processed, accepted and paid in full by the end of that same day to count for that month's Volume, no matter what day the EOM actually falls on.
- Herbalife shall not be held responsible for monetary transfers that are not deposited to our account by the specified deadline.
- Members are responsible for making whatever arrangements necessary to ensure payment is received on time and that adequate credit is available to assure approval of any credit card purchases. If payment is not received by the specified date, the order will count as the following month's Volume.
- If the EOM falls into the beginning of the next month, causing a dual Volume Month, Members are responsible for specifying the order month they wish the Volume of the order to count toward.
- International orders must be placed on or before the shipping country's End of Month date.

## Tax Information U.S. Residents Only

The following notes highlight key points of interest for Herbalife Members. These notes are not intended to cover all aspects of registration or taxation that may affect your organization, so we recommend that Members consult with their own tax or business advisor, or their local, state or federal taxation offices.

### A. Federal/State Income Tax and Reporting

1. Income tax laws in the United States, and in various states and municipalities within the United States,

require that individuals with income from businesses report such income. Residents and those who are citizens of the United States, wherever resident, are required to file income tax returns reporting all of their income. Nonresidents may also need to report their U.S. income. Members are solely responsible for the proper reporting of their income and payment of their taxes.

2. It is important to establish and maintain a proper set of books and records for your business. Inexpensive manual and computerized systems are available, or you may prefer to hire an experienced bookkeeper. Under federal law, tax records should be maintained for a minimum of three (3) years, but it may be prudent to maintain them for a longer period.
3. Federal and state tax laws impose certain reporting requirements upon Herbalife. On or before January 31 of each year, U.S. Members will be sent a Form 1099 in which they must specify the amount of earnings (commissions, overrides, bonuses, etc.) they received during the prior calendar year. The form will also note whether the Member purchased \$5,000 or more retail value of products. This information is also filed with the Internal Revenue Service (IRS), and from there is made available to the states.
4. For these reporting reasons, all Members in the United States and those who are citizens of the United States, wherever resident, must provide proper taxpayer identification numbers (usually their Social Security number or Individual Tax Identification Number). It is the Member's responsibility to assure that the name, legal address and taxpayer identification number are properly recorded in the Herbalife computer system and to immediately advise if a correction is needed. If such information is not correct, tax laws impose a "backup" withholding tax. The tax so withheld can be claimed by the Member on their individual income tax return as a prepayment of tax.

## **B. Nonresident Withholding Tax**

1. All payments of commissions, overrides and bonuses resulting from U.S. orders are deemed by the IRS to be U.S. source income. As such, payments to upline Members residing outside the United States are subject to U.S. nonresident withholding tax (currently 30%).
2. On or before March 15 of each year, Herbalife will send a Form 1042-S to Members in which they will report the amount of earnings paid and the amount of U.S. tax

withheld. Depending on the Member's situation and the laws of the Member's resident country, a refund from the IRS may be requested or relief from double taxation is often available. Affected Members are encouraged to consult with their tax advisors.

## **C. State and Local Sales Taxes**

1. Many Herbalife products are taxable under the various states' sales tax laws. Members are primarily responsible for their own sales tax liability and should ensure they are in compliance with all applicable sales tax laws.
2. Herbalife has voluntarily registered in many states to pre-collect state sales taxes on behalf of Members and, thus, reduce the Members' compliance requirements. In these instances, sales tax is based on the ultimate retail price of products shipped for resale to these states. In some states, Members may obtain from the state and submit to Herbalife a resale/exemption certificate. By doing so, the Member retains primary responsibility for the collection, reporting and payment of all such taxes. For a list of these states, please contact the Distributor Relations Department toll-free at 866-866-4744.

## **D. Business Licenses and Registrations**

Many cities or municipalities within the United States require that Herbalife Members register their business when starting their business activity. We recommend that U.S. Members contact their local government offices for information about these requirements.

## **E. Social Security or Individual Tax Identification Number and Other Taxes**

All Herbalife Members are independent and as such, are responsible for their own Social Security or Individual Tax Identification Number, Medicare and other taxes as may apply. Advance payments of these taxes may be required. Further information is available from the respective tax office or your tax advisor.

The information noted above may be modified from time to time by the respective authorities. To ascertain your personal situation or if you have any questions, we suggest that you consult the respective federal, state and local tax offices in your area, or your qualified tax advisor.

## **Tax Information Puerto Rico Residents Only**

The following notes highlight key points of interest for Herbalife Members. These notes are not intended to cover all aspects of registration or taxation that may affect your organization, so we recommend that Members consult with

their own tax or business adviser, or their local, state or federal taxation offices.

### **A. Puerto Rico Income Tax and Reporting**

1. Income tax laws in Puerto Rico require that individuals with income from businesses report such income. Residents of Puerto Rico are required to file income tax returns reporting all of their income from whatever sources. Moreover, Puerto Rico residents who are U.S. citizens may also be required to report income from sources outside Puerto Rico at the U.S. federal level. Nonresidents of Puerto Rico need to report in Puerto Rico their Puerto Rico source income if registered in Puerto Rico. Members are solely responsible for the proper reporting of their income and payment of their taxes.
2. It is important to establish and maintain a proper set of books and records for your business. Inexpensive manuals and computerized systems are available, or you may prefer to hire an experienced bookkeeper. Under Puerto Rico law, tax records should be maintained for a minimum of six (6) years, but it may be prudent to maintain them for a longer period.
3. Puerto Rico tax laws impose certain reporting requirements upon Herbalife. On or before February 28 of each year, Puerto Rico Members will be sent a Form 480.6A; 480.6B or 480.6C, as applicable, in which the amount of earnings (commissions, overrides, bonuses, etc.) they received during the prior calendar year, together with any applicable withholding of tax at source made. This information is also filed with the Puerto Rico Treasury Department (PRTD).
4. For these reporting reasons, all Members in Puerto Rico must provide proper taxpayer identification numbers (usually their Social Security number or Individual Tax Identification Number if the Member is not a U.S. citizen or a green card holder). It is the Member's responsibility to assure that the name, legal address and taxpayer identification number are properly recorded in the Herbalife computer system and to immediately advise if a correction is needed.

### **B. Nonresident Withholding Tax**

1. All payments of commissions, overrides and bonuses resulting from Puerto Rico orders are deemed by the PRTD to be Puerto Rico source income. As such, payments to upline Members residing outside Puerto Rico are subject to nonresident withholding tax of 20% and 29% in the case of U.S. residents individuals and other nonresident aliens, respectively.
2. On or before February 28 of each year, Herbalife will send a Form 480.6a, b or c in which the amount of earnings (commissions, overrides, bonuses, etc.) received during the prior calendar year, together with the applicable withholding of tax at source made will be reported for purposes of

the Puerto Rico income tax filing of the Members. This information is also filed with the PRTD. Depending on the Member's situation and the laws of the Member's resident country, a refund from the PRTD may be requested or relief from double taxation is often available. Affected Members are encouraged to consult with their tax advisors.

### **C. State and Municipal Sales and Use Taxes**

1. Many Herbalife products are taxable for Puerto Rico sales and use tax (SUT) purposes. Members are primarily responsible for their own sales tax liability and should ensure they are in compliance with all applicable sales tax laws.
2. Notwithstanding the above, Herbalife has voluntarily registered with the PRTD to pre-collect the SUT on behalf of Members and, thus, reduce the Members' compliance requirements. In these instances, SUT is based on the ultimate retail price of products shipped for resale to Puerto Rico. In some states, Members engaged in other business activities may still need to register and comply with the SUT requirements, despite Herbalife's agreement with the PRTD.

### **D. Business Licenses and Registrations**

Members may need to register their business when starting their business activity with the Municipality of Puerto Rico where such business is carried out. Members are encouraged to consult with their tax advisors to make this determination based on facts and circumstances.

### **E. Social Security or Individual Tax Identification Number and Other Taxes**

All Herbalife Members are independent contractors and as such, are responsible for their own Social Security, Medicare and other taxes as may apply. Advance payments of these taxes may be required. Members are encouraged to consult with their tax advisors.

The information noted above may be modified from time to time by the tax authorities. To ascertain your personal situation or if you have any questions, we suggest that you consult your qualified tax advisors.

## **Frequently Asked Questions**

### **Do I have to wait for my Membership Application to be processed before placing an order?**

It's not necessary to wait for your Application to be processed. You are entitled to buy Herbalife products directly from the Herbalife Sales Order Department, your Sponsor or first upline Fully Qualified Supervisor (at the applicable discount) utilizing the Herbalife ID number on the Registration Card contained in your Herbalife Member Pack (HMP).

### **How do I place an order?**

It's easy! You may place orders through Herbalife directly, your Sponsor or upline Supervisor. When you become a Supervisor you must purchase directly from Herbalife. It is important for you to have certain information prepared prior to placing an order directly with Herbalife. You may place orders with Herbalife by telephone, mail, by going to one of our Distribution Centers (Los Angeles or Memphis) or via our online ordering system on [MyHerbalife.com](http://MyHerbalife.com).

### **May I go to the Distribution Center and pick up the products myself?**

You may either place your order with our Sales Order Department and specify that you will pick it up in person, or you can simply go to our Los Angeles, Memphis, Dallas or Phoenix Sales and Distribution Centers, place and pay for your order there, and pick up the products at the same time.

### **May I call Herbalife directly with questions?**

We're here to assist you in any way possible. We always encourage you to first consult your Career Book and to work closely with your Sponsor and upline Supervisor, since they have a great deal of field experience. However, if we may assist you, please call Herbalife's Distributor Relations Department toll-free in Los Angeles at 866-866-4744.

### **How quickly will my order be processed and how long will it take to reach me?**

All orders will be shipped the next business day, whenever possible, if payment is received and processed. Shipping times vary, of course, depending on the shipping method you choose. All orders shipped from our Los Angeles and Memphis Distribution Centers via FedEx home delivery service are shipped freight prepaid, and will generally arrive within three to five working days. Members commonly use FedEx when an order weighs under 200 pounds. Express, motor carrier and air services are also available on a freight-collect basis, in order to provide you with the widest possible variety of choices.

### **Do I have to pay any other charges on top of the price of the products?**

Orders shipped via FedEx, Herbalife's most popular freight service, are shipped freight prepaid. All other freight services are shipped freight collect. Taxes are based on the tax rates of your shipping destination.

### **I've heard a lot about the HAP Program.**

#### **What is it all about?**

HAP stands for **Herbalife Advantage Program**. HAP is an automatic monthly product shipment program, providing Members with an effortless, flexible and convenient method

for selecting and automatically shipping the products they use the most. HAP also provides Herbalife Members who activate their HAP orders with exclusive added benefits, including free activation no Annual Membership Services Fee for non-Supervisors with active HAP orders for 12 consecutive months; 35% to 50% discount; multiple HAP orders – one for personal use and one consisting of products for resale; additional sales tax savings (on personal use orders only); single-unit purchases; automatic, consistent monthly home delivery; special promotional offers; flexibility to change your HAP order (anytime before HAP deadline); free monthly literature and communications; and easy automatic payment options. You will find a HAP Activation and Order Form in this book. You may download the form from [MyHerbalife.com](http://MyHerbalife.com). There also are dedicated HAP Sales Order telephone numbers listed in the "Ordering Procedures" section of this book. For additional information, please contact Herbalife's Distributor Relations Department at 866-866-4744.

### **How do I retail the products?**

Retailing the Herbalife products will be one of the most important keys to your success! As Herbalife's founder and first Distributor, Mark Hughes always stressed, use the products, wear the button and talk to people. You will develop your own selling style, which might include talking to your Circle of Influence, distributing flyers, conducting surveys and/or participating in seasonal promotions. Your Sponsor has the field experience to provide you with the proper training.

#### **Wear the Button**

- You become a walking advertisement.
- Wear or use or any Herbalife item that will attract people to talk to you – this makes conversation easy.

#### **Talk to People**

- When they ask, tell your weight-management success story or your income success story.
- Explain the products and business opportunity.
- Explain how they can improve their health and also make immediate profits.
- Talk to people you know.
- Talk to everyone.

### **May I export the products?**

Regulations vary from country to country in which we are officially open. Each country has its own line of products, literature and promotional items specific to each of these countries. Members may only bring products approved for a specific country within that country. Members may not bring products from one Herbalife country to another, unless approved for sale there.

## **Where can I get more training on the Herbalife products and selling methods?**

You have a multitude of fantastic choices! Your Sponsor and/or upline Supervisor should be able to assist you, and we always suggest you contact them first. There are many training sessions held throughout the world every year, and by clicking on [MyHerbalife.com](http://MyHerbalife.com), you can access training and business-building tools 24/7. Some of our websites include:

### **Herbalife.com**

Herbalife's official website establishes Herbalife as a leading nutrition company in the areas of weight loss, energy and fitness, targeted and outer nutrition. The site provides consumers with information on the company, our products and business opportunity and a request form to be contacted to learn more.

### **MyHerbalife.com**

The primary business management and success resource website for Herbalife Members – optimizing recruitment, retention, retail and community. Login requires ID and PIN Code.

### **HerbalifeFamilyFoundation.org**

This website is dedicated to the Herbalife Family Foundation, which helps at-risk children around the world. If prompted for a password, please contact the Sales and Communications or Distributor Relations Departments.

There is also the Herbalife Broadband Network (HBN), which features fast, high-quality audio and video streaming to anyone with Internet access, 24 hours a day.

### **Herbalife Broadband Network (HBN) offers:**

- Exciting product launches
- Unbeatable video training from Herbalife's founder Mark Hughes
- Live question-and-answer sessions with top Distributors and Herbalife's doctors
- Motivation by Jim Rohn, world-renowned business speaker
- House-party training

Our Sales and Communications Department also operates a Touchfon information service that will keep you updated with the latest Herbalife information at a nominal charge. For additional information on these and many other business tools available, please contact Herbalife's Distributor Relations Department toll-free at 866-866-4744.

## **Once I qualify for earnings, are there any special procedures to follow?**

Yes, and they are quite simple. In order to receive your earnings, as a Fully Qualified Supervisor or TAB Team you must strictly adhere to Herbalife's 10 Retail Customers/70% Rule.

(Please refer to Rules 18-B and 18-C in the "Rules of Conduct" section of this book for complete information.)

## **Are there any tax issues I should be aware of?**

Yes, and they are similar to any business you would independently operate. Members are solely responsible for the proper reporting of their income and payment of their taxes. Any questions should be referred to the individual Member's own tax advisor. (For more information, please refer to the "Tax Information" section after the "Ordering Procedures" section of this book.)

## **Rules of Conduct USA IMPORTANT NOTICE!**

Following are the answers to some of the most commonly asked questions by new Members regarding Herbalife's Rules of Conduct. Please carefully review the "Rules of Conduct" section in this book, which will provide you with the full details. These Rules of Conduct have been established for your protection. They represent the code of ethics by which all Herbalife Members must operate.

We encourage you to read and understand them, so you are fully aware not only of your own obligations, but also of your rights as an Herbalife Member. We believe Herbalife® products and Sales & Marketing Plan are the best in the industry. We also believe in our Members and in supporting them by working together to uphold the highest possible ethical standards. We are committed to maintaining the integrity of Herbalife, its Sales & Marketing Plan and its global distribution network of Members.

## **What are the age requirements for becoming a Member?**

An Applicant must be at least 18 years of age to become an Herbalife Member and to conduct business in the United States. However, a minor who is above the age of 14 may submit an Application for a Minor Membership, under certain conditions. (Please refer to Section 3 in the "Rules of Conduct" section for full details.)

## **May my spouse and I have separate Memberships?**

Married couples may have only one Membership. Married couples wishing to become Members together, must complete and sign a single Member Application, thereby having only one Sponsor. It is very important for new Members to note that an individual may have only one Herbalife Membership and should never sign more than one Member Application. (Please refer to Sections No. 4 and No. 5 in the "Rules of Conduct" section of this book for full details.)

## **May I submit my Membership Application in the name of a Corporation or Partnership?**

The long-term success of Herbalife's Sales & Marketing Plan has been based on the entrepreneurial spirit of individuals. In

order to help protect the integrity of the Sales & Marketing Plan, Herbalife only accepts Membership Applications in the name of individuals. (Please refer to Section 6 in the “Rules of Conduct” section of this book for full details.)

### **What is the relationship with my Sponsor?**

The relationship between a Member and their Sponsor is the foundation of Herbalife’s Sales & Marketing Plan. Many Sponsors spend a significant amount of time locating new Members, training and working with them over a period of time. (Please refer to Section 11 in the “Rules of Conduct” section of this book for details regarding the responsibilities of a Sponsor.)

### **May I sell Herbalife products anywhere in the world?**

As an Herbalife Member, you may sponsor Members, train and build your downline business in any of the countries where Herbalife is officially open. Please note, Members may only sell products approved for a specific country within that country. They may not bring products from one Herbalife country to another, unless approved for sale. Permissible Herbalife business activities vary in each country, depending on local laws. Please contact Herbalife’s Distributor Relations Department for detailed information on a specific country’s rules. Officially opening a country is an involved and complicated process. All countries have rules and regulations regarding the manufacture, labeling and sale of products and other regulations with which we must comply. Therefore, we cannot allow the sale of our products in a country in which we are not yet officially open. Additionally, country openings will be delayed if government officials find that our products are being improperly imported into that country. For these reasons, we consider violations of our export policy to be extremely serious. Such violations could result in the immediate termination of a Membership. (Please refer to Section 9 of the “Rules of Conduct” section of this book for complete information.)

### **What is Herbalife’s Customer Refund Policy?**

Herbalife® products have a 30-day money-back guarantee for the retail customer, from the time the product is received. Members must respond quickly and courteously when the retail customer requests this guarantee be honored. The Member may offer the retail customer a choice of a full refund of the purchase price or full credit for exchange of other Herbalife products, and the Member must honor the retail customer’s choice. (Please refer to page 25 of the “Sales & Marketing Plan” section and Section 17 in the “Rules of Conduct” section of this book for full details on these procedures, policies and rules.)

### **Does Herbalife have specific policies and rules regarding advertising and promotion?**

The integrity of Herbalife’s Sales & Marketing Plan and legalities make it necessary for us to enforce important rules and policies regarding advertising and promotion. We are confident that you will find these rules and policies protect you and your business as much as they protect Herbalife.

Members may produce their own ads or flyers, provided they follow all of Herbalife’s rules for advertising. It is the Member’s responsibility to ensure they are complying with these rules. If you have any questions regarding our advertising guidelines, please contact Herbalife’s Distributor Relations Department. (Additionally, please refer to Sections 19 through 28 in the “Rules of Conduct” section for full details.)

### **Herbalife Worldwide Offices**

Listed on this page are the addresses, phone numbers and hours of operation for Herbalife’s Worldwide Corporate Headquarters, Operations Home Office and U.S. Distribution and Sales Centers. Herbalife Members may order products or literature to be shipped from any of our Worldwide Distribution Centers. However, no material can be shipped across international boundaries. Please contact your local Sales Order Department to place an international order.

For information regarding Herbalife’s Distribution Centers throughout the world, please refer to the listing on [MyHerbalife.com](http://MyHerbalife.com), or contact the Distributor Relations Department toll-free at 866-866-4744.

If you have any questions or require assistance placing an order, please call Herbalife’s Sales Order Department or the Distribution Center nearest you.

### **Herbalife International of America, Inc.**

Worldwide Corporate Headquarters  
800 West Olympic Boulevard, Suite 406  
Los Angeles, CA 90015, USA  
Main Number: 310-410-9600  
Monday–Friday: 8:30 a.m.–5:30 p.m. (PT)  
Closed Saturday and Sunday

### **Herbalife International of America, Inc.**

Operations Home Office  
950 West 190th Street  
Torrance, CA 90502  
Main Number: 310-410-9600  
Monday–Friday: 8:30 a.m.–5:30 p.m. (PT)  
Closed Saturday and Sunday

**Sales Order Department**

Monday–Friday: 9:00 a.m.–6:00 p.m. (PT)  
 Saturday: 6:00 a.m.–2:00 p.m. (PT)  
 EOM: 9:00 a.m.–12:00 a.m. (PT)  
 Holidays: 9:00 a.m.–2:00 p.m. (PT) or Closed  
 Closed Sunday

Sales Order Department: 866-866-4744 (All orders)

**Distributor Relations Department**

Monday–Friday: 9:00 a.m.–6:00 p.m. (PT)  
 EOM: 9:00 a.m.–6:00 p.m. (PT)  
 Closed Holidays, Saturday and Sunday

Distributor Relations: 866-866-4744  
 Distributor Relations Fax: 310-258-7019

**TTY Assistance**

TTY Users: 800-503-6180  
 Monday–Friday: 9:00 a.m.–6:00 p.m. (PT)  
 Closed Saturday and Sunday

**Los Angeles Distribution Center (LADC)**

18431 S. Wilmington Avenue  
 Carson, CA 90746  
 Monday–Friday: 9:00 a.m.–7:00 p.m. (PT)  
 Saturday: 9:00 a.m.–5:00 p.m. (PT)  
 Closed Sunday

Main Number: 310-952-0100  
 Main Fax: 310-952-0111

**Memphis Distribution Center**

5025 Crumpler Road  
 Memphis, TN 38141  
 Monday–Friday: 8:00 a.m.–7:00 p.m. (CT)  
 Closed Saturday and Sunday

Main Number: 901-795-5056  
 Main Fax: 901-547-2105

**Dallas Sales Center**

8105 North Beltline Road, Suite 120  
 Irving, TX 75063  
 Monday–Friday: 10:00 a.m.–7:00 p.m. (CT)  
 Saturday: 10:00 a.m.–3:00 p.m. (CT)  
 Closed Sunday

Main Number: 214-441-3333  
 Main Fax: 214-441-3338

**Phoenix Sales Center**

1606 E. University Dr., Suite 109  
 Phoenix, AZ 85034  
 Monday–Friday: 10:00 a.m.–7:00 p.m. (PT)  
 Saturday: 10:00 a.m.–3:00 p.m. (PT)  
 Closed Sunday

Main Number: 602-358-2066  
 Main Fax: 602-384-2180

**Chicago Quick Response Center**

200 Howard Avenue, Suite 232  
 Des Plaines, IL 60018-5910  
 Monday, Wednesday and Friday:  
 10:00 a.m.–6:00 p.m. (CT)  
 Tuesday and Thursday: 12:00 p.m.–8:00 p.m. (CT)  
 Saturday: 10:00 a.m.–3:00 p.m. (CT)  
 Closed Sunday

Main Number: 847-298-9533  
 Main Fax: 847-298-9710

**Bronx Quick Response Center**

2359 Hollers Avenue  
 Bronx, NY 10475  
 Monday, Wednesday and Friday:  
 10:00 a.m.–6:00 p.m. (ET)  
 Tuesday and Thursday: 12:00 p.m.–8:00 p.m. (ET)  
 Saturday: 10:00 a.m.–3:00 p.m. (ET)  
 Closed Sunday

Main Number: 718-708-7020  
 Main Fax: 718-708-7023

**Tracy Quick Response Center**

470 West Larch Road, Suite 10  
 Tracy, CA 95304  
 Monday and Wednesday: 12:00 p.m.–8:00 p.m. (PT)  
 Tuesday, Thursday and Friday: 10:00 a.m.–6:00 p.m. (PT)  
 Saturday: 10:00 a.m.–3:00 p.m. (PT)  
 Closed Sunday

Main Number: 209-832-4110  
 Main Fax: 209-833-3650

**Houston Quick Response Center**

4702 N. Sam Houston Pkwy. W., Suite 130  
 Houston, TX 77086  
 Monday, Wednesday and Friday:  
 10:00 a.m.–6:00 p.m. (CT)  
 Tuesday and Thursday: 12:00 p.m.–8:00 p.m. (CT)  
 Saturday: 10:00 a.m.–3:00 p.m. (CT)  
 Closed Sunday

Main Number: 281-895-8193

### **Riverside Quick Response Center**

7560 Jurupa Avenue

Riverside, CA 92504

Monday and Wednesday: 12:00 p.m.–8:00 p.m. (PT)

Tuesday, Thursday and Friday: 10:00 a.m.–6:00 p.m. (PT)

Saturday: 10:00 a.m.–3:00 p.m. (PT)

Closed Sunday

Main Number: 951-689-4444

### **Brooklyn Quick Response Center**

919 Flushing Avenue

Brooklyn, NY 11206

Monday, Wednesday and Friday:

10:00 a.m.–6:00 p.m. (ET)

Tuesday, Thursday: 12:00 p.m.–8:00 p.m. (ET)

Saturday: 10:00 a.m.–3:00 p.m. (ET)

Closed Sunday

Main Number: 718-381-9610

**Introduction**

The following pages contain samples of forms which you may be required to use to communicate with Herbalife as you conduct your business. They are included to help you become familiar with them and to assist you in completing them. Please review them and become familiar with their use.

Downloadable and printable forms are also available online at [MyHerbalife.com](http://MyHerbalife.com) by clicking “Policy Documents” in the “My Office” area on the home page. Then select “USA” from the drop-down menu.

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HERBALIFE INTERNATIONAL OF AMERICA, INC.  
 P.O. Box 80210  
 Los Angeles, California 90080-0210  
 Tel: (310) 410-9600

Sales Order Department/Distributor Relations  
 Tel: (866) 866-4744  
 TTY User: (800) 503-6180

**HERBALIFE MEMBERSHIP APPLICATION AND AGREEMENT**

This Application must be completed accurately and in its entirety in order to be considered by Herbalife International of America, Inc.

IDENTIFICATION NUMBER

The number above will be my Herbalife ID Number once this Application is accepted

**APPLICANT INFORMATION**

\_\_\_\_\_  
 Last Name First Name Middle Initial

\_\_\_\_\_  
 Residential Address (P.O. Boxes are not accepted)

\_\_\_\_\_  
 City State ZIP Code

\_\_\_\_\_  
 Area Code Mobile Phone Country Code Area Code Day Phone Area Code Evening Phone

What is your preferred language for certain communications when available? English  Spanish

\_\_\_\_\_  
 Email Address (If applicable) Your email address must be unique and not shared by another Member. By providing your email address, you have consented to receive commercial email communications from Herbalife.

\_\_\_\_\_  
 Date of Birth (month - spelled out) (day) (year) Applicant's Social Security Number or Individual Taxpayer Identification Number Spouse's Social Security Number or Individual Taxpayer Identification Number

\_\_\_\_\_  
 Spouse's Last Name First Name Middle Initial

Spouse's name is for recognition purposes only and is not an indication of ownership or entitlement.

**SPONSOR'S INFORMATION**

\_\_\_\_\_  
 Sponsor's Name (print)

\_\_\_\_\_  
 Phone

\_\_\_\_\_  
 Sponsor's Herbalife ID Number

**SUPERVISOR'S INFORMATION**

\_\_\_\_\_  
 Supervisor's Name (print)

\_\_\_\_\_  
 Phone

\_\_\_\_\_  
 Supervisor's Herbalife ID Number

**A. MEMBERSHIP**

- Becoming a Member:** I hereby apply to be a Member of Herbalife on the terms and conditions set forth below and in the "Materials" (as defined below). I will become a Member only when this Application is accepted by Herbalife in its sole and absolute discretion by entering my Membership into its records at Herbalife's Home Office in Los Angeles, California. Until then, I am granted a limited, revocable license to buy and, if I choose, to resell Herbalife® products.
  - Prior Membership or Participation:** I acknowledge that the Rules of Conduct require a one-year period of inactivity following: a) non-payment of the Annual Services Fee or b) resignation of any prior Membership or Distributorship, and I represent and warrant to Herbalife that such time has passed.
- If my spouse or I previously owned or assisted in the operation of an Herbalife Membership or Distributorship, I will complete the following information which I represent and warrant is true:

Membership ID: \_\_\_\_\_ Name: \_\_\_\_\_

Application Date: \_\_\_\_/\_\_\_\_/\_\_\_\_, Date of last activity in connection with that Membership \_\_\_\_/\_\_\_\_/\_\_\_\_.  
 Month Day Year Month Day Year

**MY AGREEMENT TO ARBITRATE**

**ARBITRATION: IMPORTANT; PLEASE READ THIS CAREFULLY. THIS AFFECTS YOUR RIGHTS. YOU AGREE THAT, BY ENTERING INTO THIS AGREEMENT, YOU AND HERBALIFE ARE EACH WAIVING THE RIGHT TO A TRIAL BY JURY. YOU ALSO AGREE THAT ANY ARBITRATION SHALL TAKE PLACE ON AN INDIVIDUAL BASIS; CLASS ACTIONS SHALL NOT BE PERMITTED.**

**IF HERBALIFE AND THE MEMBER ARE NOT ABLE TO RESOLVE ANY DISPUTE IN AN AMICABLE INFORMAL MANNER, THEY EACH AGREE TO RESOLVE SUCH DISPUTES SOLELY AND EXCLUSIVELY BY BINDING ARBITRATION OR SMALL CLAIMS COURT INSTEAD OF IN COURTS OF GENERAL JURISDICTION, AS SET FORTH IN THE HERBALIFE ARBITRATION AGREEMENT WHICH IS HEREBY INCORPORATED BY THIS REFERENCE. THE COMPLETE ARBITRATION AGREEMENT IS INCLUDED IN THE MEMBER PACK AND ON HERBALIFE'S OFFICIAL WEBSITE MYHERBALIFE.COM, AND CAN BE OBTAINED FROM HERBALIFE UPON REQUEST.**

**Important Notice Regarding Right of Cancellation**

I, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction.

**See the "Notice of Cancellation" form that follows for an explanation of this right. After the 3-day cancellation period provided in this Application and Agreement, I am still protected by the Herbalife's refund policies.**

I hereby acknowledge that I have reviewed and understand the Herbalife Membership Application and Agreement, including the Arbitration Agreement and Terms and Conditions expressed or incorporated therein, and agree to be bound by them.

Applicant's Signature: \_\_\_\_\_

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
 Month Day Year

## A. MEMBERSHIP (CONTINUED)

- 3. Herbalife Member Pack:** I have purchased and received a new, previously unopened "Member Pack" which is either an Herbalife Member Pack or Mini Herbalife Member Pack. The only required purchase to become an Herbalife Member or engage in the Herbalife business is the Mini Herbalife Member Pack, or at my election, an Herbalife Member Pack. The Member Pack includes the Terms and Conditions of Doing the Herbalife Business, the Arbitration Agreement, the Statement of Average Gross Compensation Paid by Herbalife, and Book 4 which includes the Sales & Marketing Plan and the Rules of Conduct ("Rules"), as well as the Policy Statement on Expenditures by New Members, the Corporate Policy Statement on Business Methods and other documents. (These are referred to collectively as the "Materials" and by this reference are incorporated in this Agreement). This Agreement constitutes the entire Agreement between Herbalife and me. The Materials, which may be modified from time to time by Herbalife in its sole and absolute discretion are effective upon publication, and may be obtained in their current form on [MyHerbalife.com](http://MyHerbalife.com).
- 4. Term:** The term of this Agreement shall be indefinite, subject to requirements including an Annual Services Fee (which Herbalife may determine from time to time in its discretion). I may cancel or terminate my Membership by notifying Herbalife in writing that I wish to do so. Herbalife may cancel or terminate my Membership if it determines that I or persons participating in my Herbalife Membership have violated this Agreement or if I fail to pay the Annual Services Fee.
- 5. Refunds:**
  - a. Member Pack Refund:** I shall have the right to a full refund of the purchase price I paid for the Member Pack, if I choose to cancel my Membership with Herbalife within 90 days of acceptance of this Application, as provided in the Rules – Resigning Within 90 Days.
  - b. Consumer Satisfaction Refund:** If I am not completely satisfied with any Herbalife® product purchased at any time for my own consumption (whether directly from Herbalife or from an Herbalife Member) I may return it to the Company within 30 days of purchase in exchange for other products, as provided in the Rules - Satisfaction Guarantee.
  - c. Refund for Inventory:** Following the cancellation (by me or by Herbalife) of my Membership, I shall have the right to resell to Herbalife and a refund of the price I paid for unused and resalable products or sales materials returned and which I purchased from Herbalife directly or indirectly through another Member within the last 12 months, as provided in the Rules – Inventory Repurchase.
  - d. How to Obtain a Refund:** To obtain a refund or exchange as provided in a, b or c above, I may follow the directions provided in the "Sample Forms" section of Book 4 contained in the Member Pack and available at [MyHerbalife.com](http://MyHerbalife.com), or by contacting Herbalife (toll free) at 866-866-4744.
- 6. Transfers:** My Membership or any interest in my Membership may only be assigned or transferred as provided in the Rules and only with the prior written consent of Herbalife, given or withheld by Herbalife in its sole and absolute discretion. Herbalife may assign this Agreement without my consent.

## B. THE HERBALIFE BUSINESS OPPORTUNITY

- 1. Diligent Inquiry:** If I wish to consider engaging in an Herbalife business, by selling Herbalife® products or sponsoring other Members to do so, I agree as an essential part of that consideration, to carefully review the Materials contained in the Member Pack and those then available on [MyHerbalife.com](http://MyHerbalife.com). Herbalife encourages careful prior review so I will be informed about the potential risks, benefits and rules applicable to Members engaged in business activities.
- 2. Compensation I Might Receive or Income that I Might Earn:** The Compensation Statement (contained in the Member Pack and available on [MyHerbalife.com](http://MyHerbalife.com)) is the only authorized presentation of the matters it sets forth. I hereby represent, warrant and agree that I am not relying upon and that I will not rely upon any other written or oral information or representations about the financial results I might achieve.
- 3. Promote the Sale of Products:** If I choose to engage in the Herbalife Business, I will promote the sale of Herbalife® products to consumers in a manner that enhances the reputation of Herbalife. My success will only come from product sales to my customers for their consumption and to my downline for their consumption and resale to others.
- 4. Product and Other Purchases:** I am not required to purchase products or maintain an inventory to succeed or advance as an Herbalife Member. I may not purchase product primarily to qualify to earn compensation, as opposed to purchases which I freely choose to make for my own consumption and amounts I consider reasonable to service my customers. I am also not required to purchase sales aids or attend meetings or events.
- 5. Building a Sales Organization:** I am aware that I will earn no compensation or other economic benefit for recruiting other Members. If I choose to sponsor others as Herbalife Members in order to build and maintain a downline sales organization, my earnings will be based on product sales to my customers for their consumption and to my downline for their consumption and resale to others. This multilevel compensation opportunity is detailed in Herbalife's Sales & Marketing Plan, which is available to all Members online at [MyHerbalife.com](http://MyHerbalife.com).
- 6. Right to Work:** Although engaging in my own Herbalife business would not be employment, I confirm that I am authorized to work in the United States.

## C. MISCELLANEOUS LEGAL PROVISIONS

- 1. Damages:** Neither Herbalife nor I shall be liable for any incidental or consequential damages caused by breach, termination or suspension of this Agreement, whether or not the possibility of such damages is known by either party, and no punitive or exemplary damages shall be awarded against either of us in any dispute against the other except as explicitly required by California statute.
- 2. Waiver and Delay:** Herbalife may address Rules violations or other breach of this Agreement with any Member in its sole and absolute discretion. No failure, refusal or neglect of Herbalife to exercise any right, power or option under any agreement with any Member, shall constitute a waiver of the provisions or a waiver by Herbalife of its rights at any time under this Agreement.
- 3. Severability:** If any one or more of the provisions contained herein shall for any reason be found by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalid, illegal or unenforceable provisions shall be ineffective, but shall not in any way invalidate or otherwise affect any other provision, except as otherwise provided in Section (4)(c) of the Arbitration Agreement.
- 4. Private Statute of Limitations:** Despite any law or equitable doctrine or authority to the contrary, any claim, whether brought by Herbalife or by me, shall be brought within one (1) year from the date the person or entity asserting the claim first knew, or through the exercise of reasonable diligence should have known or suspected, the facts which underlie the claim.
- 5. Choice of Law:** This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by the domestic law of the State of California without the application of conflict of law principles.
- 6. Indemnification:** I will indemnify, defend and hold harmless Herbalife from any cost or liability relating to or arising from my breach of this Agreement or the conduct of my Herbalife business. Herbalife may offset reasonable amounts against amounts which would otherwise be due to me to cover such indemnity.
- 7. Binding Terms:** This Agreement shall be binding upon and inure to the benefit of the parties, their heirs and permitted successors in interest.

**Notice of Cancellation**

**FEDERAL AND STATE LAW:** Regulations require that we print the following Notice of Cancellation. The Herbalife Refund Policy provides you greater protection than the law requires.

Date of Transaction: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

You may CANCEL this transaction, without any Penalty or Obligation, within THREE BUSINESS DAYS from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within TEN BUSINESS DAYS following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your Notice of Cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed copy of this Cancellation Notice or any other written notice, or send a telegram to:

**Herbalife International of America, Inc.**  
**P.O. Box 80210**  
**Los Angeles, CA 90080-0210**

NOT LATER THAN MIDNIGHT OF: \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (Date: 3 days after date of order)

I HEREBY CANCEL THIS TRANSACTION:

\_\_\_\_ / \_\_\_\_ / \_\_\_\_  
 Month Day Year Buyer's Signature

**STATEMENT OF AVERAGE GROSS COMPENSATION PAID BY HERBALIFE TO USA MEMBERS IN 2012**

People become Herbalife Members for a number of reasons. The majority (73%)<sup>(1)</sup> primarily join us to receive a wholesale price on products they and their families enjoy. Some wish to earn part-time money, wanting to give direct sales a try and are encouraged by Herbalife's low start-up costs (at their option, a Mini Herbalife Member Pack [Mini HMP] at \$57.75 or full HMP at \$89.55, plus applicable sales tax, shipping and handling) and money-back guarantee<sup>(2)</sup>. Others are drawn to Herbalife because they can be their own boss and can earn rewards based on their own skills and hard work.

Whatever the motivation, an Herbalife Membership is something like a gym membership: results vary with the time, energy and dedication you put into it. Anyone considering an active Membership needs to understand the realities of direct selling. It is hard work. There is no shortcut to riches, no guarantee of success. However, for those who devote the time and energy to develop a stable base of customers and then mentor and train others to do the same, the opportunity for personal growth and an attractive part-time or full-time income exists. Moreover, unlike other businesses, there are minimal start-up costs in beginning your Herbalife Membership. There is no need for a Member to spend significant amounts of money on sales aids or other materials. In fact, Herbalife's corporate policy discourages the use of such sales aids, especially in the first few months of a Membership.

The majority of Herbalife's Independent Members (71%) have not sponsored another Member and are therefore "single-level" Members. Single-level Members benefit from buying Herbalife® products at a preferred price for their consumption and that of their families, and for many this is the only benefit they seek. Some may also be retailing products for a profit and this profit is not included in any of the compensation figures below.

Some Members (29%) have decided to sponsor others to become Herbalife Members. In that way, they may seek to build and maintain their own downline sales organizations. They are not paid anything for sponsoring new Members. They are paid solely based on product sales to their downline Members for their own consumption or for retail to others. This multilevel compensation opportunity is detailed in Herbalife's Sales & Marketing Plan, which is available to all Members online at [www.MyHerbalife.com](http://www.MyHerbalife.com).

For potential Members to make an informed decision, we offer the following chart to show the different ranges of average gross compensation that Herbalife pays to its Members. The figures below do not include any retail/wholesale profit that a Member makes from selling Herbalife's products to others nor do these figures include expenses incurred by a Member in the operation or promotion of his or her business. Such business expenses can vary widely. They might include advertising or promotional expenses, product samples, training, rent, travel, telephone and Internet costs, and miscellaneous expenses. The compensation received by the Members in this chart is not necessarily representative of the gross compensation, if any, that any particular Member will receive. These figures should not be considered as guarantees or projections of your actual gross compensation or profits. Success with Herbalife results only from successful product sales efforts, which require hard work, diligence and leadership. Your success will depend upon how effectively you exercise these qualities.

The compensation chart below indicates that 434,125 Members (88%) received no payments from Herbalife during 2012. However, this chart does not include amounts earned by Members on their sales of Herbalife® products to others.

Additionally, this chart does not include the benefit to Members buying Herbalife® products at a preferred price for their consumption and that of their families. Based on the company's survey, 73%<sup>(1)</sup> of individuals became Members primarily for this benefit.

(1) Based on a Member research survey conducted in the USA by Lieberman Research Worldwide, January 2013, with a margin of error of +/- 3.7%.  
 (2) 90 days on the return of the HMP and one year on the return of resalable inventory, upon leaving the business.

Single-Level Members (No Downline)						
Economic Opportunity	Members*		The economic rewards for single-level Members are the wholesale pricing received on products for consumption by the Member and his or her family as well as the opportunity to retail product to non-Members. Neither of these rewards are payments made by the company and therefore are excluded from this schedule.			
	Number	%				
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> </ul>	351,065	71%				
Non-Sales Leaders** With a Downline						
Economic Opportunity	Members		In addition to the economic rewards of the single-level Members above, which are not included in this chart, certain non-sales leader Members with a downline may be eligible for payments from Herbalife on downline product purchases made directly with Herbalife.  2,466 of the 4,449 eligible Members earned such payments in 2012. The average total payments to the 2,466 Members was (USD)104.			
	Number	%				
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> <li>Wholesale profit on sales to another Member</li> </ul>	60,333	12%				
Sales Leaders** With a Downline						
Economic Opportunity	Members		All Sales Leaders with a Downline			Average Gross Payments (USD)
	Number	%	Average Payments from Herbalife (USD)	Number of Members	% of Total Grouping	
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> <li>Wholesale profit on sales to another Member</li> <li>Multilevel compensation on downline sales                             <ul style="list-style-type: none"> <li>Royalties</li> <li>Bonuses</li> </ul> </li> </ul>	82,464	17%	>250,000	194	0.2%	724,030
			100,001-250,000	452	0.5%	148,808
			50,001-100,000	539	0.7%	68,912
			25,001-50,000	1,136	1.4%	35,581
			10,001-25,000	1,940	2.4%	15,538
			5,001-10,000	2,552	3.1%	7,008
			1,001-5,000	11,307	13.7%	2,216
			1-1,000	39,151	47.5%	292
			0	25,193	30.6%	0
			Total	82,464	100.0%	4,485

\*30,621 of the 351,065 single-level Members are sales leaders without a downline.  
 \*\*Sales leaders are Members that achieved the level of Supervisor or higher. See details on Herbalife's Sales & Marketing Plan at [www.MyHerbalife.com](http://www.MyHerbalife.com).

51.0% of all sales leaders as of February 1, 2011, requalified by February 1, 2012 (including 34.3% of first time sales leaders).

The majority of those Members who earned in excess of (USD)100,000 in 2012 had reached the level of Herbalife's President's Team. During 2012, 47 US Members joined the level of President's Team. They averaged nine years as an Herbalife Member before reaching President's Team, with the longest being 20 years and the shortest being less than three years.

## ARBITRATION AGREEMENT FOR DISPUTES BETWEEN MEMBERS AND HERBALIFE

This is the Arbitration Agreement incorporated into the Membership Application and Agreement. In the event that Herbalife and Member are not able to resolve any dispute in an amicable informal manner, Herbalife and Member each agree to resolve such disputes solely and exclusively by binding arbitration or in small claims court instead of in courts of general jurisdiction. Arbitration can be more informal than a lawsuit in court. Arbitration uses a neutral arbitrator instead of a judge or jury, allows for more limited discovery than in court, and is subject to very limited review by courts. Arbitrators can award the same damages and relief that a court can award.

### ANY ARBITRATION UNDER THIS AGREEMENT SHALL TAKE PLACE ON AN INDIVIDUAL BASIS; CLASS ACTIONS AND CLASS ARBITRATIONS SHALL NOT BE PERMITTED.

For any claim that does not exceed \$75,000, Herbalife will pay all arbitration fees so long as the arbitrator does not find that Member's claim is frivolous or filed for improper purpose. Moreover, in arbitration Member may be entitled to recover attorneys' fees from Herbalife to at least the same extent as Member would be in court. In addition, under certain circumstances (as explained below), Herbalife will pay Member more than the amount of the arbitrator's award and will pay Member's attorney (if any) twice his or her reasonable attorney's fees if the arbitrator awards Member an amount that is greater than what Herbalife had offered Member to settle the dispute prior to the issuance of the arbitrator's award.

#### Arbitration Agreement:

##### (1) Scope

Except as provided in paragraph (2) below, Herbalife and Member agree to arbitrate all disputes and claims between them. This agreement to arbitrate is intended to be broadly interpreted. It includes, but is not limited to:

- claims arising out of or relating to terminations, enforcement of Member Rules of Conduct and Sales & Marketing Plan decisions;
- claims by Member against Herbalife or Herbalife against Member which arise out of or relate in any way to any dispute between Member and another Herbalife Member;
- claims arising out of or relating to any aspect of the relationship between Herbalife and Member, whether based in contract, tort, statute, fraud, misrepresentation or any other legal theory;
- claims that arose before this or any prior agreement between Herbalife and Member;
- claims that are the subject of purported class action litigation in which Member is not a member of a certified class; and
- claims that may arise before, after or as a direct or indirect result of the termination of Member's relationship with Herbalife.

### MEMBER AGREES THAT, BY ENTERING INTO THIS AGREEMENT, HERBALIFE AND MEMBER ARE EACH WAIVING THE RIGHT TO A TRIAL BY JURY OR TO PARTICIPATE IN A CLASS ACTION.

This Agreement evidences a transaction in interstate commerce, and thus the Federal Arbitration Act governs the interpretation and enforcement of this provision. This arbitration provision shall survive termination of this Agreement, the Member Agreement or any other agreement between Herbalife and Member.

References to "Herbalife," "Member," "they," "their" or "them" include Herbalife's and Member's respective subsidiaries, affiliates, officers, directors, agents, employees, predecessors in interest, heirs, successors and assigns.

##### (2) Exceptions

- (a) Notwithstanding the foregoing, Member may bring an individual action for monetary damages in small claims court. Member may not bring any other type of action against Herbalife in small claims court. Herbalife may only arbitrate claims against Member and may not bring any actions against Member in small claims court.
- (b) This arbitration agreement does not preclude Member from bringing issues to the attention of federal, state or local agencies. Such agencies can, if the law allows, seek relief against Herbalife on Member's behalf.

##### (3) Procedure

- (a) A party who intends to seek arbitration must first send to the other, by certified mail, a written Notice of Dispute ("Notice"). The Notice to Herbalife should be addressed to:

Office of the General Counsel  
Herbalife International of America, Inc.  
800 West Olympic Blvd., Suite 406  
Los Angeles, CA 90015

("Herbalife's Notice Address"). The Notice to Member shall be addressed to Member's mailing address as listed in Herbalife's records. ("Member's Notice Address").

The Notice shall (a) describe the nature and basis of the claim or dispute; and (b) set forth the specific relief sought ("Demand").

If Herbalife and Member do not reach an agreement to resolve the claim within 30 days after the Notice is received, Member or Herbalife may commence an arbitration proceeding. During the arbitration, the amount of any settlement offer made by Herbalife or Member shall not be disclosed to the arbitrator until after the arbitrator determines the amount, if any, to which Herbalife or Member is entitled. Member may download or copy a form Notice and a form to initiate arbitration at: <http://www.adr.org/aaa/ShowPDF?doc=ADRSTG 004175>

- (b) After Herbalife receives notice at Herbalife's Notice Address that Member has commenced arbitration, it will promptly reimburse Member for Member's payment of the filing fee unless Member's claim is for greater than \$75,000. (The filing fee currently is \$125 for claims under \$10,000, but is subject to change by the arbitration provider.) If Member states that Member is unable to pay this fee, Herbalife will pay it directly upon receiving a written request at its Notice Address.
- (c) The arbitration will be governed by the Commercial Arbitration Rules ("AAA Rules") of the American Arbitration Association ("AAA"), as modified by this Agreement, and will be administered by the AAA. The AAA Rules are available online at [adr.org](http://adr.org), by calling the AAA at 1-800-778-7879, or by writing to the Notice Address. The arbitrator shall be bound by the terms of this Agreement. All issues shall be for the arbitrator to decide, including the scope of this arbitration provision, but the arbitrator shall be bound by the terms of this Agreement.
- (d) Unless Herbalife and Member agree otherwise, any arbitration hearings will take place in the county (or parish) of Member's Notice Address. If Member's claim is for \$10,000 or less, Herbalife and Member agree that Member may choose whether the arbitration will be conducted solely on the basis of documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing as established by the AAA Rules. If Member's claim exceeds \$10,000, the right to a hearing will be determined by the AAA Rules. Regardless of the manner in which the arbitration is conducted, the arbitrator shall issue a reasoned written decision sufficient to explain the essential findings and conclusions on which the award is based. Except as otherwise provided for herein, Herbalife will pay all AAA filing, administration and arbitrator fees for any arbitration initiated in accordance with the notice requirements above. If, however, the arbitrator finds that either the substance of Member's claim or the relief sought in the Demand is frivolous or brought for an improper purpose (as measured by the standards set forth in Federal Rule of Civil Procedure 11(b)), then the payment of all such fees will be governed by the AAA Rules. In such case, Member agrees to reimburse Herbalife for all monies previously disbursed by it that are otherwise Member's obligation to pay under the AAA Rules. In addition, if Member initiates an arbitration in which Member seeks more than \$75,000 in damages, the payment of these fees will be governed by the AAA Rules.

##### (4) Awards and Attorneys' Fees

- (a) If, after finding in my favor in any respect on the merits of my claim, the arbitrator issues Member an award that is greater than the value of Herbalife's last written settlement offer made before an arbitrator was selected, then Herbalife will:

- pay Member the amount of the award or \$10,000 ("the alternative payment") whichever is greater; and
- pay Member's attorney, if any, twice the amount of attorneys' fees, and reimburse any expenses (including expert witness fees and costs) that Member's attorney reasonably accrues for investigating, preparing, and pursuing Member's claim in arbitration ("the attorney premium").

If Herbalife did not make a written offer to settle the dispute before an arbitrator was selected, Member and Member's attorney will be entitled to receive the alternative premium and the attorney premium, respectively, if the arbitrator awards me any relief on the merits. The arbitrator may make rulings and resolve disputes as to the payment and reimbursement of fees, expenses, and the alternative premium and the attorney premium at any time during the proceeding and upon request from either party made within 14 days of the arbitrator's ruling on the merits.

- (b) The right to attorneys' fees and expenses discussed in paragraph (4) shall supplement any right to attorneys' fees and expenses Member may have under applicable law. Thus, if Member would be entitled to a larger amount under the applicable law, this provision does not preclude the arbitrator from awarding Member that amount. However, Member may not recover duplicative awards of attorneys' fees or costs. Although under some laws Herbalife may have a right to an award of attorneys' fees and expenses if it prevails in an arbitration, Herbalife agrees that it will not seek such an award.
- (c) The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim.

### HERBALIFE AND MEMBER AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN MEMBER'S OR HERBALIFE'S INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.

Further, unless both Herbalife and Member agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative or class proceeding. If this specific provision is found to be unenforceable, then the entirety of this arbitration provision shall be null and void.

- (d) Except as required by any applicable law, rule or regulation, or by order or decree from any court of competent jurisdiction, any party involved in a claim or dispute under this arbitration provision shall not disclose to any other person not directly involved in the arbitration process anything having to do with the arbitration, including without limitation, (i) the substance of, or basis for, the claim; (ii) the content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery; or (iii) the terms or amount of any arbitration award. However, nothing in this provision shall preclude a party from, in good faith, investigating a claim or defense, including interviewing witnesses and otherwise in engaging in discovery. Herbalife and Member both agree that this confidentiality agreement applies to each of Herbalife's and Member's directors, officers, employees, clients, agents, advisors, and any other persons affiliated with Herbalife and Member in any way and that Herbalife and Member will take the steps necessary to make sure that all such persons or entities know about this confidentiality provision.

## ADDITIONAL TERMS AND CONDITIONS OF DOING THE HERBALIFE BUSINESS

I agree that if I choose to conduct the Herbalife business in any respect:

### A. Independent Contractor

**Self-employed:** I will be a self-employed independent contractor, (determining my own schedule and objectives, responsible for my own expenses and any applicable taxes – including self-employment taxes), not an employee, agent, franchisee, securities holder, joint venturer, fiduciary or beneficiary of Herbalife or any other Member. I will not be treated as an employee with respect to such services for Federal or State tax purposes, nor will I be treated as an employee for any other purpose. As an independent contractor, I agree that I shall have no rights or benefits that an employee of Herbalife may have nor will I make any claim to the contrary.

### B. Important Corporate Statements

The Corporate Statements referenced below, and other important policies are contained in the Materials and are also available online at [MyHerbalife.com](http://MyHerbalife.com) or from Herbalife Distributor Relations and are hereby incorporated by this reference. I agree to carefully review those Statements prior to any decision or action to engage in the Herbalife business, including but not limited to reselling Herbalife® products, sponsoring other Members or both.

**Compensation Statement:** The Compensation Statement is the only authorized presentation of the matters it sets forth. I hereby represent, warrant and agree that I am not relying and will not rely in the future upon any other written or oral information or representations about the financial results I might achieve.

**Expenditures and Business Methods:** The [Policy Statement on Expenditures by New Members](#) and the [Corporate Policy Statement on Business Methods](#) set forth Herbalife's positions and recommendations with respect to the matters they cover.

### C. Purchases

- The Only Required Purchase:** The only required purchase to become, succeed, or advance as an Herbalife Member is the Herbalife Mini Member Pack or at my election the Herbalife Member Pack.
- Product Purchases:** All product purchases are optional, as are the purchase of any sales aids. I may not purchase product primarily to qualify to earn compensation, as opposed to purchases for my own consumption and amounts I consider reasonable to service my customers.
- Sales Aids:** Herbalife does not endorse or recommend sales aids produced or sold by others and shall have no responsibility if I decide to purchase them. I may not buy, nor may I, directly or indirectly, sell, promote, recommend, refer, facilitate or take any action which Herbalife might deem to encourage or promote the purchase, use or sale by another Member of leads, leads-related advertising, advertising slots or decision packs.

### D. Further Agreements

- Sale of Herbalife Products:** I will promote the sale of Herbalife® products to consumers in a manner that enhances the reputation of Herbalife. My success will only come from the sale of Herbalife® product for consumption by me and those I have sponsored, directly or indirectly.
- Illegal Practices:** I will not engage in any deceptive, unfair or illegal practices, and I will comply with applicable law. I will comply with Herbalife's Rules of Conduct published in the countries in which I conduct any aspect of the Herbalife business.
- Obligations of Sponsorship:** If I sponsor others to become Members, I will do so in an ethical and lawful manner, and in compliance with this Agreement and applicable law. Thereafter, I will use best efforts to train, assist and support those I sponsor to do the same, and I will communicate and lead by example.
- Representations:** I will make no representations about Herbalife's products or business opportunity except in compliance with Herbalife's Rules and applicable law.
- Conduct:** Herbalife is a family-oriented business that expects its Members to conduct themselves with the highest ethics and integrity. I agree to do so. I represent and warrant that I have not been convicted of a crime involving dishonesty, moral turpitude, or violence to others.
- Non-Solicitation of Other Members While I am an Herbalife Member:** During the term of my Membership, neither I nor my spouse will, directly or indirectly (through or by means of any person, entity or artifice), solicit, promote, sponsor or recruit any Herbalife Member or any customer of Herbalife of whom my spouse or I became aware in the course of the Herbalife Membership, to join, promote, sell or purchase products of, or participate (as a salesperson or otherwise) in any multilevel marketing or direct sales company and neither of us will encourage anyone to do what I have agreed we will not do.
- Intellectual Property and Confidential Information:**
  - From time to time, I may receive personally identifiable information ("PII"), from Herbalife relating to my downline. I may not use this PII for any other purpose than to develop my Herbalife business relationship with my downline, unless I have received consent from the downline Member to use the PII for other purposes. I will abide by applicable data protection laws at all times, including international data transfer restrictions. I shall be responsible for the use that I make of the PII of my downline once Herbalife has transmitted it to me. I shall also hold the PII I receive from Herbalife on my downline Members at all times in strict confidence.
  - I am hereby granted during the term of my Membership, a limited, revocable license to use Herbalife's trade name, logo, trademarks and certain intellectual property only if and to the extent expressly permitted under the terms of the Agreement or by Herbalife in writing.
  - During the term of a Membership and thereafter for so long as they have economic value, my spouse and I will hold in confidence and trust for the exclusive benefit of Herbalife any trade secrets, formulas, business plans, or confidential or proprietary business information (including, without limitation, genealogies and other compilations of identifying and other data relating to other Members or customers), and any other information of commercial value relating to other Members or customers, provided by Herbalife or that I or we developed or obtained while a Member, and neither I nor my spouse will use them, directly or indirectly, for any purpose other than the conduct of the Herbalife Membership.
  - I authorize Herbalife to videotape and photograph me and I grant Herbalife a license to use my name, photograph, video images, personal story and information I provide to Herbalife, and likeness in Herbalife related promotional materials. I hereby waive all claims for payment for such use.



**HERBALIFE PUERTO RICO, LLC**  
 Ave. Jose (Tony) Santana  
 Building #18 C-9  
 Carolina, P.R. 00979  
**Sales Order Department/  
 Distributor Relations**  
 Tel: (866) 866-4744  
 TTY User: (800) 503-6180

**Mail completed Herbalife Membership  
 Application and Agreement to:**  
 Herbalife Puerto Rico, LLC  
 % Herbalife International  
 of America, Inc.  
 P.O. Box 80210  
 Los Angeles, California 90080-0210

IDENTIFICATION NUMBER

The number above will be my Herbalife ID Number once this Application is accepted

**HERBALIFE MEMBERSHIP APPLICATION AND AGREEMENT**

This Application must be completed accurately and in its entirety in order to be considered by Herbalife Puerto Rico, LLC.

APPLICANT INFORMATION										
Last Name			First Name				Middle Initial			
Residential Address (P.O. Boxes are not accepted)										
City						State		ZIP Code		
Area Code		Mobile Phone		Country Code		Area Code		Day Phone		
Area Code		Evening Phone		Email Address (If applicable) Your email address must be unique and not shared by another Member. By providing your email address, you have consented to receive commercial email communications from Herbalife.						
Date of Birth (month - spelled out)			(day)		(year)		Applicant's Social Security Number or Individual Taxpayer Identification Number		Spouse's Social Security Number or Individual Taxpayer Identification Number	
Spouse's Last Name			First Name				Middle Initial			
Spouse's name is for recognition purposes only and is not an indication of ownership or entitlement.										

SPONSOR'S INFORMATION
Sponsor's Name (print)
Phone
<div style="border: 1px solid black; width: 150px; height: 15px; margin: 0 auto;"></div> Sponsor's Herbalife ID Number

SUPERVISOR'S INFORMATION
Supervisor's Name (print)
Phone
<div style="border: 1px solid black; width: 150px; height: 15px; margin: 0 auto;"></div> Supervisor's Herbalife ID Number

A. MEMBERSHIP
<p><b>1. Becoming a Member:</b> I hereby apply to be a non-exclusive Member of Herbalife on the terms and conditions set forth below and in the "Materials" (as defined below). Herbalife may freely sell directly in Puerto Rico or through others who are outside or in Puerto Rico. I will become a Member only when this Application is accepted by Herbalife in its sole and absolute discretion after the execution of this Agreement by entering my Membership into its records at Herbalife's Home Office in Los Angeles, California. Until then, I am granted a limited, revocable license to buy and, if I choose, to resell Herbalife® products.</p> <p><b>2. Prior Membership or Participation:</b> I acknowledge that the Rules of Conduct require a one-year period of inactivity following: a) non-payment of the Annual Services Fee or b) resignation of any prior Membership or Distributorship, and I represent and warrant to Herbalife that such time has passed.</p> <p>If my spouse or I previously owned or assisted in the operation of an Herbalife Membership or Distributorship, I will complete the following information which I represent and warrant is true:</p> <p>Membership ID: _____ Name: _____</p> <p>Application Date: ____/____/____. Date of last activity in connection with that Membership ____/____/____.</p> <p style="text-align: center; font-size: small;">Month Day Year Month Day Year</p>

MY AGREEMENT TO ARBITRATE
<p><b>ARBITRATION: IMPORTANT; PLEASE READ THIS CAREFULLY. THIS AFFECTS YOUR RIGHTS. YOU AGREE THAT, BY ENTERING INTO THIS AGREEMENT, YOU AND HERBALIFE ARE EACH WAIVING THE RIGHT TO A TRIAL IN ANY LOCAL OR FEDERAL COURT OF JUSTICE IN PUERTO RICO. YOU ALSO AGREE THAT ANY ARBITRATION SHALL TAKE PLACE ON AN INDIVIDUAL BASIS; CLASS ACTIONS SHALL NOT BE PERMITTED.</b></p> <p><b>IF HERBALIFE AND THE MEMBER ARE NOT ABLE TO RESOLVE ANY DISPUTE IN AN AMICABLE INFORMAL MANNER, THEY EACH AGREE TO RESOLVE SUCH DISPUTES SOLELY AND EXCLUSIVELY BY BINDING ARBITRATION INSTEAD OF IN COURTS OF GENERAL JURISDICTION, AS SET FORTH IN THE HERBALIFE ARBITRATION AGREEMENT WHICH IS HEREBY INCORPORATED BY THIS REFERENCE. THE COMPLETE ARBITRATION AGREEMENT IS INCLUDED IN THE MEMBER PACK AND ON HERBALIFE'S OFFICIAL WEBSITE MYHERBALIFE.COM, AND CAN BE OBTAINED FROM HERBALIFE UPON REQUEST.</b></p>

Important Notice Regarding Right of Cancellation
<p>I, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction.</p> <p><b>See the "Notice of Cancellation" form that follows for an explanation of this right. After the 3-day cancellation period provided in this Application and Agreement, I am still protected by the Herbalife's refund policies.</b></p>

<p>I hereby acknowledge that I have reviewed and understand the Herbalife Membership Application and Agreement, including the Arbitration Agreement and Terms and Conditions expressed or incorporated therein, and agree to be bound by them.</p> <p>Applicant's Signature: _____</p> <p style="text-align: right; font-size: small;">____/____/____ Month Day Year</p>
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## A. MEMBERSHIP (CONTINUED)

- 3. Herbalife Member Pack:** I have purchased and received a new, previously unopened "Member Pack" which is either an Herbalife Member Pack or Mini Herbalife Member Pack. The only required purchase to become an Herbalife Member or engage in the Herbalife business is the Mini Herbalife Member Pack, or at my election, an Herbalife Member Pack. The Member Pack includes the Terms and Conditions of Doing the Herbalife Business, the Arbitration Agreement, the Statement of Average Gross Compensation Paid by Herbalife, and Book 4 which includes the Sales & Marketing Plan and the Rules of Conduct ("Rules"), as well as the Policy Statement on Expenditures by New Members, the Corporate Policy Statement on Business Methods and other documents. (These are referred to collectively as the "Materials" and by this reference are incorporated in this Agreement). This Agreement constitutes the entire Agreement between Herbalife and me. The Materials, which may be modified from time to time by Herbalife in its sole and absolute discretion are effective upon publication, and may be obtained in their current form on [MyHerbalife.com](http://MyHerbalife.com).
- 4. Term:** The term of this Agreement shall be indefinite, subject to requirements including an Annual Services Fee (which Herbalife may determine from time to time in its discretion). I may cancel or terminate my Membership by notifying Herbalife in writing that I wish to do so. Herbalife may cancel or terminate my Membership if it determines that I or persons participating in my Herbalife Membership have violated this Agreement or if I fail to pay the Annual Services Fee.
- 5. Refunds:**
  - a. Member Pack Refund:** I shall have the right to a full refund of the purchase price I paid for the Member Pack, if I choose to cancel my Membership with Herbalife within 90 days of acceptance of this Application, as provided in the Rules – Resigning Within 90 Days.  

In addition to the Member Pack Refund in Section 5.a. of this Application, if I choose to cancel my Membership with Herbalife after 90 days of acceptance of this Application has passed but because of Herbalife's breach of an essential obligation under this Agreement or because of conduct by Herbalife that was detrimental to my business, I may be reimbursed for 90% of all payments paid by me for services rendered by Herbalife and 90% of the purchase price I paid for the Member Pack.
  - b. Consumer Satisfaction Refund:** If I am not completely satisfied with any Herbalife® product purchased at any time for my own consumption (whether directly from Herbalife or from an Herbalife Member) I may return it to the Company within 30 days of purchase in exchange for other products, as provided in the Rules - Satisfaction Guarantee.
  - c. Refund for Inventory:** Following the cancellation (by me or by Herbalife) of my Membership, I shall have the right to resell to Herbalife and a refund of the price I paid for unused and resalable products or sales materials returned and which I purchased from Herbalife directly or indirectly through another Member within the last 12 months, as provided in the Rules – Inventory Repurchase.
  - d. How to Obtain a Refund:** To obtain a refund or exchange as provided in a, b or c above, I may follow the directions provided in the "Sample Forms" section of Book 4 contained in the Member Pack and available at [MyHerbalife.com](http://MyHerbalife.com), or by contacting Herbalife (toll free) at 866-866-4744.
- 6. Transfers:** My Membership or any interest in my Membership may only be assigned or transferred as provided in the Rules and only with the prior written consent of Herbalife, given or withheld by Herbalife in its sole and absolute discretion. Herbalife may assign this Agreement without my consent.

## B. THE HERBALIFE BUSINESS OPPORTUNITY

- 1. Diligent Inquiry:** If I wish to consider engaging in an Herbalife business, by selling Herbalife® products or sponsoring other Members to do so, I agree as an essential part of that consideration, to carefully review the Materials contained in the Member Pack and those then available on [MyHerbalife.com](http://MyHerbalife.com). Herbalife encourages careful prior review so I will be informed about the potential risks, benefits and rules applicable to Members engaged in business activities.
- 2. Compensation I Might Receive or Income that I Might Earn:** The Compensation Statement (contained in the Member Pack and available on [MyHerbalife.com](http://MyHerbalife.com)) is the only authorized presentation of the matters it sets forth. I hereby represent, warrant and agree that I am not relying upon and that I will not rely upon any other written or oral information or representations about the financial results I might achieve.
- 3. Promote the Sale of Products:** If I choose to engage in the Herbalife Business, I will promote the sale of Herbalife® products to consumers in a manner that enhances the reputation of Herbalife. My success will only come from product sales to my customers for their consumption and to my downline for their consumption and resale to others.
- 4. Product and Other Purchases:** I am not required to purchase products or maintain an inventory to succeed or advance as an Herbalife Member. I may not purchase product primarily to qualify to earn compensation, as opposed to purchases which I freely choose to make for my own consumption and amounts I consider reasonable to service my customers. I am also not required to purchase sales aids or attend meetings or events.
- 5. Building a Sales Organization:** I am aware that I will earn no compensation or other economic benefit for recruiting other Members. If I choose to sponsor others as Herbalife Members in order to build and maintain a downline sales organization, my earnings will be based on product sales to my customers for their consumption and to my downline for their consumption and resale to others. This multilevel compensation opportunity is detailed in Herbalife's Sales & Marketing Plan, which is available to all Members online at [MyHerbalife.com](http://MyHerbalife.com).
- 6. Right to Work:** Although engaging in my own Herbalife business would not be employment, I confirm that I am authorized to work in Puerto Rico.

## C. MISCELLANEOUS LEGAL PROVISIONS

- 1. Damages:** Neither Herbalife nor I shall be liable for any incidental or consequential damages caused by breach, termination or suspension of this Agreement, whether or not the possibility of such damages is known by either party, and no punitive or exemplary damages shall be awarded against either of us in any dispute against the other except as explicitly required by Puerto Rico law.
- 2. Waiver and Delay:** Herbalife may address Rules violations or other breach of this Agreement with any Member in its sole and absolute discretion. No failure, refusal or neglect of Herbalife to exercise any right, power or option under any agreement with any Member, shall constitute a waiver of the provisions or a waiver by Herbalife of its rights at any time under this Agreement.
- 3. Severability:** If any one or more of the provisions contained herein shall for any reason be found by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalid, illegal or unenforceable provisions shall be ineffective, but shall not in any way invalidate or otherwise affect any other provision, except as otherwise provided in Section (4)(c) of the Arbitration Agreement.
- 4. Private Statute of Limitations:** Despite any law or equitable doctrine or authority to the contrary, any claim, whether brought by Herbalife or by me, shall be brought within one (1) year from the date the person or entity asserting the claim first knew, or through the exercise of reasonable diligence should have known or suspected, the facts which underlie the claim.
- 5. Choice of Law:** This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by the domestic law of the Commonwealth of Puerto Rico without the application of conflict of law principles.
- 6. Indemnification:** I will indemnify, defend and hold harmless Herbalife from any cost or liability relating to or arising from my breach of this Agreement or the conduct of my Herbalife business. Herbalife may offset reasonable amounts against amounts which would otherwise be due to me to cover such indemnity.
- 7. Binding Terms:** This Agreement shall be binding upon and inure to the benefit of the parties, their heirs and permitted successors in interest.

**Notice of Cancellation**

**FEDERAL AND STATE LAW: Regulations require that we print the following Notice of Cancellation. The Herbalife Refund Policy provides you greater protection than the law requires.**

Date of Transaction: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

You may CANCEL this transaction, without any Penalty or Obligation, within THREE BUSINESS DAYS from the above date.

If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within TEN BUSINESS DAYS following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your Notice of Cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations under the contract.

To cancel this transaction, mail or deliver a signed copy of this Cancellation Notice or any other written notice, or send a telegram to:

**Herbalife International of America, Inc.  
P.O. Box 80210  
Los Angeles, CA 90080-0210**

NOT LATER THAN MIDNIGHT OF: \_\_\_\_ / \_\_\_\_ / \_\_\_\_ (Date: 3 days after date of order)

I HEREBY CANCEL THIS TRANSACTION:

\_\_\_\_ / \_\_\_\_ / \_\_\_\_  
Month Day Year Buyer's Signature

**STATEMENT OF AVERAGE GROSS COMPENSATION PAID BY HERBALIFE TO PUERTO RICO MEMBERS IN 2012**

People become Herbalife Members for a number of reasons. Based on a US survey, the majority (73%)<sup>(1)</sup> primarily join us to receive a wholesale price on products they and their families enjoy. Some wish to earn part-time money, wanting to give direct sales a try and are encouraged by Herbalife's low start-up costs (at their option, a Mini Herbalife Member Pack [Mini HMP] at \$57.75 or full HMP at \$89.55, plus applicable sales tax, shipping and handling) and money-back guarantee<sup>(2)</sup>. Others are drawn to Herbalife because they can be their own boss and can earn rewards based on their own skills and hard work.

Whatever the motivation, an Herbalife Membership is something like a gym membership: results vary with the time, energy and dedication you put into it. Anyone considering an active Membership needs to understand the realities of direct selling. It is hard work. There is no shortcut to riches, no guarantee of success. However, for those who devote the time and energy to develop a stable base of customers and then mentor and train others to do the same, the opportunity for personal growth and an attractive part- or full-time income exists. Moreover, unlike other businesses, there are minimal start-up costs in beginning your Herbalife Membership. There is no need for a Member to spend significant amounts of money on sales aids or other materials. In fact, Herbalife's corporate policy discourages the use of such sales aids, especially in the first few months of a Membership.

The majority of Herbalife's Independent Members (74%) have not sponsored another Member and are therefore "single-level" Members. Single-level Members benefit from buying Herbalife® products at a preferred price for their consumption and that of their families, and for many this is the only benefit they seek. Some may also be retailing products for a profit and this profit is not included in any of the compensation figures below.

Some Members (26%) have decided to sponsor others to become Herbalife Members. In that way, they may seek to build and maintain their own downline sales organizations. They are not paid anything for sponsoring new Members. They are paid solely based on product sales to their downline Members for their own consumption or for retail to others. This multilevel compensation opportunity is detailed in Herbalife's Sales & Marketing Plan, which is available to all Members online at [www.MyHerbalife.com](http://www.MyHerbalife.com).

For potential Members to make an informed decision, we offer the following chart to show the different ranges of average gross compensation that Herbalife pays to its Members. The figures below do not include any retail / wholesale profit that a Member makes from selling Herbalife's products to others nor do these figures include expenses incurred by a Member in the operation or promotion of his or her business. Such business expenses can vary widely. They might include advertising or promotional expenses, product samples, training, rent, travel, telephone and internet costs, and miscellaneous expenses. The compensation received by the Members in this chart is not necessarily representative of the gross compensation, if any, that any particular Member will receive. These figures should not be considered as guarantees or projections of your actual gross compensation or profits. Success with Herbalife results only from successful product sales efforts, which require hard work, diligence and leadership. Your success will depend upon how effectively you exercise these qualities.

The compensation chart below indicates that 7,558 Members (89%) received no payments from Herbalife during 2012. However, this chart does not include amounts earned by Members on their sales of Herbalife® products to others.

Additionally, this chart does not include the benefit to Members buying Herbalife® products at a preferred price for their consumption and that of their families. Based on the company's survey, 73%<sup>(1)</sup> of individuals became Members primarily for this benefit.

Single-Level Members (No Downline)						
Economic Opportunity	Members*		The economic rewards for single-level Members are the wholesale pricing received on products for consumption by the Member and his or her family as well as the opportunity to retail product to non-Members. Neither of these rewards are payments made by the company and therefore are excluded from this schedule			
	Number	%				
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> </ul>	6,249	73.6%				
Non-Sales Leaders** With a Downline						
Economic Opportunity	Members		In addition to the economic rewards of the single-level Members above, which are not included in this chart, certain non-sales leader Members with a downline may be eligible for payments from Herbalife on downline product purchases made directly with Herbalife.  55 of the 194 eligible Members earned such payments in 2012. The average total payments to the 55 Members was (USD)103.			
	Number	%				
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> <li>Wholesale profit on sales to another Member</li> </ul>	1,364	16.1%				
Sales Leaders** With a Downline						
Economic Opportunity	Members		All Sales Leaders with a Downline			
	Number	%	Average Payments from Herbalife (USD)	Number of Members	% of Total Grouping	Average Gross Payments (USD)
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> <li>Wholesale profit on sales to another Member</li> <li>Multilevel compensation on downline sales</li> <li>Royalties</li> <li>Bonuses</li> </ul>	879	10.4%	>250,000	3	0.3%	417,551
			100,001-250,000	2	0.2%	111,383
			50,001-100,000	11	1.3%	76,056
			25,001-50,000	15	1.7%	37,116
			10,001-25,000	36	4.1%	15,149
			5,001-10,000	51	5.8%	6,869
			1,001-5,000	182	20.7%	2,172
			1-1,000	470	53.5%	339
			0	109	12.4%	0
			Total	879	100.0%	4,913

\* 261 of the 6,249 single-level Members are sales leaders without a downline.

\*\* Sales leaders are Members that achieved the level of Supervisor or higher. See details on Herbalife's Sales & Marketing Plan at [www.MyHerbalife.com](http://www.MyHerbalife.com).

58.0% of all sales leaders as of February 1, 2011, requalified by February 1, 2012 (including 44.7% of first time sales leaders).

The majority of those Members who earned in excess of (USD)100,000 in 2012 had reached the level of Herbalife's President's Team. During 2012, 2 Puerto Rican Members joined the level of President's Team. They averaged four years as an Herbalife Member before reaching President's Team, with the longest being four years and the shortest being less than four years.

(1) Based on a Member research survey conducted in the USA by Lieberman Research Worldwide, January 2013, with a margin of error of +/- 3.7%.

(2) 90 days on the return of the HMP and one year on the return of resalable inventory, upon leaving the business.

## ARBITRATION AGREEMENT FOR DISPUTES BETWEEN MEMBERS AND HERBALIFE

This is the Arbitration Agreement incorporated into the Membership Application and Agreement. In the event that Herbalife and Member are not able to resolve any dispute in an amicable informal manner, Herbalife and Member each agree to resolve such disputes solely and exclusively by binding arbitration instead of in courts of general jurisdiction. Arbitration can be more informal than a lawsuit in court. Arbitration uses a neutral arbitrator instead of a judge, allows for more limited discovery than in court, and is subject to very limited review by courts. Arbitrators can award the same damages and relief that a court can award.

### ANY ARBITRATION UNDER THIS AGREEMENT SHALL TAKE PLACE ON AN INDIVIDUAL BASIS; CLASS ACTIONS AND CLASS ARBITRATIONS SHALL NOT BE PERMITTED.

For any claim that does not exceed \$75,000, Herbalife will pay all arbitration fees so long as the arbitrator does not find that Member's claim is frivolous or filed for improper purpose. Moreover, in arbitration Member may be entitled to recover attorneys' fees from Herbalife to at least the same extent as Member would be in court. In addition, under certain circumstances (as explained below), Herbalife will pay Member more than the amount of the arbitrator's award and will pay Member's attorney (if any) twice his or her reasonable attorney's fees if the arbitrator awards Member an amount that is greater than what Herbalife had offered Member to settle the dispute prior to the issuance of the arbitrator's award.

#### Arbitration Agreement:

##### (1) Scope

Except as provided in paragraph (2) below, Herbalife and Member agree to arbitrate all disputes and claims between them. This agreement to arbitrate is intended to be broadly interpreted. It includes, but is not limited to:

- claims arising out of or relating to terminations, enforcement of Member Rules of Conduct and Sales & Marketing Plan decisions;
- claims by Member against Herbalife or Herbalife against Member which arise out of or relate in any way to any dispute between Member and another Herbalife Member;
- claims arising out of or relating to any aspect of the relationship between Herbalife and Member, whether based in contract, tort, statute, fraud, misrepresentation or any other legal theory;
- claims that arose before this or any prior agreement between Herbalife and Member;
- claims that are the subject of purported class action litigation in which Member is not a member of a certified class; and
- claims that may arise before, after or as a direct or indirect result of the termination of Member's relationship with Herbalife.

### MEMBER AGREES THAT, BY ENTERING INTO THIS AGREEMENT, HERBALIFE AND MEMBER ARE EACH WAIVING THE RIGHT TO A TRIAL IN ANY LOCAL OR FEDERAL COURT OF JUSTICE IN PUERTO RICO OR TO PARTICIPATE IN A CLASS ACTION.

This Agreement evidences a transaction in interstate commerce, and thus the Federal Arbitration Act governs the interpretation and enforcement of this provision. This arbitration provision shall survive termination of this Agreement, the Member Agreement or any other agreement between Herbalife and Member.

References to "Herbalife," "Member," "they," "their" or "them" include Herbalife's and Member's respective subsidiaries, affiliates, officers, directors, agents, employees, predecessors in interest, heirs, successors and assigns.

##### (2) Exceptions

- (a) This arbitration agreement does not preclude Member from bringing issues to the attention of federal, state or local agencies. Such agencies can, if the law allows, seek relief against Herbalife on Member's behalf.

##### (3) Procedure

- (a) A party who intends to seek arbitration must first send to the other, by certified mail, a written Notice of Dispute ("Notice"). The Notice to Herbalife should be addressed to:

Office of the General Counsel  
Herbalife International of America, Inc.  
800 West Olympic Blvd., Suite 406  
Los Angeles, CA 90015

("Herbalife's Notice Address"). The Notice to Member shall be addressed to Member's mailing address as listed in Herbalife's records. ("Member's Notice Address").

The Notice shall (a) describe the nature and basis of the claim or dispute; and (b) set forth the specific relief sought ("Demand").

If Herbalife and Member do not reach an agreement to resolve the claim within 30 days after the Notice is received, Member or Herbalife may commence an arbitration proceeding. During the arbitration, the amount of any settlement offer made by Herbalife or Member shall not be disclosed to the arbitrator until after the arbitrator determines the amount, if any, to which Herbalife or Member is entitled. Member may download or copy a form Notice and a form to initiate arbitration at: [http://www.adr.org/aaa/ShowPDF?doc=ADRSTG\\_004175](http://www.adr.org/aaa/ShowPDF?doc=ADRSTG_004175)

- (b) After Herbalife receives notice at Herbalife's Notice Address that Member has commenced arbitration, it will promptly reimburse Member for Member's payment of the filing fee unless Member's claim is for greater than \$75,000. (The filing fee currently is \$125 for claims under \$10,000, but is subject to change by the arbitration provider.) If Member states that Member is unable to pay this fee, Herbalife will pay it directly upon receiving a written request at its Notice Address.
- (c) The arbitration will be governed by the Commercial Arbitration Rules ("AAA Rules") of the American Arbitration Association ("AAA"), as modified by this Agreement, and will be administered by the AAA. The AAA Rules are available online at [adr.org](http://www.adr.org), by calling the AAA at 1-800-778-7879, or by writing to the Notice Address. The arbitrator shall be bound by the terms of this Agreement. All issues shall be for the arbitrator to decide, including the scope of this arbitration provision, but the arbitrator shall be bound by the terms of this Agreement.
- (d) Unless Herbalife and Member agree otherwise, any arbitration hearings will take place in the county (or parish) of Member's Notice Address. If Member's claim is for \$10,000 or less, Herbalife and Member agree that Member may choose whether the arbitration will be conducted solely on the basis of documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing as established by the AAA Rules. If Member's claim exceeds \$10,000, the right to a hearing will be determined by the AAA Rules. Regardless of the manner in which the arbitration is conducted, the arbitrator shall issue a reasoned written decision sufficient to explain the essential findings and conclusions on which the award is based. Except as otherwise provided for herein, Herbalife will pay all AAA filing, administration and arbitrator fees for any arbitration initiated in accordance with the notice requirements above. If, however, the arbitrator finds that either the substance of Member's claim or the relief sought in the Demand is frivolous or brought for an improper purpose (as measured by the standards set forth in Federal Rule of Civil Procedure 11(b)), then the payment of all such fees will be governed by the AAA Rules. In such case, Member agrees to reimburse Herbalife for all monies previously disbursed by it that are otherwise Member's obligation to pay under the AAA Rules. In addition, if Member initiates an arbitration in which Member seeks more than \$75,000 in damages, the payment of these fees will be governed by the AAA Rules.

##### (4) Awards and Attorneys' Fees

- (a) If, after finding in my favor in any respect on the merits of my claim, the arbitrator issues Member an award that is greater than the value of Herbalife's last written settlement offer made before an arbitrator was selected, then Herbalife will:

- pay Member the amount of the award or \$10,000 ("the alternative payment") whichever is greater; and
- pay Member's attorney, if any, twice the amount of attorneys' fees, and reimburse any expenses (including expert witness fees and costs) that Member's attorney reasonably accrues for investigating, preparing, and pursuing Member's claim in arbitration ("the attorney premium").

If Herbalife did not make a written offer to settle the dispute before an arbitrator was selected, Member and Member's attorney will be entitled to receive the alternative premium and the attorney premium, respectively, if the arbitrator awards me any relief on the merits. The arbitrator may make rulings and resolve disputes as to the payment and reimbursement of fees, expenses, and the alternative premium and the attorney premium at any time during the proceeding and upon request from either party made within 14 days of the arbitrator's ruling on the merits.

- (b) The right to attorneys' fees and expenses discussed in paragraph (4) shall supplement any right to attorneys' fees and expenses Member may have under applicable law. Thus, if Member would be entitled to a larger amount under the applicable law, this provision does not preclude the arbitrator from awarding Member that amount. However, Member may not recover duplicative awards of attorneys' fees or costs. Although under some laws Herbalife may have a right to an award of attorneys' fees and expenses if it prevails in an arbitration, Herbalife agrees that it will not seek such an award.
- (c) The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim.

### HERBALIFE AND MEMBER AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN MEMBER'S OR HERBALIFE'S INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.

Further, unless both Herbalife and Member agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative or class proceeding. If this specific provision is found to be unenforceable, then the entirety of this arbitration provision shall be null and void.

- (d) Except as required by any applicable law, rule or regulation, or by order or decree from any court of competent jurisdiction, any party involved in a claim or dispute under this arbitration provision shall not disclose to any other person not directly involved in the arbitration process anything having to do with the arbitration, including without limitation, (i) the substance of, or basis for, the claim; (ii) the content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery; or (iii) the terms or amount of any arbitration award. However, nothing in this provision shall preclude a party from, in good faith, investigating a claim or defense, including interviewing witnesses and otherwise in engaging in discovery. Herbalife and Member both agree that this confidentiality agreement applies to each of Herbalife's and Member's directors, officers, employees, clients, agents, advisors, and any other persons affiliated with Herbalife and Member in any way and that Herbalife and Member will take the steps necessary to make sure that all such persons or entities know about this confidentiality provision.

## ADDITIONAL TERMS AND CONDITIONS OF DOING THE HERBALIFE BUSINESS

I agree that if I choose to conduct the Herbalife business in any respect:

### A. Independent Contractor

**Self-employed:** I will be a self-employed independent contractor, (determining my own schedule and objectives, responsible for my own expenses and any applicable taxes – including self-employment taxes), not an employee, agent, franchisee, securities holder, joint venturer, fiduciary or beneficiary of Herbalife or any other Member. I will not be treated as an employee with respect to such services for Federal or State tax purposes, nor will I be treated as an employee for any other purpose. As an independent contractor, I agree that I shall have no rights or benefits that an employee of Herbalife may have nor will I make any claim to the contrary.

### B. Important Corporate Statements

The Corporate Statements referenced below, and other important policies are contained in the Materials and are also available online at [MyHerbalife.com](http://MyHerbalife.com) or from Herbalife Distributor Relations and are hereby incorporated by this reference. I agree to carefully review those Statements prior to any decision or action to engage in the Herbalife business, including but not limited to reselling Herbalife® products, sponsoring other Members or both.

**Compensation Statement:** The Compensation Statement is the only authorized presentation of the matters it sets forth. I hereby represent, warrant and agree that I am not relying and will not rely in the future upon any other written or oral information or representations about the financial results I might achieve.

**Expenditures and Business Methods:** The [Policy Statement on Expenditures by New Members](#) and the [Corporate Policy Statement on Business Methods](#) set forth Herbalife's positions and recommendations with respect to the matters they cover.

### C. Purchases

- 1. The Only Required Purchase:** The only required purchase to become, succeed, or advance as an Herbalife Member is the Herbalife Mini Member Pack or at my election the Herbalife Member Pack.
- 2. Product Purchases:** All product purchases are optional, as are the purchase of any sales aids. I may not purchase product primarily to qualify to earn compensation, as opposed to purchases for my own consumption and amounts I consider reasonable to service my customers.
- 3. Sales Aids:** Herbalife does not endorse or recommend sales aids produced or sold by others and shall have no responsibility if I decide to purchase them. I may not buy, nor may I, directly or indirectly, sell, promote, recommend, refer, facilitate or take any action which Herbalife might deem to encourage or promote the purchase, use or sale by another Member of leads, leads-related advertising, advertising slots or decision packs.

### D. Further Agreements

- 1. Sale of Herbalife Products:** I will promote the sale of Herbalife® products to consumers in a manner that enhances the reputation of Herbalife. My success will only come from the sale of Herbalife® product for consumption by me and those I have sponsored, directly or indirectly.
- 2. Illegal Practices:** I will not engage in any deceptive, unfair or illegal practices, and I will comply with applicable law. I will comply with Herbalife's Rules of Conduct published in the countries in which I conduct any aspect of the Herbalife business.
- 3. Obligations of Sponsorship:** If I sponsor others to become Members, I will do so in an ethical and lawful manner, and in compliance with this Agreement and applicable law. Thereafter, I will use best efforts to train, assist and support those I sponsor to do the same, and I will communicate and lead by example.
- 4. Representations:** I will make no representations about Herbalife's products or business opportunity except in compliance with Herbalife's Rules and applicable law.
- 5. Conduct:** Herbalife is a family-oriented business that expects its Members to conduct themselves with the highest ethics and integrity. I agree to do so. I represent and warrant that I have not been convicted of a crime involving dishonesty, moral turpitude, or violence to others.
- 6. Non-Solicitation of Other Members While I am an Herbalife Member:** During the term of my Membership, neither I nor my spouse will, directly or indirectly (through or by means of any person, entity or artifice), solicit, promote, sponsor or recruit any Herbalife Member or any customer of Herbalife of whom my spouse or I became aware in the course of the Herbalife Membership, to join, promote, sell or purchase products of, or participate (as a salesperson or otherwise) in any multilevel marketing or direct sales company and neither of us will encourage anyone to do what I have agreed we will not do.
- 7. Intellectual Property and Confidential Information:**
  - a.** From time to time, I may receive personally identifiable information ("PII"), from Herbalife relating to my downline. I may not use this PII for any other purpose than to develop my Herbalife business relationship with my downline, unless I have received consent from the downline Member to use the PII for other purposes. I will abide by applicable data protection laws at all times, including international data transfer restrictions. I shall be responsible for the use that I make of the PII of my downline once Herbalife has transmitted it to me. I shall also hold the PII I receive from Herbalife on my downline Members at all times in strict confidence.
  - b.** I am hereby granted during the term of my Membership, a limited, revocable license to use Herbalife's trade name, logo, trademarks and certain intellectual property only if and to the extent expressly permitted under the terms of the Agreement or by Herbalife in writing.
  - c.** During the term of a Membership and thereafter for so long as they have economic value, my spouse and I will hold in confidence and trust for the exclusive benefit of Herbalife any trade secrets, formulas, business plans, or confidential or proprietary business information (including, without limitation, genealogies and other compilations of identifying and other data relating to other Members or customers), and any other information of commercial value relating to other Members or customers, provided by Herbalife or that I or we developed or obtained while a Member, and neither I nor my spouse will use them, directly or indirectly, for any purpose other than the conduct of the Herbalife Membership.
  - d.** I authorize Herbalife to videotape and photograph me and I grant Herbalife a license to use my name, photograph, video images, personal story and information I provide to Herbalife, and likeness in Herbalife related promotional materials. I hereby waive all claims for payment for such use.





# PROMOTE! & LITERATURE ORDER FORM

UNITED STATES AND PUERTO RICO

**Herbalife International of America, Inc.**  
 950 West 190th Street, Torrance, CA 90502-1001  
 P.O. Box 80210, Los Angeles, CA 90080-0210

(866) 866-4744 – Sales Order Department - Toll-Free  
 (800) 503-6180 – Sales Order Department TTY User

Order Date: \_\_\_\_\_  
 Order Month: \_\_\_\_\_  
 Order Number: \_\_\_\_\_

Ave. Jose (Tony) Santana, Building #18 C-8  
 Carolina, P.R. 00979

**Monday – Friday:** 11:00 a.m. - 7:00 p.m. (PT) **Saturday:** 9:00 a.m. - 2:00 p.m. (PT) **Sunday:** Closed

<b>Purchased By</b>	<b>1</b>
Name: _____	
Herbalife ID Number: <input style="width: 100px; border: 1px solid black;" type="text"/>	
<b>Fully Qualified Supervisor</b>	<b>3</b>
Name: _____	
Herbalife ID Number: <input style="width: 100px; border: 1px solid black;" type="text"/>	
Month & Year of Qualification: ____/____ <small>Month Year</small>	
<b>Qualifying Supervisor – Temporary 50%</b>	<b>5</b>
Name: _____	
Herbalife ID Number: <input style="width: 100px; border: 1px solid black;" type="text"/>	

<b>Ship To</b>	<b>2</b>
Name: _____	
Address: _____ _____	
Telephone: _____ Fax: _____	
Email Address: _____	

<b>Payment Method</b>	Note: APS not available for Puerto Rico residents.	<b>4</b>
<input type="checkbox"/> Credit Card <input type="checkbox"/> Personal Check* <input type="checkbox"/> APS No <input style="width: 40px; border: 1px solid black;" type="text"/>		
<input type="checkbox"/> Cashier's Check <input type="checkbox"/> Wire Transfer <input type="checkbox"/> Other: _____		
Credit Card Type: _____		Expiration Date: ____/____/____ <small>Month Year</small>
Credit Card Number: <input style="width: 150px; border: 1px solid black;" type="text"/>		
Authorized Signature: _____		Date: ____/____/____
*Checks ONLY accepted from Supervisors who have been fully qualified for 30 days or more.		

Stock No.	Product Name	Qty	A Total PROMOTE! Volume Points	B Total PROMOTE! Retail	C Total Literature

<b>Shipping Instructions</b>		<b>Totals</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>
<input type="checkbox"/> STD FedEx Prepaid <input type="checkbox"/> Express (please see box below) <input type="checkbox"/> Pick up				<b>Retail Total</b>							
<b>*Order Shipping Via FedEx Home Delivery Ground Policy</b>				<b>Shipping and Handling</b> ( ____% x B) Orders less than \$125, \$7.50 minimum			+				
				<b>Walk-In and Will Call/Pick Up Only - Pick Up and Handling of</b> (5.25% x Total of B)			=				
				<b>Subtotal (Add D + E; or add D + F if applicable)</b>			+				
				<b>*Tax</b> ( ____% x Total of B)			=				
				<b>Total Amount Due (Add G + H)</b>							
				<b>Total retail less than \$125.00</b>							
				<b>\$7.50 minimum charge</b>							
<b>Other Shipping Methods</b>											
				<b>FedEx – 2 Day</b>				<b>7.75% - \$11.00 minimum</b>			
				<b>FedEx – 1 Day</b>				<b>11.75% - \$19.00 minimum</b>			

\*New Single-Unit Order Shipping Policy for USA effective September 18, 2000.





Please mail/fax this completed form using the information below:

Herbalife International of America, Inc.  
950 West 190th Street  
Torrance, CA 90502-1001

Distributor Relations: (866) 866-4744  
Fax: (310) 258-7112

# SUPERVISOR QUALIFICATION FORM

Date: \_\_\_\_\_

Fully Qualified Supervisor:

**Only one (1) Supervisor Qualification Form is required for each leg qualifying in your organization.** Please submit this Form to your Distributor Relations Department no later than the 5th of the month following your Member's qualifying orders.

Please mark the appropriate box(es) below

Qualifying Month/Year: \_\_\_\_\_

<p><b>*One-Month Qualification</b> <input type="checkbox"/></p> <p>Achieve a minimum of 4,000 Volume Points in one calendar month, of which at least 1,000 Volume Points are Unencumbered Volume Points (i.e., not used by another Member to qualify).</p>	<p><b>Two-Month Qualification</b> <input type="checkbox"/></p> <p><b>FIRST MONTH OF A TWO-MONTH QUALIFICATION:</b> <input type="checkbox"/> Achieve a minimum of 2,500 Volume Points in one calendar month, of which at least 1,000 Volume Points are Unencumbered Volume Points.</p> <p><b>SECOND CONSECUTIVE MONTH OF A TWO-MONTH QUALIFICATION:</b> <input type="checkbox"/> Achieve a minimum of 2,500 Volume Points in one calendar month, of which at least 1,000 Volume Points are Unencumbered Volume Points.</p> <p>When completing a two-month qualification, an application must be turned in separately each month.</p>	<p><b>Qualifying With Organization</b> <input type="checkbox"/></p> <p>Did your downline qualify with their organization? Please list below the names, Herbalife ID numbers and Unencumbered Volume Points of the Members qualifying in this organization.</p> <p>Each Member must have a minimum of 1,000 Volume Points that are not being used by another Member becoming a Supervisor (Unencumbered Volume Points). The bottom Member in the organization must have 4,000 Volume Points for a one-month qualification or a minimum of 2,500 Volume Points for a two-month qualification.</p>
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If there are more Members qualifying in this organization, please add to the chart as appropriate, and attach additional information (i.e., Name, Herbalife ID number and Volume Points) or complete a new form. Please complete a separate form for each new leg qualifying.

**FULLY QUALIFIED SUPERVISOR**

**1<sup>ST</sup> LEVEL**

1-Month

1st Month

2nd Month

**2<sup>ND</sup> LEVEL**

1-Month

1st Month

2nd Month

**3<sup>RD</sup> LEVEL**

1-Month

1st Month

2nd Month

**4<sup>TH</sup> LEVEL**

1-Month

1st Month

2nd Month

Please check one box for each Member qualifying

Fully Qualified Supervisor Name	
Herbalife ID Number	
Telephone Number	
Fully Qualified Supervisor: Please write the name, Herbalife ID number and Volume Points below for each Member qualifying in your organization.	

**1st Level:**

Name	
Herbalife ID Number	
Unencumbered Volume Points	

**2nd Level:**

Name	
Herbalife ID Number	
Unencumbered Volume Points	

**3rd Level:**

Name	
Herbalife ID Number	
Unencumbered Volume Points	

**4th Level:**

Name	
Herbalife ID Number	
Unencumbered Volume Points	

\*Don't forget to call Distributor Relations Toll-Free at (866) 866-4744 to place those qualifying at Temporary 50% status.





**HERBALIFE®**

# Automatic Payment Service (APS) Authorization Agreement & Application

Note: APS not available for Puerto Rico residents.

I authorize HERBALIFE INTERNATIONAL (HERBALIFE) to begin deductions from my account with the financial institution named for payment of my Herbalife product, literature and/or sales promotion orders (Herbalife orders).

This authorization will remain in effect until properly revoked by me in writing. I understand that my right to stop automatic payment of my HERBALIFE orders will be effective upon receipt of timely written notice by HERBALIFE and/or my designated financial institution prior to the time my account is charged. I understand that HERBALIFE and/or the financial institution indicated reserve the right to end this payment plan and my participation therein upon dispatch of timely written notice.

**APS IS AVAILABLE TO SUPERVISORS WHO HAVE BEEN QUALIFIED FOR 30 DAYS OR MORE.**

Attach voided check or deposit slip here

**NOTE: IMPORTANT INFORMATION BELOW - PLEASE COMPLETE  
ONE APS APPLICATION PER MEMBERSHIP**

( )

\_\_\_\_\_  
Please print your name (as shown on financial institution records) Daytime Telephone Number

\_\_\_\_\_  
Home Address Street City State Zip Code

\_\_\_\_\_  
Email Address

\_\_\_\_\_  
Name and ID Number on HERBALIFE Member Application (please print) Social Security Number or Individual Tax identification Number

\_\_\_\_\_  
Indicate four-digit code number (must be numerical, no letters) to be used for verification\*

\_\_\_\_\_  
Signature (Primary Member) If Joint Account (Other Signature) Date

**Please allow 15 days for processing**

**IMPORTANT:** To avoid delay in processing, you must attach a check marked "VOID," or a savings account deposit slip (most savings accounts only allow a limited number of deductions per month) with your bank's routing number and your account number noted on the deposit slip. In addition, please verify this information with your bank especially if using a credit union account as the transit routing number may be different than what is on your check or deposit slip. Please fill in the spaces provided below:

\_\_\_\_\_  
Transit Routing Number (9 digits) Bank Account Number    
Checking Savings

( )

\_\_\_\_\_  
Name of Your Bank, Savings & Loan, etc. City, State Bank Telephone #

\* Please fill in the boxes provided with a four-digit Personal Identification Number (PIN). (You decide the code- it may be a birth date, anniversary date, etc.) Please remember your PIN and refer to it each time you place an APS Phone-In Order. Please keep a copy of this Agreement & Application form for your records.

**RETURN THIS ENTIRE PAGE TO: HERBALIFE WORLD HOME OFFICE  
ATTN: ACCOUNTS RECEIVABLE DEPARTMENT  
P.O. BOX 80210  
LOS ANGELES, CA 90080-0210**

**Distributor Relations**

Phone: (866) 866-4744  
 Fax: (310) 258-7112  
 TTY User: (800) 503-6108

**CHANGE OF ADDRESS FORM**

If you wish to request a change of address, the following procedure must be followed:

- Complete this form.
- Mail/Fax this form using the information above to the attention of DISTRIBUTOR RELATIONS
- You may also submit your change of address information directly to Herbalife online at [MyHerbalife.com](http://MyHerbalife.com) (if change is within same country)

Do you wish to change your (please check):

- Email Address  
 Mailing Address  
 Legal/Fiscal Address

\*If this is a change to your country of legal/fiscal address, please contact Distributor Relations, as you will need to supply additional documentation for this change to be processed.

All changes will be effective immediately upon completion of the processing of this form by Herbalife.

**Personal Information**

--	--	--

**Last Name** **First Name** **Middle Name**

--	--	--

**Herbalife ID Number** **U.S. Social Security Number or Individual Tax Identification Number**

--	--

**Previous Email Address**

--

**New Email Address**

--

**Previous Mailing Address**

--

**Country of Address**

--

--

**Street Address**

--

**City** **State** **Zip Code**

--	--	--

**Country Code** **Area Code** **Day Phone**

--	--	--

**Area Code** **Evening Phone**

--	--	--

**Area Code** **Fax**

--	--	--

**Previous Legal/Fiscal Mailing Address**

--

**Country of Address**

--

--

**Street Address**

--

**City** **State** **Zip Code**

--	--	--

**Country Code** **Area Code** **Day Phone**

--	--	--

**Area Code** **Evening Phone**

--	--	--

**Area Code** **Fax**

--	--	--

**New Mailing Address**

--

**Country of Address**

--

--

**Street Address**

--

**City** **State** **Zip Code**

--	--	--

**Country Code** **Area Code** **Day Phone**

--	--	--

**Area Code** **Evening Phone**

--	--	--

**Area Code** **Fax**

--	--	--

**New Legal/Fiscal Mailing Address**

--

**Country of Address**

--

--

**Street Address**

--

**City** **State** **Zip Code**

--	--	--

**Country Code** **Area Code** **Day Phone**

--	--	--

**Area Code** **Evening Phone**

--	--	--

**Area Code** **Fax**

--	--	--

Your Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**HERBALIFE INTERNATIONAL OF AMERICA, INC.**  
 Main Phone: (310) 410-9600  
 Distributor Relations: (866) 866-4744  
 TTY Users: (800) 503-6180

**Los Angeles Distribution Center**  
 18431 S. Wilmington Ave., Carson, CA 90746

**Puerto Rico Sales Center**  
 Ave. Jose (Tony) Santana, Building #18 C-8  
 Carolina, P.R. 00979

**REQUEST FOR REFUND FORM**

**Memphis Distribution Centers**  
 5025 Crumpler Road, Memphis, TN 38141

**HERBALIFE MEMBER**

Within 30 days following the refund to your Customer, this form must be completely and accurately filled out, signed and returned **in duplicate** to your nearest Herbalife Distribution Center, along with a copy of your Customer's Retail Order Form, **and the unused portion of the product, or the original product labels, or the empty product containers.** Note: All of the items listed above are required in order to process this request.

Herbalife ID Number \_\_\_\_\_  
 Member's Name \_\_\_\_\_  
 Member's Address \_\_\_\_\_  
 City State Zip Code \_\_\_\_\_  
 Phone \_\_\_\_\_

Please indicate the shipping address for your replacement product.  
 Same as Member's address  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City State Zip Code \_\_\_\_\_

I certify that on this date \_\_\_/\_\_\_/\_\_\_ I have refunded the Customer (stated below) for the sum of \$ \_\_\_\_\_, or upon their request, I have issued my Customer full credit toward the purchase of other Herbalife products. (Please refer to the Herbalife Satisfaction Guarantee in the Career Book for detailed requirements.)

Member's Signature: \_\_\_\_\_ Date: \_\_\_/\_\_\_/\_\_\_

**HERBALIFE CUSTOMER**

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City State Zip Code \_\_\_\_\_  
 Phone \_\_\_\_\_

Please state the reasons you were dissatisfied with the products:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

After trying the Herbalife® product for:  1 week  2 weeks  3 weeks  4 weeks

In accordance with Herbalife's 30-Day Money-Back Guarantee: I herewith return a copy of my Retail Order Form, along with **the unused portion of the product, or the original product labels, or the empty product containers,** to my Herbalife Member, for:

- A full credit toward the purchase of other Herbalife products, or
- A full refund of the purchase price indicated below.

I certify, on this date \_\_\_/\_\_\_/\_\_\_ I requested a refund or credit toward the purchase of other Herbalife products in the amount of \$ \_\_\_\_\_, and I acknowledge receiving the:

- Refund
- Full credit toward other Herbalife products

Customer's Signature: \_\_\_\_\_ Date: \_\_\_/\_\_\_/\_\_\_

**HERBALIFE DISTRIBUTION CENTER**

- LADC
- Memphis
- Puerto Rico

Within 30 days following the Member's refund to the Customer, the Distribution Center has:

- Received **the unused portion of the product, or the original product labels, or the empty product containers**
- Received the Retail Order Form.
- Replaced the identical product and shipped to the Member.

Returns Clerk Signature: \_\_\_\_\_ Date: \_\_\_/\_\_\_/\_\_\_

Description of Return \_\_\_\_\_

Shipped By \_\_\_\_\_

Pick up \_\_\_\_\_

**30-Day Money-Back Guarantee**



Herbalife International of America, Inc.  
P.O. Box 80210  
Los Angeles, California 90080-0210  
Tel: (310) 410-9600

**EARNINGS CERTIFICATION FORM  
ROYALTY OVERRIDE/PRODUCTION BONUS and  
10 RETAIL CUSTOMERS/70% RULE DOCUMENTATION**

This form must be completed and submitted to Herbalife monthly to comply with the 10 Retail Customers and 70% Rules. Listed below are several methods the Form can be submitted to Herbalife. No matter which method is chosen, **the form must be received by Herbalife no later than the fifth of each month** for the prior month's activity. (**Note:** Mail must be postmarked no later than the last day of the month).

**METHODS TO SUBMIT THE FORM:**

- 1. **Download the form:** [Log on to] [MyHerbalife.com](#) [Click on] [MyOffice](#) [Click on] [Policy Documents](#)
- 2. **Submit the form electronically:** [Log on to] [MyHerbalife.com](#) [Click on] [MyAccounts & Reports](#) [Click on] [Submit 10 Customers Form](#)
- 3. **By Mail:** Herbalife International of America, Inc.  
P.O. Box 80210  
Los Angeles, CA 90080-0210
- 4. **By Fax:** 310-216-5147

**In addition to all the existing Royalty Override requirements**, you must also comply in a timely manner with the 10 RETAIL CUSTOMERS and 70% RULES in order to receive your Royalty Override/Production Bonus payments.

**The 10 RETAIL CUSTOMERS RULE** means that you must make not less than one sale at retail to each of 10 customers during a given month.

**Other activities that can count towards this requirement are:**

*A sale to a first downline with up to 200 personally purchased Volume Points (and no downline) which may be counted as a sale to one (1) retail customer; and*

*\*A Nutrition Club attendee who consumed products during ten (10) visits to a Nutrition Club within one Volume month, which may be counted by the Nutrition Club operator as a sale to one (1) retail customer.*

**The 70% RULE** means that at least 70% of the total value of products you purchase each month must be sold or consumed, each month. Sales may be to retail customers, or wholesale to downlines. For the purpose of this rule, consumption means product consumed at Nutrition Clubs.

**EACH OF THESE REQUIREMENTS MUST BE MET OR ROYALTY OVERRIDE/PRODUCTION BONUS EARNINGS WILL NOT BE PAID**

I certify that during the month of \_\_\_\_\_, in the year of \_\_\_\_\_ I have fulfilled the requirements outlined in the box above.

And will, upon request (for verification purposes) furnish to Herbalife the following information concerning such customers: names, addresses, phone numbers, email addresses and copies of retail receipts (and/or in the case of Nutrition Club activities, a log of attendee visits inclusive of attendee names, dates of visits, contact information). I agree to maintain all such records for a period of two (2) years.

My total personal retail sales for the month total: \$ \_\_\_\_\_

Please Print Name: \_\_\_\_\_ Herbalife ID Number: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Keep one copy of this form for your personal files.

Rev.10/13

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## REPURCHASE OF INVENTORY

The opportunity to be an Herbalife Member is entirely voluntary. A resigning Member may return unused products or sales materials, which are unopened and in resalable condition, for repurchase by Herbalife if the products were purchased within the last 12 months and the resigning Member provides proof of purchase. Reimbursement to the Member will be issued for the Member's original net cost for the returned product. Although shipping and handling paid on the original order will not be reimbursed, Herbalife will arrange pick up and will pay all shipping charges for the return of the product to Herbalife.

Herbalife will deduct the amount of Royalty Overrides, Commissions, Production Bonuses and any other earnings or benefits paid on the returned products from the respective earners, and adjust qualifications as necessary.

Members residing in Georgia, Maryland, Massachusetts, Puerto Rico, and Wyoming may exceed the 12-month repurchase period, provided all the above criteria have been met.

### How to Initiate a Repurchase of Inventory

- Under Rule 10-D "Inventory Repurchase" of the Rules of Conduct, as amended from time to time, a Member may have the right to have Herbalife repurchase resalable inventory, under certain terms and conditions.
- To initiate a repurchase of inventory the first step is to complete the required forms for the Repurchase of Inventory that follow.
- The forms may be mailed, emailed or faxed to:

#### Mailing Address

Herbalife International of America, Inc.  
**Attention: Refunds & Repurchase Department**  
950 W. 190th St.  
Torrance, CA 90502-1001

#### Email Address

DS\_CSSupport@Herbalife.com

#### Fax Number

310-258-7155

- The forms must be accompanied by or preceded by a signed resignation letter, or instead of the resignation letter, the completed and signed Inventory Repurchase Request Form will be accepted by Herbalife as your resignation letter.

### Return Product Authorization

- If you have met the requirements specified on the Inventory Repurchase Request Form, and submitted your forms to Herbalife via any of the methods described above, please contact Herbalife's Repurchase Department at 866-866-4744 Ext. 43132 to arrange the pickup of your inventory.
- Please be aware that all terms and conditions must be met, and to avoid handling delays, your shipment should be prepared as indicated below:
  - Each side of your package must reflect the letters "BB" followed by your Herbalife Identification Number in large print (i.e., BB1000000000).
- Once Herbalife has processed the return, the payment due will be issued.
- Herbalife will have no responsibility for items shipped that are outside of Rule 10-D "Inventory Repurchase," and guidelines provided.

For questions regarding the process, please contact Herbalife's Distributor Relations Department toll-free at 866-866-4744, or Herbalife's Repurchase Department at extension 43132.



HERBALIFE INTERNATIONAL OF AMERICA, INC.  
Attn: Refunds and Repurchase Department  
950 W. 190th St.  
Torrance, CA 90502-1001

# Inventory Repurchase Request Form

(This form is required.)

This form must be signed, dated, and returned to Herbalife to initiate your request.

To process your request, please provide Herbalife with the details requested, if you have not already done so.

- I hereby permanently resign my Herbalife Membership.
- I understand that only unopened and resalable products or sales materials which were purchased within the last 12 months\* are eligible for resale to Herbalife, and are in all other respects in accordance with Rule 10-D "Inventory Repurchase" of the Herbalife Rules of Conduct.
- I understand my reimbursement will be issued for the full amount I paid for the original net cost I paid for the products. I understand that reimbursement will not include the shipping and handling fees paid on the original order. Herbalife will arrange pick up and will pay all shipping charges for the return of the products to Herbalife.
- I understand that I will be refunded via the same method of payment that was used when I originally bought the merchandise. (If paid by check, money order or wire transfer, the reimbursement will be refunded with a check. If paid by credit card, the same credit card will be refunded.)
- I understand that Herbalife reserves the right to determine which products and quantities fall within the limits of Herbalife's repurchase of inventory policy. I will return only items that are unopened and in resalable condition, that were purchased within the last 12 months, and which comply with Rule 10-D. I understand that Herbalife will have no responsibility for items returned that fall outside Rule 10-D and the guidelines provided, and that Herbalife will not pay for or assume responsibility for returning items that are not repurchased.
- I have included proof of purchase for this merchandise (copies of credit card statements, money orders or cancelled checks).
- I understand that if within 90 days after the acceptance of my Application in Herbalife's records, I decide not to continue as a Member, I also may return the official Herbalife Member Pack (HMP) whether or not in resalable condition.

By my signature, I acknowledge and agree to the above.

\_\_\_\_\_  
(Name - Please Print)

\_\_\_\_\_  
(Herbalife Identification Number)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

- If you agree to the terms and meet the requirements specified above, please contact Herbalife's Repurchase Department at 866-866-4744 Ext. 43132 to arrange the pickup of your inventory.

\*May be longer for residents of Georgia, Maryland, Massachusetts, Puerto Rico and Wyoming.





## **POLICY STATEMENT ON EXPENDITURES BY NEW MEMBERS**

One of the unique and wonderful things about becoming a Herbalife Member is that no investment is required to start or grow your Herbalife business and that you can choose for yourself how to pursue the many opportunities afforded by Herbalife products and the Herbalife Sales & Marketing Plan. The only required expenditure is the purchase of the Herbalife Member Pack (HMP).

As with any business, you may be attracted to spend or invest more than the minimum and just as with any business, you should be cautious about spending or committing. You should ask yourself questions.

- **For example, “Should I buy a large starting inventory?”**  
Our advice is not to purchase product beyond your own needs and, after you are confident you wish to begin to resell Herbalife products, those amounts you are confident you can resell within a reasonable amount of time.
- **Another example, “Should I buy services and products that might be helpful in recruiting other Members?”**  
These are typically referred to as “Sales Aids” or “Business Methods”.

Our strong advice is that you should first gain significant experience with Herbalife products and the Sales & Marketing Plan before you purchase sales aids. Your upline is expected to provide support, encouragement and training regardless of whether you buy such services or materials. In addition, Herbalife offers training materials for its Members relating to product, product merchandising and business skills. However, if you freely choose to purchase sales aids (other than leads, advertising or advertising slots, or decision packs), we urge you to spend no more than a reasonable proportion of the earnings generated from your Herbalife business. As with all business expenditures, be prudent.

Business Methods are not produced, approved or endorsed, by Herbalife, and Herbalife assumes no responsibility, with regard to their purchase, sale or use.

- **Another example, “Should I sign a lease and buy the fixtures and other things needed to open a Nutrition Club or an Herbalife Office?”**  
Prior to opening a Nutrition Club we strongly advise that you obtain proper training and experience about the Herbalife products and the business opportunity. Allow yourself the time necessary to experience the products and learn about

their directions for use, become knowledgeable enough to properly explain the potential benefits that can be achieved through good nutrition and a healthy active lifestyle, and gain significant experience in operating your business. We further advise that you observe and study how Nutrition Clubs or Offices operate and carefully consider whether to engage in a large expenditure or enter into what could be a substantial obligation in the form of a lease, before you do so.

No aspect of the Herbalife business is or may be considered a franchise and you should therefore never be asked for payment to buy the “right” to open or operate your own Nutrition Club or Office. Similarly, you should not pay anyone to set up a Nutrition Club or an Office for you. However, if you work out of another Distributor’s Club or Office, it is normal to pay a reasonable rental fee for space or a workstation or to pay a reasonable percentage of the Club’s or Office’s operating expenses.

- **And, lastly, “Should I incur debt, obtain a loan, or borrow money to pursue the Herbalife business opportunity?”**

One of the unique aspects of the Herbalife’s Sales & Marketing Plan is that you can achieve the level required to earn Royalties and Production Bonuses by building a solid customer base and without purchase of inventory other than that required to service your customers and for your own personal consumption. As a result, it is not necessary to borrow money or obtain a loan of any form and we discourage incurring debt to pursue the Herbalife business opportunity, and we strongly discourage incurring any debt to do so.

Our founder, Mark Hughes, founded Herbalife on the principle that success in Herbalife was only limited by your own skills, hard work and imagination. After more than 30 years, that principle is still true today and we hope that all new Members will bear this in mind as you evaluate expenditures in your Herbalife business.

**Introduction**

These Rules of Conduct have been established for your protection. They represent the code of ethics and standards by which all Herbalife Members must operate. Herbalife has the sole and absolute discretion to amend (on a prospective basis) the Rules of Conduct and such other Rules and Policies Herbalife has published, or in the future may publish. It is your responsibility to read and understand Herbalife’s Rules so you are fully aware of your rights and obligations as an Herbalife Member. We believe Herbalife’s products and Sales & Marketing Plan are the best in the industry. We also believe in our Members and in supporting them by working together to uphold the highest possible ethical standards. We are committed to maintaining the integrity of Herbalife, its Sales & Marketing Plan and its global distribution network of Members. In its sole and absolute discretion, Herbalife may impose any remedy or sanction it determines best addresses any breach of the Rules of Conduct. Herbalife also reserves the right in its sole and absolute discretion to waive wholly or partially, or to pardon or forgive wholly or partially, any breach of any of the rules contained in this section.

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## **Section 1 Becoming a Member and the Member Agreement**

### **Rule 1-A Becoming a Member**

To become an Herbalife Member, an Applicant must be sponsored by an Herbalife Member in good standing, and Herbalife must receive the Applicant's completed Application for Membership. The Application for Membership is available with the purchase of Herbalife's official Herbalife Member Pack (HMP) from the sponsoring Member or online at [MyHerbalife.com](http://MyHerbalife.com).

The only required purchase in order to become, succeed or advance as a Member is the Mini Herbalife Member Pack (Mini HMP). The sponsoring Member must offer the Applicant the opportunity to buy the Mini HMP or, at the Applicant's election, the HMP without any markup or profit to the Sponsor or the Sponsor's upline.

It is the responsibility of the Sponsor to make the unaltered official Herbalife Member Pack (HMP) available and to assure the Application for Membership is completed fully and accurately and is immediately submitted to Herbalife International.

In the case of an online Application, the official Herbalife Member Pack (HMP) will be mailed to the Applicant directly from the Company. No Application for Membership should be submitted unless the Applicant has purchased an Herbalife Member Pack (HMP).

Herbalife reserves the right at its sole and absolute discretion, to accept or reject any Application, without having to provide justification for acceptance or rejection.

The Applicant becomes a Member when their Application for Membership is accepted and entered into Herbalife's records at Herbalife's Home Office. Until then, the Applicant is granted a provisional license to buy and sell Herbalife products.

### **Rule 1-B Applications From Former Members**

Former Members, and/or their spouse, or other individual who previously owned or assisted in a Membership, and who want to apply to become a Member under a different Sponsor, must comply with all the requirements and the Rules of Conduct required for rejoining as a Member, including but not limited to, maintaining a minimum of a one-year period of inactivity following a) resignation or non-payment of Annual Membership Services Fee or b) resignation of any prior Membership.

Failure to comply with these rules is a serious violation of the rules and regulations of the Company and will result in serious penalties, usually termination of Membership. (Refer to Rule 7-D "Period of Inactivity" in this section for complete details on the requirements and rules that apply to these individuals.)

## **Rule 1-C Incurring Debt, Obtaining a Loan, or Borrowing Money**

Herbalife strongly discourages incurring debt to pursue the Herbalife business opportunity, or conduct the Herbalife business. Members may not encourage Members (or prospective Members) to obtain a loan or to borrow money for use in connection with their Herbalife business.

Further, Members may not use in connection with their Herbalife activities money loaned or granted to them for educational or other specific purposes not related to the establishment of a business.

## **Section 2 Requirements of Applicant**

### **Rule 2-A Restrictions on Purchase Requirements**

The only cost that may be required of an Applicant for Membership is the purchase of an unaltered Herbalife Mini Member Pack (Mini HMP) or at the Applicant's election, a full HMP. No other requirements may be made of either prospective or existing Members, including, but not limited to, the following:

- No required maintenance of any minimum amount of products or materials
- No required purchase of any amount of materials, products or services, whether or not produced by Herbalife
- No required purchase of admission tickets to attend any seminars, meetings or other events

Herbalife's Mini or Full Member Pack may not be combined with other products, services or materials to form an introductory package. The only introductory package shall be Herbalife's official Member Pack.

### **Rule 2-B Payment for Information**

Except as provided in Business Methods, Rule 1-C "No Required Purchase Other Than Herbalife Member Pack" (in the "Supplemental Rules" section), a Member may not request a prospect or an Applicant to make any payment, or purchase products or materials in return for any information or assistance about becoming a Member. Members may not represent or imply that payment or purchases are required (legally, or as a matter of practicality) to do or succeed in the business, participate in the income opportunity, or receive training or upline support. (Refer to Business Methods, Rule 1-C in the "Supplemental Rules" section of this book.)

## **Section 3 Age Requirements for a Member**

### **Rule 3-A Applicant Must Be 18 Years of Age**

An Applicant must be at least 18 years of age to become an Herbalife Member and to conduct business in the United States. The minimum age requirements vary from country to country. For the requirements for other countries, please contact Distributor Relations.

**Puerto Rico Residents:** An Applicant must be at least 21 years of age to become an Herbalife Member and to conduct business in Puerto Rico.

### **Rule 3-B Minor Applicants**

A minor who is at least 14 years of age, who lives and proposes to conduct business in the United States and Puerto Rico, may submit an Application to become an Herbalife Member.

For consideration to become a minor age Member, the Applicant must provide to Herbalife's Distributor Relations Department, the following:

1. Written approval from the parent(s) or legal guardian(s). The parent(s) or guardian(s) must accept responsibility for the actions of the minor.
2. If the parent(s) or guardian(s) is an Herbalife Member, then the parent(s) or guardian(s) must provide
  - a. written consent from their own Sponsor and upline (up to and including their first three active upline Supervisors) or explanation satisfactory to Herbalife in its discretion why such consents have not been obtained or should not be required; and
  - b. a signed statement that they will not help or participate in the development of the minor's Membership to the detriment of the parents'/guardians' upline, or in a manner that constitutes Sales & Marketing Plan manipulation or that violates the Rules of Conduct.

In its discretion, Herbalife may accept the request without upline response or acceptance, and may require additional authorizations or information it deems necessary to making a final decision on the acceptance of this Application.

## **Section 4 Individuals Limited to One Membership**

### **Rule 4-A One Membership Per Person**

An individual may have and participate in only one Herbalife Membership under one Sponsor. A Member is not permitted to retail, recruit, promote, train, educate or otherwise assist in the development of the Herbalife business, for any Membership other than their own, except to assist their downline organization, as is appropriate for a Sponsor. This policy applies to both the Member and their spouse.

### **Rule 4-B Applicant/Spouse or Individual Assisting in the Membership Is a Former Member**

If an individual applying to become a Member, their spouse or other individual assisting in a Membership was formerly an Herbalife Member, the Application will only be considered as valid if all the conditions set out in Rule 7-D "Period of Inactivity" and any other applicable Rules of Conduct have been met.

### **Rule 4-C Responsibility for Individuals Assisting in a Membership**

If there is another person who assists in the operation of a Membership, who appears at Herbalife functions with the Member, or who presents themselves as assisting in that Membership, who makes statements about their income or business achievements from the Herbalife business, or whom the Company is advised to recognize and acknowledge as assisting in the Membership, then the Member who submitted the Application is responsible for ensuring that the other individual assisting in the Membership follows all rules and regulations. Herbalife has sole and absolute discretion as to the determination and application of this policy.

### **Penalty for Dual Memberships**

If an individual, their spouse or other individual participating in a Membership completes and signs more than one Application for Membership, the first time the Applicant enters into a Member Agreement that is accepted by Herbalife is considered the valid Membership. If Herbalife determines that an individual or their spouse has signed an Application for Membership, or has worked or assisted in the development of another Membership while involved with or in a prior Membership, Herbalife shall have sole and absolute discretion to determine the disposition of both Memberships, including but not limited to decisions whether to terminate or place conditions on one or both of those Memberships, and whether to impose penalties or sanctions upon the Memberships and/or Sponsoring organizations, including the determination whether to make adjustments to Volume and compensation of either or both Sponsoring organizations for any period prior to the transfer or deletion of Sponsoring organizations. (Refer to Rule 7-D "Period of Inactivity" in the "Rules of Conduct" section.)

In cases of Dual Memberships and other similar infringements, the Member may be allowed to continue as an Herbalife Member, but must do so in the proper line of sponsorship, as determined by the Company in the application of the Rules of Conduct. In most cases, the downline lineage of the deleted Membership's organization will be moved to the rightful line of sponsorship, with the Member.

## **Section 5 Members Who Are Married**

### **Rule 5-A Married Couples May Have Only One Membership**

Married couples may have or participate in only one Membership, unless their circumstances fall under the guidelines of Rule 5-D "Two Members Who Marry" or Rule 14-D "Rights to Continue a Membership Under the Same Sponsor" (in the "Rules of Conduct" section).

### **Rule 5-B Couples Becoming Members Together**

Married couples wishing to become Members together must complete and sign a single Application for Membership, thereby having only one Sponsor. They may not be under separate Sponsors nor can they sponsor each other.

### **Rule 5-C A Member Who Marries**

If a Member marries and the spouse wishes to become a Member, the spouse must conduct business in the existing Membership. They may request to have the spouse's name added to Herbalife's records for event attendance purposes.

### **Rule 5-D Two Members Who Marry**

If two separate Members marry each other, then the couple must relinquish one of their Memberships and become partners in the other. However, if both Members are Supervisors at the time of marriage and they choose to continue operating their own separate Memberships, each spouse must conduct their Herbalife business activities separately, remaining in their original lines of sponsorship. Rules for remaining a Member still apply.

### **Rule 5-E Liability of Married Membership**

The liability of two married Members who operate a Membership together shall be joint so that both such Members shall be responsible, and shall accept liability for, and shall be bound by, any act or omission of either Member and any payment by Herbalife to one such Member shall be deemed as payment to both such Members.

### **Rule 5-F Resignation of Spouse**

In the event that one spouse of a Membership resigns their Membership, then Herbalife reserves the right to terminate the Membership whether or not the spouse was a joint Member, if the activities of the resigned Member diminish, damage or weaken the reputation of Herbalife or its products.

### **Rule 5-G Responsibility of Married Member**

A Member shall be responsible for the activities of a spouse, whether or not the spouse participated in the Membership. For example, if a Member may not engage in an activity (such as conduct which violates Rule 5-A "Married Couples May Have Only One Membership" [in the "Rules of Conduct" section] or which diminishes, damages or weakens the reputation of Herbalife or its products) and the spouse engages in that activity, the Membership shall be deemed to have engaged in that activity and shall be considered to be in violation of the applicable rule, and subject to appropriate penalties.

## **Section 6 Corporations and Partnerships**

### **Rule 6-A Memberships Must Be Individuals**

Herbalife only accepts Applications for Membership in the name of individuals. Applications in the names of corporations

or partnerships will not be accepted. Members may request their Herbalife earnings be issued on checks made payable to someone else by submitting a written request to Herbalife's Distributor Relations Department, provided there is a legitimate business reason. However, the Membership will remain in the name of the individual, and the earnings of the Membership will be reported in the name and tax identification number of the individual Member.

## **Section 7 Remaining a Member**

### **Rule 7-A Annual Membership Services Fee**

Herbalife agrees to provide computer processing services for Members for which an Annual Membership Services Fee is due. Such computer services are limited to maintaining discount rates, lineage records and qualification status. Please contact Herbalife's Distributor Relations Department for all appropriate fees.

### **Rule 7-B Acceptance of Annual Membership Services Fee**

Herbalife has absolute discretion to refuse any Membership Services Fee from any Member, without having to provide a reason for such refusal. In the event that Herbalife does refuse to accept a Membership Services Fee when due, the Membership will be deleted, the Member losing all rights and privileges of a Member. If a payment has been made, it will be refunded, unless applied to an outstanding debt of the Member, along with a written notice of the refusal from Herbalife. Payments for your downline may not be made without their written permission.

### **Rule 7-C Non-Payment of Annual Membership Services Fee**

In the event that a Member does not submit payment for the Annual Membership Services Fee by the date due, then Herbalife reserves the right to cease maintaining such computer records. Additionally, in the event that a Member does not submit payment, the Member will be deemed to relinquish their status and thereby all rights and interests in their lineage and Royalty Override or bonus entitlement.

### **Rule 7-D Period of Inactivity**

Any Member who resigns or who relinquishes their Membership due to non-payment of the Annual Membership Services Fee, or anyone who ceases participating in a Membership, must wait a minimum of one year before becoming a Member again under another Sponsor, or participating in another Herbalife Membership, unless the Member, their spouse, and any other individual assisting have remained inactive for at least the required one-year waiting period from the date of relinquishment, resignation or participation in any Herbalife Membership (also known as the "period of inactivity").

The period of inactivity for the Member must be complete and absolute for consideration to re-join the Company as a Member or to participate in any Membership. This means that during the one-year waiting period, the Member, their spouse, and any other individual assisting in a Membership may not:

- Be involved in the Herbalife business in any way.
- Purchase products other than for personal use, bought at full retail price.
- Sell any Herbalife products, literature or sales materials.
- Sponsor or offer the Herbalife business opportunity to anyone.
- Participate in Herbalife trainings or meetings whether sponsored by the Company or a Member.
- Participate in any way in promotion, assisting or supporting any Herbalife Membership.

Failure to observe the period of inactivity may result in the reactivation of the Membership and/or extension of the waiting period. The period of inactivity is calculated as follows:

#### **Example 1: Member Resigns**

- Prior application date is December 5, 2003.
- Resignation effective as of August 28, 2004.
- The period of inactivity for this Membership would be from August 28, 2004 through August 27, 2005.
- This Member would be eligible to sign a new Member Application under a different Sponsor as of August 28, 2005.

If a Member has not paid their Annual Membership Services Fee by their anniversary date and has not submitted a letter of resignation Herbalife will conclude that the Membership has been relinquished on the anniversary date of the Membership. The Member remains responsible for maintaining the period of inactivity.

#### **Example 2: Member Does Not Officially Resign and/or Fails to Pay Annual Membership Services Fee**

- Prior application date is December 5, 2003.
- Annual Membership Services Fee is due on December 5, 2004 (anniversary date).
- If the Fee is not paid, the period of inactivity for this Membership would be from December 5, 2004 through December 4, 2005.
- This Member would be eligible to sign a new Member Application under a different Sponsor as of December 5, 2005.

An individual who was formerly a Member or who participated in a Membership and is applying or re-applying to become a Member under a different Sponsor is required to advise Herbalife of the former Membership they were involved in and

the conditions under which they ceased to be a Member or ceased participation in that Membership. Herbalife maintains the right to terminate any Membership where the Member failed to inform Herbalife of a prior Membership or makes misrepresentations regarding it.

If the Member, their spouse, or other individual assisting wishes to initiate a new Membership under their original Sponsor and that Sponsor has remained in the original organization, they may do so without a waiting period provided they have an official Herbalife Member Pack (HMP) and complete and submit a new Application for Membership.

#### **Rule 7-E Annual Membership Services Fee Is the Responsibility of the Member**

Herbalife endeavors to remind Members by mail/electronic mail, at their last address listed with the Company, when the date for Annual Membership Services Fee is near. However, the responsibility lies with the Member to assure this Services Fee is paid each year on the anniversary of their original application date.

### **Section 8 Member Conduct**

#### **Rule 8-A Inducement to Sell Other Products or Services**

During the course of a Membership and for one year thereafter, neither the Member nor their spouse, nor any other person assisting in a Membership will, directly or indirectly (through or by means of any person, entity or artifice), solicit, promote, sponsor or recruit any Herbalife Member, or any Herbalife customer they became aware of in the course of their Herbalife Membership, to join, promote, sell or purchase products of, or participate in as a salesperson or otherwise, any multilevel marketing or direct-sales company, nor will they encourage anyone to do what is prohibited under this rule. Violation of this rule is likely to result in termination of the Membership.

Neither Member nor Member's spouse, nor any other person assisting in a Membership will directly or indirectly (through or by means of any person, entity, or artifice) conduct any Herbalife business activities with an individual who (i) is (or whom Member has reason to believe is) a citizen of Iran, Sudan, Cuba, or North Korea (regardless of place of residence); (ii) is a resident of, or operates businesses in Iran, Sudan, Cuba or North Korea; or (iii) who is believed to engage in sales to citizens or residents of Iran, Sudan, Cuba or North Korea. Business activities include but may not be limited to the following:

- promoting the Herbalife business opportunity;
- sponsoring Herbalife Members;
- promoting or selling Herbalife products; or
- encouraging others to do what is prohibited under this rule

Violation of this rule shall result in termination of the Membership.

### **Rule 8-B May Not Associate Other Organizations With Herbalife**

The Herbalife business is an equal opportunity, regardless of gender, race, religious beliefs or political affiliations. It is our philosophy that everyone has a personal right to their individual beliefs and the freedom to choose.

Therefore, when training their organization or other Members, or selling products or offering the business opportunity, Members are not permitted to promote, discuss or offer, any company, organization or individual other than Herbalife, its staff and its Members. Likewise, Members may not include literature or other material that promotes any other organizations or individuals, whether religious, political, business or social or that implies any association between Herbalife and any other organization.

Herbalife meetings may not be used as a forum to express personal beliefs or promote any other organization, company, event or individual.

### **Rule 8-C Keep Informed of Herbalife's Policies**

Stay informed of Herbalife's policies by reading the Career Book and regularly visiting Herbalife's official website [MyHerbalife.com](http://MyHerbalife.com). New material is provided by the Company from time to time. Review these policies with downline organization to ensure they are aware of and understand them.

### **Rule 8-D Comply With the Laws**

Members must comply with all local, state and federal laws and regulations that apply to their Herbalife business and shall not engage in any practice or activity that could discredit or damage the image or reputation of Herbalife. This applies not only to the laws where the Member lives but also to any country where the Member conducts their business as a result of taking advantage of Herbalife's International Sponsoring. (Refer to Business Methods, Rule 1-R "Limit on Sales of Business Methods" in the "Supplemental Rules" section of this book.)

### **Rule 8-E Independent Contractors**

Members conduct their Herbalife business as a self-employed independent contractor (determining their own schedule and objectives, they are responsible for their own expenses and any applicable taxes -- including self-employment taxes), not as an employee, agent, franchisee, securities holder, joint venturer fiduciary or beneficiary of Herbalife or any other Member. They are not employees of Herbalife for federal or state tax purposes, Puerto Rico tax purposes or any other purpose, and will not assert any position to the contrary.

For example, a Member may not use in connection with their Herbalife business the words "employee," "agent" or "company representative" either orally or on any stationery, business cards, or other printed material is prohibited.

### **Rule 8-F False or Misleading Information**

No Member shall submit false or misleading information to the Company.

### **Rule 8-G Maintaining Reputation and Image of the Company**

No Member shall do anything (whether or not in the course of their Membership) which Herbalife determines, in its sole and absolute discretion, is or could be detrimental to the reputation or image of the Company, its products, Members, trademarks, trade names or goodwill.

### **Rule 8-H Indemnity**

Without prejudice to the other rights of Herbalife under these Rules of Conduct and other rules and regulations of the Company, Members shall indemnify Herbalife from and against all actions, claims, demands, prosecutions, fines, penalties and the costs thereof (including Herbalife's actual legal costs), which might be made or brought against Herbalife in respect of, or arising directly or indirectly out of, any breach of any laws or regulations applying to the operation of their Membership. Herbalife shall have no liability to any Member in respect of any cost, loss, damage or expense suffered by any Member directly or indirectly as a result of any act, omission, representation or statement of any other Member.

### **Rule 8-I Choice of Law, Damages**

All aspects of a Member's relationship with Herbalife shall be governed by and interpreted in accordance with domestic law of the State of California without the application of conflict of law principles. Neither Herbalife nor the Member shall be liable for any incidental or consequential damages caused by breach, termination or suspension of the Member Agreement, whether or not the possibility of such damages is known by either party, and no punitive or exemplary damages shall be awarded against Herbalife or the Member in any dispute against the other except as authorized by California statute.

**Louisiana and Puerto Rico Residents:** Notwithstanding the foregoing, Louisiana and Puerto Rico residents may bring an action against the Company with jurisdiction and venue as provided by Louisiana law or Puerto Rican law, as the case may be.

### **Rule 8-J Violations of Rules of Conduct**

Whenever there is any violation of the Herbalife Rules of Conduct or other rules and regulations and/or any procedures or directions issued by Herbalife, Herbalife may in its sole and absolute discretion take whatever actions or measures it

deems necessary and appropriate, including but not limited to, suspension of buying privileges, suspension of earnings, monetary fines or deletion or termination of the Membership.

### **Rule 8-K Reporting Violations of Rules of Conduct**

In order to protect the goodwill and reputation of Herbalife and its Members, Herbalife urges its Members to promptly report alleged violations of the rules to Herbalife, as soon as they become aware, by completing an official complaint form which can be obtained through Herbalife's Member Relations Department, or through Herbalife's official website, [MyHerbalife.com](http://MyHerbalife.com). Refer to 1-B "Complaint Procedure" in the "Enforcement Procedures" section of this book.

### **Rule 8-L Sales & Marketing Plan Manipulation and Improper Enrollment Practices**

In all of their dealings, Members must comply with the letter and spirit of Herbalife's Rules of Conduct and the Herbalife Marketing and Compensation Plan as set forth in official Herbalife literature.

Proper enrollment of Applicants to become Members is required by the Rules and is essential for the proper operation of the Sales & Marketing Plan:

- To become an Herbalife Member, an Applicant must be sponsored by an Herbalife Member.
- The Applicant and the enroller must fully complete the Application (providing the Sponsor's name, phone number and Herbalife ID Number).
- A copy of the Application must be provided to the Applicant upon its signing by the Applicant.
- The Application must be submitted immediately to Herbalife.
- Fraudulent or unlawful enrollment of a Member is prohibited.

Examples of fraudulent or unlawful enrollment are:

- Filling out the Application form with false or misleading information, and
- Enrolling someone in circumstances in which the enroller knows or has reason to believe violates the Rules or Sales & Marketing Plan, such as promising an Applicant that the Sponsor or upline will provide downline Members for the Applicant once he or she becomes a Member.

Other illustrations of Sales & Marketing Plan manipulation are:

- Purchasing products in another Member's name, other than as expressly allowed in the Rules.
- Purchasing products primarily as an attempt to benefit under the Sales & Marketing Plan, as contrasted with the purchase of products for the purpose of sales to customers within a reasonable period.

- Discouraging a downline from placing orders, as a means for the upline to benefit under the Sales & Marketing Plan.
- Submitting false information to Herbalife.
- The Sales & Marketing Plan allows Members to utilize their Non-Supervisor downline sales Volume plus their own sales Volume to count as their Total Volume for certain qualification purposes. However, advertising or publicly promoting, as a means to induce prospects to attend meetings or to become Members or for any other purpose, the enrollment of new applicants under each other, when they have little or no prior relationship with each other, is considered a manipulation of the Sales & Marketing Plan.
- Teaching or encouragement of another person to violate the Rules or manipulate the Sales & Marketing Plan.

Improper enrollment practices and other attempts to manipulate the Sales & Marketing Plan are considered serious violations and will result in severe sanctions and penalties including, but not limited to, loss of earnings and qualifications of the Memberships of anyone involved (directly or indirectly) in such activities or in teaching or encouraging others to engage in such activities.

### **Rule 8-M Interviews or Statements to Media**

Members, from time to time, may be approached by reporters interested in interviewing them about the Herbalife products or Herbalife business. While we appreciate any interest expressed in our products and business opportunity, only the Company may grant interviews or authorize advertising of the Company or product names. Only authorized officials of Herbalife are permitted to speak with or write to the press or other media for, or on behalf of, Herbalife or any of its subsidiaries. If a Member should be approached with a request for an interview or statement, they must advise the reporter to contact Herbalife. Likewise, Members are advised not to knowingly invite the press or media to an Herbalife meeting or event. Reporters should attend such an event accompanied by an authorized Herbalife representative.

### **Rule 8-N Limitations on Ownership Interest for TAB Team**

Herbalife TAB Team members may not be a Distributor directly or indirectly through any person, entity, or artifice, or otherwise participate in or promote the products, services or earnings opportunity associated with any other direct sales or multilevel marketing company. Ownership of more than five percent of a company engaged in direct sales or multilevel marketing company is a violation of this provision.

## **Section 9 Product Import, Export, Business Activities, and Personal Consumption**

Herbalife maintains the rules that follow regarding product

import, export and business activities and personal consumption. These Rules have been established to provide important protections for all.

Members shall be solely responsible for the consequences of bringing from one country to another any products and shall indemnify the Company for any adverse consequences. Herbalife may hold the Member's upline(s) responsible for violation of the Rules if the inquiry indicates to Herbalife that they have knowledge of or were a party to the violation.

### **Rule 9-A Activities in Unopen Countries or Territories**

Members may not engage in any business activity (including "preparatory" activity) relating to Herbalife in any country which includes, but is not limited to, the following acts, efforts or attempts (directly or indirectly) to:

- Register or license Herbalife names or products or its Sales & Marketing Plan;
- Ship or arrange the shipment (directly or indirectly) of products from one country to another, whether or not it is for personal consumption;
- Gift, sell or distribute Herbalife products or the Herbalife Member Pack (HMP) or Mini HMP;
- Promote Herbalife products or the business opportunity (including, but not limited to, wearing the button or advertising using any media);
- Hold meetings (large or small) relating to Herbalife, its products or business opportunity;
- Sponsor or recruit residents of or visitors in an unopen country; or
- Publicize where Herbalife will soon be open or that Herbalife products are or soon will be available within the unopen country through any means, including prospecting for customers or new Members by electronic communications (emails, SMS, website or social media postings), distribution of literature, or in person at formal or informal gatherings.

No Member may approach government authorities in any country regarding the importation, exportation or distribution of Herbalife products or the registration of Herbalife names, trademarks, products or Herbalife's Sales & Marketing Plan.

### **Rule 9-B Activities in Open Countries or Territories**

Herbalife products are formulated and labeled in compliance with each country's complex national product and labeling requirements. For that reason, products produced and labeled for one country may not be sold or distributed in another country. As a result:

- Products may only be sold, distributed or transferred within the specific countries for which those products are formulated, labeled, approved, and produced.
- Members may not (directly or indirectly) ship or arrange shipment of products from one country to another, whether or not it is for personal consumption.

### **Rule 9-C Personal Consumption**

Many Members travel regularly to other countries and wish to buy Herbalife products for their personal needs while travelling. Herbalife allows Members to purchase up to 1,000 Volume Points of assorted products per volume month, to carry with them while traveling. Products purchased under the personal consumption policy are intended for the Member's own use or to be shared with their immediate family members.

Members may not (directly or indirectly) ship or arrange shipment of products from one country to another, whether or not it is for personal consumption.

### **Herbalife-Related Activities in China**

- Non-Chinese nationals may not do business in China.
- No one may ship (or arrange shipment) or bring any Herbalife product into China, whether or not the product is for personal use, consumption or gift.
- Members registered in China may NOT purchase, sell or distribute Herbalife products outside of China.

Violations of these or other Rules applicable to China are likely to result in termination of the violator's commercial relationships with Herbalife worldwide.

## **Section 10 Resignation of a Member**

### **Rule 10-A Conditions of Resignation**

A Member may resign their Membership for any reason or without reason at any time, by submitting a signed letter of resignation to Herbalife's Distributor Relations Department. The resignation becomes effective when received, validated and accepted by Herbalife. If Herbalife does not receive the resignation letter or the conditions are not met, then the Member is still deemed to be a Member until deleted by Herbalife.

### **Rule 10-B Resigning Within 90 Days**

If within 90 days after the acceptance of their Application for Membership in Herbalife's records, a Member decides not to continue as a Member, the resigning Member may return to Herbalife (1) the official Herbalife Member Pack (HMP) whether or not in resalable condition, and (2) unopened, unused, resalable products and sales materials that were purchased since becoming a Member from Herbalife or their

Sponsor or upline Supervisor. Reimbursement will be issued for the net price paid by the Member for Herbalife materials and Herbalife products returned which comply with these two requirements.

To initiate the return of the items specified above, please follow the directions provided to complete the form entitled Inventory Repurchase Request Form which is provided in the "Sample Forms" section of this book, available online for download from [MyHerbalife.com](http://MyHerbalife.com), or you may contact Distributor Relations at 866-866-4744 for assistance.

For Members who wish to resign after 90 days, please refer to Rule 10-D "Inventory Repurchase."

For transactions occurring in Wyoming and Puerto Rico, the refund period may exceed 90 days.

### **Rule 10-C Liability for Unpaid Debts**

A Member who resigns will remain liable for unpaid debts owed to Herbalife or for liabilities for violations of the Herbalife Rules of Conduct or other rules and regulations that govern the business practices of Members.

### **Rule 10-D Inventory Repurchase**

A Member leaving the business may return unused products or sales materials which are unopened and in resalable condition, for repurchase if the products were purchased within the last 12 months and the resigning Member provides proof of purchase. Reimbursement to the Member will be issued for the Member's net cost for the returned product. The cost of shipping and handling paid on the original order will not be reimbursed. Herbalife will arrange pick up and will pay shipping charges for the return of the product to Herbalife.

Herbalife will deduct the amount of Royalty Overrides, Commissions, Production Bonuses and any other earnings or benefits paid on the returned products from the appropriate Members, and adjust qualifications as necessary.

Members residing in Wyoming and Puerto Rico may exceed the 12-month repurchase period provided all the above criteria have been met.

For Members who wish to resign within 90 days after the acceptance of their Application for Membership in Herbalife's records, please refer to Rule 10-B "Resigning Within 90 Days."

## **Section 11 Sponsoring and Leadership**

### **Rule 11-A Training**

One of the Sponsor's roles is to stay informed of Herbalife's Policies so they can properly advise and train their downline on a regular basis about the Herbalife products and their usage, Herbalife's rules and regulations, the Sales & Marketing Plan, and the proper use of advertising, including the use of literature and sales aids.

A Sponsor may seek assistance from their upline Supervisor or TAB Team, but the primary responsibility for training is their own.

No Sponsor may require payment from a personally sponsored Member for training or training facilities, unless they fully explain that the Member may choose whether or not they want to participate in such training and state in advance the cost for such training. If the Member declines to participate in such paid training, the Sponsor is obligated to provide the basic training necessary to learning the business.

### **Rule 11-B Independent Relationship**

A Sponsor must maintain and uphold the independent relationship between themselves and their downline. They may assist their downline, as is appropriate for a Sponsor, by training and educating them on the Herbalife products and business opportunity. They may not participate in or interfere with the business of their downline, and may not suggest or develop an employee/employer relationship between themselves and their downline.

### **Rule 11-C Support Company-Sponsored Events**

A Sponsor shall keep informed of Company-sponsored events and when appropriate, encourage their personally sponsored downline to attend Herbalife-sponsored meetings and trainings, and to participate and support all Company-sponsored events.

### **Rule 11-D Maintain Permanent Address**

A Member must maintain a permanent home or business address, and provide this to both Herbalife and their organization so they may maintain contact with them.

### **Rule 11-E Ensure Proper Preparation of Herbalife Documents**

A Sponsor must ensure the proper preparation of Applications for Memberships and Supervisor Qualification Forms, and require each Sponsor to send the appropriate copy to Herbalife immediately.

### **Rule 11-F Ensure Understanding and Compliance With Customer Refund Policy**

A Member must ensure that the Herbalife customer refund policy is thoroughly and properly understood and applied, and intervene in any disputes between customers and Members to assure that they are aware of and understand the policy.

## **Section 12 Protecting and Maintaining Lines of Sponsorship**

### **Rule 12-A Changes in Sponsorship**

The Member/Sponsor relationship is the foundation of the Herbalife Sales & Marketing Plan and, as such, the principles and rules of the Company protect the rights of the Sponsor. Changes of sponsorship are believed to be detrimental to the

integrity of the business and, as such, are discouraged and rarely permitted, and then only under certain conditions and at the sole and absolute discretion of Herbalife.

### **Rule 12-B Inducement to Change Sponsors**

In order to protect the Sponsor, no Member may interfere with the relationship between another Member and their Sponsor in any way. A Member may not offer, entice, encourage, solicit, or otherwise influence or attempt to persuade another Member to change their Sponsor or line of sponsorship, either directly or indirectly.

### **Rule 12-C Applying for Change of Sponsorship**

A Member who wishes to pursue changing Sponsors must obtain a written, notarized release from their Sponsor and all upline Members, up to and including their active President's Team member earning 7% Production Bonus.

If both current and proposed Sponsors share the same upline Sponsor and each are at equal status and earning levels under the Sales & Marketing Plan, the Member requesting the change need only obtain a notarized letter of release from the current Sponsor along with a notarized letter of consent from the proposed Sponsor.

These notarized releases must be submitted to Herbalife's Distributor Relations Department detailing the reasons for this request and forfeiting all rights to the existing Membership if the request is approved. Only after all this documentation is submitted will Herbalife review the request.

Fulfillment of any part of this requirement does not in any way imply or guarantee approval of the request.

The determination of this request will only be made by Herbalife World Operations Home Office in Los Angeles, California. Herbalife has sole and absolute discretion to approve or deny such a request, without providing justification for acceptance or rejection.

If Herbalife approves the change, the requesting Member will be allowed to keep their downline upon meeting the following conditions: The requesting Member must obtain permission from his upline in order to keep his downline. The requestor's first-level downline will also have to sign off on staying with their current Sponsor. If the upline agrees to allowing the downline to move, this will consist of that downline's entire organization.

If the request for a change of sponsorship is denied and the Member is determined to change their Sponsor, the only remaining alternative is to resign their Membership, forfeiting current and future rights to their downline organization, and both the Member and their spouse, or other individual assisting in a Membership, must remain completely inactive as a Member for one year after the effective date of resignation

before re-applying as a Member. (Refer to Rules 7-D "Period of Inactivity" and 10-A "Conditions of Resignation" in this section for complete rules for resignation from and rejoining the Company.) Herbalife has sole and absolute discretion in determining if the former Member and their spouse, or other individual assisting in a Membership, have met the conditions of inactivity when either of them reapply as a Member. Herbalife does not guarantee that a Member who resigns will be accepted again as a Member.

### **Rule 12-D Penalty for Violation of the Change of Sponsorship Rule**

Herbalife has sole and absolute discretion to rescind the acceptance of an Application for Membership from a former Member at any time in the future if evidence is provided that shows the former Member, their spouse or other individual assisting in a Membership was not completely inactive the full one-year waiting period after resignation or non-payment of the Annual Membership Services Fee; failed to advise Herbalife of a prior Membership or did not otherwise meet the terms and conditions of the resignation or relinquishment as set forth in these Rules of Conduct. If Herbalife determines it is necessary to reverse an acceptance of a former Member due to a violation of the rules for protecting the lines of sponsorship, then Herbalife has sole and absolute discretion to assess whatever penalties are deemed necessary and appropriate. These include, but are not limited to, the transfer of all sponsored Members in the new Membership to the original Sponsor's organization, financial penalties, suspension and possible termination of the Member in violation of these rules.

## **Section 13 Assignment, Sale or Transfer of Membership**

### **Rule 13-A Not Permitted Without Prior Written Consent From Herbalife**

The Herbalife business and the benefits, rights and obligations therein are personal to the achievements of the individual Member. The sale, assignment or transfer of any right or interest in a Membership is not permitted without prior written consent by Herbalife's World Home Office in Los Angeles, California. Such requests should be forwarded to Herbalife's Distributor Relations Department.

### **Rule 13-B May Only Be Assigned or Transferred to a Non-Herbalife Member**

A Membership can only be assigned or transferred to an individual who is not an Herbalife Member. If the individual wishing to assume responsibility for the Membership was formerly an Herbalife Member, or participated in another Herbalife Membership, then they must meet all requirements of a former Member to rejoin the Company.

### **Rule 13-C Retention of Status and Benefits**

The achievements of a Member are personal to the individual, and as such, if an assignment or transfer should be authorized, the status and benefits achieved by the Member are not necessarily transferred with the Membership. The individual assuming responsibility may be required to achieve all qualifications for status and earning requirements after the assignment or transfer is made. This includes, but is not limited to, Supervisor status, TAB Team status, vacation qualifications or any other rights of the individual Member.

### **Rule 13-D Rule for Rejoining the Company**

If the Member transferring or assigning the Membership wishes to become a Member again, they must maintain one year of inactivity as defined by Herbalife in Rule 7-D "Period of Inactivity" after the assignment or transfer is completed before reapplying for or participating in another Herbalife Membership. Herbalife reserves the right to reject this reapplication, without having to provide justification for such rejection.

### **Section 14 Divorce or Separation**

Herbalife requires Members to build a business that is separate from the original Membership when they have separated or divorced from their spouse (or when in the process of separation or divorce), so that the downline, volume, and earnings established after the separation or divorce will be properly credited to the new, separate individual Membership (hereinafter referred to as "individual Membership"). This is especially important because Herbalife cannot dismantle the original Membership by transferring its downline to either party. Therefore, supporting the original downline organization is a shared responsibility.

Whenever a Member is in the process of a separation, divorce, or dissolution of a marriage (hereinafter referred to as "divorce"), the Member must ensure that the interests of the Membership and the Sponsor are protected.

### **Rule 14-A Establishing a New Membership**

In order to continue the Herbalife business during or after the divorce, each person must submit the following documents:

- a signed and notarized Divorce Policy form (available through Distributor Relations)
- a copy of the Petition for Dissolution, Property Settlement Agreement, or Final Judgment
- a newly completed Application for Membership in his or her own name, sponsored by the original Membership's Sponsor (application available through Distributor Relations)
- a newly completed TAB Team Production Bonus Acknowledgment Form, reflecting the ID number of the individual Membership (TAB Team level only)

### **Rule 14-B Removal of Spouse's Name/Transfer Due to Divorce**

If a Member wishes to remove the name of the spouse from the Membership due to divorce, Herbalife must receive a Remove Spouse Request Form, with notarized signature by each party. (The Remove Spouse Request Form is available for download on [MyHerbalife.com](http://MyHerbalife.com) or through Distributor Relations.)

If the spouses mutually agree to transfer the Membership, each person must sign, notarize, and submit the Divorce Policy Transfer Request Form, which is included in the Divorce Policy.

If the transfer or name removal is due to court order, Herbalife must receive a copy of the final judgment, specifying this change.

If the Membership to be transferred is associated with another Membership as a result of a previous divorce, the transferred Membership will no longer be associated with that Membership.

### **Rule 14-C Joining Under a Different Sponsor/ Participating in Another Membership**

During the divorce, neither parties may develop nor assist in developing (either alone, with, or on behalf of someone else) any other Herbalife Membership except under their original Sponsor.

It is not permitted for either spouse to sign an Application for Membership under a different Sponsor unless a one-year period of inactivity, as defined by Rule 7-D "Period of Inactivity," has been maintained following the final judgment, and Member is in compliance with all other rules and regulations.

### **Rule 14-D Rights to Continue a Membership Under the Same Sponsor**

Members who have divorced (or married Members who have separated) must conduct an Herbalife business that is separate from their spouse, under their original Sponsor, with the approval, and at the sole and absolute discretion, of Herbalife.

Upon receipt of the documentation described in Rule 14-A "Establishing a New Membership," Herbalife will deactivate the buying privileges of the original Membership, and each party must continue the business by sponsoring and placing orders using their individual ID number. The individual Memberships will each receive the current status of the original Membership – Supervisor, World Team, or TAB Team (TAB Team will be required to submit a new TAB Team Production Bonus Acknowledgment Form).

Each person may only sponsor Members and place orders under their individual ID number, and must ensure that the

downline organization of the original Membership receives sufficient support as detailed in Section 11 "Sponsoring and Leadership."

Changes to the original ID number will not be allowed through the Internet.

### Rule 14-E Requirements to Earn, Recognition, and Events

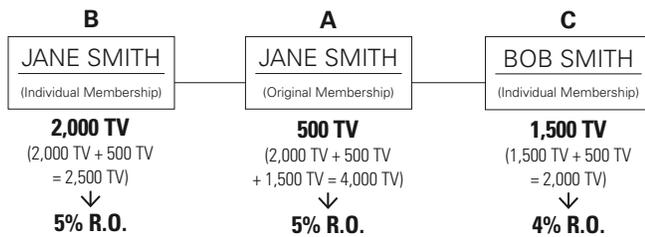
**Total Volume:** Each individual Membership will be allocated Volume Points from their individual Membership plus Volume Points of the Original Membership. This will determine the eligibility to receive Royalty earnings, qualifications, requalifications and/or Production Bonus.

For the purpose of Royalty Overrides percentage eligibility, the original Membership will combine volume with each of the individual Memberships, plus its own Volume. Production Bonus eligibility for the original Membership will be determined based on the achievement of the highest individual Membership (see example following).

#### Volume Points

**Volume for B and C will be as follows:**

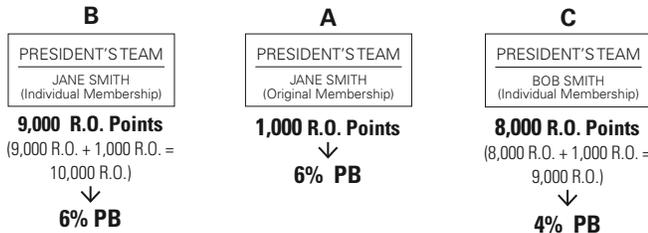
#### B + A and C + A



#### Royalty Points

**The Royalty Override Points for Production Bonus purposes are combined as follows:**

#### B + A and C + A



The individual Memberships must comply with the 10 Retail Customers Rule and the 70% Rule and any other requirements to earn Royalty Overrides. Each individual Membership is required to achieve the necessary volume to meet the Matching Volume requirements for their own downline who are qualifying for Supervisor status. The buying privileges of the original Membership will be temporarily granted to accommodate any Matching Volume requirements for its downline qualifiers.

**Recognition:** Each Member will be recognized for their own accomplishments under the Sales & Marketing Plan. The original Membership will not receive recognition.

If the original and an individual Membership reach the level of President's Team, only one diamond will be awarded to the upline President's Team, which remains consistent with the diamond allocation for Memberships that are not part of a divorce. If the individual Membership qualifies for a diamond, only that Membership will advance within the diamond status(es).

**Events:** Rules related to event attendance are specific to each event and may vary. Please refer to event materials for information about accommodations, tickets, transportation, etc.

### Rule 14-F Annual Membership Services Fee and Requalification of Status

Each Member is responsible for the payment of the Annual Membership Services Fee for their individual Membership. The original Membership is exempt from payment of the Annual Membership Services Fee.

Each Member is individually responsible for meeting the annual Supervisor re-qualification volume requirements, the original Membership will requalify as long as one of the individual Memberships requalifies; however, they may each use the Royalty Points of the original Membership in combination with their own, to meet TAB Team re-qualification requirements.

### Rule 14-G Requests to Modify Earnings Distribution of the Original Membership and Other Changes

Herbalife will only accept written, notarized requests to make changes to the original Membership, and all requests must be mutual.

Herbalife will continue to pay the earnings of the original Membership in the manner established prior to the separation/divorce. Earnings divisions can only be accommodated upon court order or upon receipt of a written and notarized letter of request from each Member. Each Member must also submit a notarized Request to Pay form in addition to the court order or letter of request. The request must include specific directions about the distribution percentage and the tax liability of each person in regard to these earnings.

Once Herbalife approves the earnings division, future changes to payment direction must be contained in an order from the court or in a notarized, joint letter of request.

The earnings statements for the original Membership will be mailed to the address of record, unless each party submits a written and notarized letter of instruction.

### Rule 14-H Authority of a Legal Decision

This associated Application as defined in Rule 14-D “Rights to Continue a Membership Under the Same Sponsor” or 14-C “Joining Under a Different Sponsor/Participating in Another Membership,” and any other Herbalife rule or regulation, in no way supersedes the dictates of any court of law as to the disposition of the Membership and/or the rights, benefits or obligations of either party to the Membership.

### Rule 14-I Impact of Policy Violations

If Herbalife determines that a Member’s conduct violates any Rule, Herbalife shall have sole and absolute discretion to determine the disposition of each associated Membership, including but not limited to decisions whether to terminate, impose penalties or sanctions, or place conditions on any of the Memberships.

### Rule 14-J Transfers

If the Membership is awarded to a spouse or if a Member relinquishes their entire interest in the original Membership and decides to establish a new Membership, the following will apply:

- The Sponsor of the original Membership must sponsor the new Membership, OR the Member must maintain a one-year period of inactivity from the date of the Final Divorce Decree or Judgment before signing under a new sponsor. (Please refer to Rule 7-D “Period of Inactivity.”) Failure to abide by Rule 7-D is considered a violation of the Sales & Marketing Plan and will result in termination of the Membership in question.
- The new Membership will be wholly independent from the original.
- If Herbalife receives the new Application for Membership within one year of the transfer, the status of the new Membership will be equal to the status of the original at the time of the transfer. Otherwise, it will be at Member status, with 25% discount buying privileges.
- Advancement within the Sales & Marketing Plan, royalty earnings, and/or other bonuses are based on the volume achievements of the new Membership only.
- The transfer will be retroactive to the first day of the month during which it is approved.

### Rule 14-K Re-Marriage/Multiple Divorces

Herbalife will only accept and associate one set of divorced Memberships. The first time Herbalife is notified about a divorce, the result will be the establishment of two new Memberships that will be associated to the original Membership as described in Rule 14-D “Rights to Continue a Membership Under the Same Sponsor.” In the event that one Member remarries, their spouse can be added to their individual Membership.

The policy for multiple divorces is best understood by the following example:



If Bob remarries, the three Memberships are still associated and the new marriage does not affect the divorce setup. The situation becomes this:



## Section 15 Disposition of a Membership

### Rule 15-A Inheritance

Upon the death of a Member, the deceased’s Membership may be transferred to an heir, subject to applicable laws and Herbalife’s rules, and with Herbalife’s approval and acceptance in its sole discretion.

The Rules of inheritance allow an active Member to own and operate a maximum of three Memberships – their own, plus up to two others acquired by inheritance from a \*qualified family Member. An inherited Membership may be transferred to the heir directly, or in the case of a Membership that is President’s Team status, to a Corporation owned by the heir.

Through this process, the Period of Inactivity (as specified in Rule 7-D) shall be waived, provided the following additional conditions apply:

1. The lineage relationship between the heir’s existing Membership and the inherited Membership(s) must be vertical (in the same line).
2. The inherited Membership must be at TAB Team level.
3. The heir must provide documentation, including indemnities and assurances satisfactory to Herbalife in its sole discretion regarding their legal ability to instruct Herbalife as to the disposition of the deceased’s Membership.

Inherited Memberships will be considered as separate entities, each subject to fulfilling the business activities, sales Volume and compensation terms as set forth in Herbalife’s Sales & Marketing Plan, with the exception of Lifetime Volume achievements, which allow for the combination of the heir’s own total volume with the inherited Membership’s total volume. The heir will be responsible for payment of fees, fines (if/when applicable), and subscriptions for each Membership maintained, including the Annual Membership Services Fee, and BizWorks (as applicable).

\*A qualified family member is defined as a spouse, parent, child, brother, sister, grandparent, grandchild, mother-in-law, father-in-law, stepparents, stepchildren, stepbrother, stepsister, cousin, aunt, uncle, niece, and nephew.

The heir must abide by all Rules of Conduct and Sales & Marketing Plan, not only for their personal Membership, but also for any Membership inherited.

For transfer consideration or to request the cancellation of a deceased's Membership, please contact your local Distributor Relations team in order to receive instructions and paperwork about initiating either process.

The final disposition of the Membership will be subject to approval by the Legal Department of Herbalife's Worldwide Corporate Headquarters in Los Angeles, California.

## **Section 16 Purchasing and Sale of Products**

### **Rule 16-A Proper Purchasing**

Non-Supervisor Members may purchase Herbalife products directly from Herbalife, their Sponsor or their first upline Supervisor (only if their Sponsor is not a Fully Qualified Supervisor).

Products purchased directly from Herbalife by non-Supervisor Members (at discount of less than 50%) are credited to the first upline Fully Qualified Supervisor's Personal Volume.

The Sponsor or upline Supervisor must deliver products purchased from them by their customers and downline within a reasonable amount of time.

### **Rule 16-B Orders Purchased at 50% Discount**

All product purchases eligible for a 50% discount (Supervisor orders) must be purchased directly from Herbalife and may not be purchased from an Upline Supervisor or other Member.

### **Rule 16-C Buying and Selling Products Outside Proper Line of Sponsorship**

A Member is prohibited from buying products from any Member other than as authorized in Rules 16-A "Proper Purchasing" and 16-B "Orders Purchased at 50% Discount." Likewise, a Member is prohibited from selling to any Member other than their downline personal organization, in keeping with Rules 16-A and 16-B. (Refer to Business Methods, Rule 1-L "Restrictions on Solicitations and Sales of Business Methods to Herbalife Members" in the "Supplemental Rules" section.)

### **Rule 16-D Orders Must Be Paid by Purchaser**

Payment for all orders purchased from Herbalife must be made by the Member designated as Purchaser on the order, their spouse or the first upline Supervisor if the Purchaser is a non-Supervisor, unless specific written approval is given to Herbalife for payment to be made by another individual. If written approval is given, it is for a specific order only and all subsequent orders will have above rules applied.

Members may not provide payment for product orders in another Member's name, unless a Supervisor is ordering for a non-Supervisor, which is considered the Supervisor's own Personal Volume.

Attempts to purchase products in another Member's name could be interpreted as attempts to improperly advance in the Sales & Marketing Plan.

## **Rule 16-E Unacceptable Forms of Payment**

Members are responsible for ensuring that all methods of payment for Herbalife orders comply with the law.

No Member may submit a check to Herbalife where there are insufficient funds to cover the check. If a check is returned for insufficient funds, Herbalife shall have the right to impose a surcharge in an amount it determines in its sole and absolute discretion.

Members must receive and maintain written authorization from credit card holders before using that credit card, and will be held financially liable for all payments that are rejected for any reason by the issuing bank or credit card holder. The written authorization must be provided to the company upon request for verification.

Herbalife reserves the right to restrict the buying privileges of any Membership for infractions of this rule, and will make the necessary volume and earning adjustments to settle disputed charges. (see Rule 18-F Debts Owed to Herbalife).

## **Section 17 Customer Retail Receipts and the Customer Refund Policy**

### **Rule 17-A Providing Retail Receipts to Customers**

A Member must provide an official completed Herbalife Retail Order Form to all retail customers when the sale is completed. This must list the products sold, the sales price, and the name, address and telephone number of the Member and the customer. Members are required to maintain their copy of all Retail Order Forms on file for a period of two (2) years. Herbalife maintains the right to request copies of these and to verify the transactions and the terms and conditions of the sale, and the service provided by the Member.

### **Rule 17-B Customer Refund Policy**

Herbalife products have a 30-day money-back guarantee for the retail customer. The 30 days commence on the date the customer receives the product. When a customer requests the guarantee be honored, the Member must respond quickly and courteously. They may offer the customer a choice of a full refund of the purchase price or full credit for exchange of other Herbalife products, in accordance with the return procedures set forth in this book. The Member must honor the customer's choice. (Refer to the procedures on page 28 of the "Sales & Marketing Plan" section of this book.)

## Section 18 Payments and Adjustments

To qualify for monthly Royalty Overrides, Production Bonuses or other bonuses offered by the Company, Members must meet sales production and Royalty Point requirements that are fully defined in the "Sales & Marketing Plan" section of this book, or in other literature and promotional material. Additionally, in order to earn these payments, Members must meet certain requirements for retail customers and product distribution, and confirm those on the 1st of each month on the Earnings Certification Form. The additional requirements are defined below.

### Rule 18-A Product Distribution

Herbalife is a wholesale/retail distribution Company. Products purchased from the Company are intended to be sold and distributed to retail customers and downline, or used for Members' and their immediate families' own personal consumption. The purchase of products primarily as an attempt to qualify for advancement in the Sales & Marketing Plan is not permitted.

Any such attempts will result in severe sanctions, including, but not limited to, demotion in team status, probation, suspension of buying privileges, suspension of earnings, disqualification from bonus participation, and deletion or termination of the Membership.

### Rule 18-B The 10 Retail Customers Rule

A Member must personally make sales to at least ten (10) separate retail customers in a given Volume Month to qualify for and receive Royalty Overrides, Production Bonuses, and other bonuses paid by Herbalife. For the purpose of fulfilling the certification requirements of this Rule, a Member may count any or all of the following each Volume Month.

- A sale to a retail customer;
- A sale to a first downline with up to 200 Personally Purchased Volume Points (and no downline) may be counted as a sale to one (1) retail customer; and
- \*A Nutrition Club attendee who consumed products during ten (10) visits to a Nutrition Club within one Volume Month may be counted by the Nutrition Club operator as a sale to one (1) retail customer.

If the Member fails to timely certify to Herbalife that they have sold to at least ten (10) retail customers in a given Volume

Month, Royalty Overrides, Production Bonuses, and other bonuses will not be paid to the Distributor.

### Rule 18-C The 70% Rule

In order to qualify for and receive Royalty Overrides, Production Bonuses, and other bonuses paid by Herbalife, at least 70% of the total value of Herbalife products a Member purchases

each Volume Month must be sold or consumed that month. For the purpose of fulfilling the certification requirements of this Rule, a Member may count any or all of the following:

- Sales to retail customers;
- Sales at wholesale to downline; and
- \*Product consumed at Nutrition Clubs.

If the Member fails to timely certify to Herbalife that they have sold or consumed 70% of the product purchases made that Volume Month, Royalty Overrides, Production Bonuses, and other bonuses will not be paid to the Member.

### Rule 18-D Commission Payments for Downline

On orders purchased directly from Herbalife, the Wholesale Profit or Commissions earned by downline will be paid to the Qualified Producer (when one is within the line of payout) or the Supervisor. The Qualified Producer and Supervisor are required to pay these Commissions out to their downline by the end of the month the Commission payment is received.

### Rule 18-E Maintenance of Records

Members must maintain records of all their product distribution for a minimum of two (2) years. The records must contain the name, address and telephone number of the customer or Member to whom products were sold, complete information on products bought, and amount and method of payment. These records must be provided to Herbalife immediately upon request. Herbalife maintains the right to contact retail customers and downline to confirm these transactions and the level of service provided by the Member.

### Rule 18-F Debts Owed to Herbalife

If a Member owes Herbalife a debt, including, but not limited to, any amount owing to Herbalife for products ordered, adjustments to earnings for inventory repurchases by downline or other earning adjustments, penalties assessed due to violations of the Rules of Conduct or other regulations of the Company, return of check or other form of payment for insufficient funds or past due Annual Membership Services Fees, Herbalife reserves the right to deduct the amount owed from any sum payable to the Member, or to withhold payment of monies owed until such time as all amounts owing by the Member to Herbalife have been paid in full and/or may decide not to recognize any qualification until the amount due Herbalife has been paid or settled.

\*If a Member utilizes Nutrition Club sampling activity toward compliance, the Member shall maintain a log of attendee visits for at least two years, setting forth the name of the attendee, dates of visits, and contact information, and shall make those records available for verification purposes if requested by the Company.

### **Rule 18-G TAB Team Production Bonus**

This bonus is paid to TAB Team who complete all the qualification requirements and who demonstrate leadership both within their organization and to all other Members. Any TAB Team who is in violation of any of the Rules of Conduct, or other rules and regulations of the Company may forfeit the right to participate in this bonus program. Herbalife, in its sole and absolute discretion, may determine a Member's eligibility to participate in this bonus.

### **Section 19 Activities and Locations**

The fundamental business of an Herbalife Member is the selling of Herbalife products to consumers through direct selling, meaning sales occurring away from a "Retail Location", whether by long distance or face-to-face, in a transaction in which there is a direct and personal interaction between the Member and the customer.

### **Rule 19-A Retail Establishments**

No Member shall (directly or indirectly, through any person, means or device) display or sell Herbalife products, product-related literature, or promotional items in any retail establishments, including but not limited to stores, open or enclosed markets, pharmacies, grocery, health food or military stores, temporary kiosks, booths in malls, outlets, or any other location which Herbalife determines, in its sole and absolute discretion, is inconsistent with direct selling. (Refer to the "Direct Sales Do's and Don'ts" table at the end of this section.)

### **Rule 19-B Private Offices**

A Member with a private office may sell, sample, and display Herbalife products, product-related literature, or promotional items from such an office, provided that products are not advertised for sale, and no products, signs, posters, flyers or brochures are visible from the street or sidewalk. Exterior signage to identify an office is permissible subject to the following restrictions:

- Must not invite passers-by to purchase product, and may not indicate to a passers-by that Herbalife products are available inside.
- Must ensure the location is not perceived as a store, restaurant, franchise or other "Retail Location" (Refer to the "Direct Sales Do's and Don'ts" table at the end of this section.)

### **Rule 19-C Doctor's or Other Professional Offices**

Doctors, health care or other professionals who are also Members may sell Herbalife products from their offices provided that products are not advertised for sale, and there are no products on display. It is permissible to have Herbalife-produced brochures or literature on a countertop

or table, provided they are not presented in a display fashion. (Refer to the "Direct Sales Do's and Don'ts" table at the end of this section.)

### **Rule 19-D Service Establishments**

Members may not advertise that Herbalife products are available at service establishments which include but are not limited to beauty salons, barbershops, gyms and health clubs. Product, product-related literature, promotional items, or signs may not be on display in any service establishment, nor may any signs be visible from the exterior of the location that indicate to a passer-by that Herbalife products are available inside. Subject to these restrictions, sales and sampling of Herbalife products are allowed.

Herbalife has sole and absolute discretion as to the determination and application of this policy. (Refer to the "Direct Sales Do's and Don'ts" table at the end of this section.)

### **Rule 19-E Trade Fairs, Athletic and Community Events**

Herbalife products may not be available for sale at trade fairs, or athletic and other community events. However, sampling and display of Herbalife products are permissible. Artwork for branded banners, table skirts, flags and tents/canopies which are approved for use in association with sampling may be downloaded from the Assets Library at [MyHerbalife.com](http://MyHerbalife.com). (Refer to the "Direct Sales Do's and Don'ts" table at the end of this section.)

### **Rule 19-F Swap Meets, Flea Markets, Open-Air Markets, Street/Vendor Carts**

Members may not sell, sample, or display Herbalife products at swap meets, flea markets, open-air markets, street/vendor carts, or similar locations/events, or other locations that Herbalife determines, in its sole and absolute discretion, are inconsistent with "direct selling" or are not conducive to the brand image of Herbalife. (Refer to the "Direct Sales Do's and Don'ts" table at the end of this section.)

Direct Sales Do's and Don'ts						
Locations	Display	Sales	Promotion or Advertising of Product Sales	Exterior Signs	Sampling	Branded Materials
Retail Locations	No	No	No	No	Yes	Yes
*Temporary Kiosks, Booths in Malls and Outlets	No	No	No	No	Yes	Yes
Swap Meets, Flea Markets, Open-Air Markets, Street/ Vendor Carts	No	No	No	No	No	No
Private Offices	Yes <sup>1</sup>	Yes	No	Yes <sup>2</sup>	Yes	Yes
Doctor's or Other Professional Offices	No	Yes	No	No	Yes	Yes
Nutrition Clubs (Non-Residential Locations)	Yes <sup>1</sup>	Yes	No	Yes <sup>2</sup>	Yes	Yes
Nutrition Clubs (Home Locations)	Yes <sup>1</sup>	Yes	No	No	Yes	Yes
Service Establishments	No	Yes	No	No	Yes	Yes
Trade Fairs, Athletic & Community Events	Yes	No	No	Yes <sup>3</sup>	Yes	Yes

\* "Temporary" is defined as occasionally present, not permanent. Permanent locations are not permitted.

1 Not visible from the exterior.

2 Subject to limitations as to content.

3 Allowed for booth identification. Subject to limitations as to content.

## Section 20 Sponsoring and Offering the Business Opportunity

### Rule 20-A Franchises or Territories

Herbalife does not have territories nor franchises. No Member may represent, imply, or mention in any way, that there are franchises or territories available under the Herbalife Sales & Marketing Plan, when presenting or offering the business opportunity.

### Rule 20-B Offering the Business Opportunity

When offering the business opportunity or presenting the Herbalife Sales & Marketing Plan, a Member must:

- Clearly indicate that the principle activity of a Member is to sell and distribute Herbalife products to Retail Customers and may not represent or imply that this is secondary to sponsoring or building the business.
- Not imply or represent that a Member can benefit solely by the sponsoring of other Members.
- Not imply that a Member is under any obligation to sponsor others to become Members.
- Not imply that success may be achieved with little or no effort and must clearly indicate that Royalty Overrides, Production Bonuses or other earnings of an Herbalife Membership may only be achieved through the continuing sales of Herbalife products to retail customers by themselves and their sponsored Members, and after certain qualifications have been met.
- Not represent that there is any obligation to purchase products, literature or sales aids except for the Herbalife Member Pack (HMP), nor may they represent that Royalty Overrides, Production Bonuses or other benefits may be obtained solely from the purchase of products rather than the sale of products. (Refer to Rule 22-F "Home-Based Business Claims" and 22-G "Claims Regarding Relationship Between Herbalife and Herbalife Members" in the "Rules of Conduct" section of this book.)
- Not make any statements which are not accurate and truthful. (Refer to Rules 22-F "Home-Based Business Claims" and 22-G "Claims Regarding Relationship Between Herbalife and Herbalife Members" in the "Rules of Conduct" section.)

## **Section 21 Selling Practices**

### **Rule 21-A Undesirable Selling Practices**

A Member shall not engage in high-pressure selling, but shall always conduct themselves in a courteous and considerate manner. All presentations of Herbalife products must be complete and truthful, including but not limited to, instructions on the usage directions and precautions if any, as specified on the product labels and any accompanying literature.

### **Rule 21-B Product Sales to Non-Members for Resale**

No Member may sell or otherwise provide Herbalife products to persons who are not Herbalife Members and whose intention it is to resell those products.

Additionally, Members may not purchase Herbalife products with an intent to commercially provide or resell those products within the 12-month period following the relinquishment or resignation of their Membership, in a manner which they could not have done while a Member under the Rules.

### **Rule 21-C Modifications to Labels and Materials**

A Member may not delete, add, modify or alter any labels, literature, material or packaging for any Herbalife product or literature, including the official Herbalife Member Pack (HMP).

In addition, products or samples packaged for daily use may not be resold individually.

### **Rule 21-D Directions for Use**

Members shall explain the directions for use and cautions, if any, specified on product labels when selling, or providing samples of the products. Any person with a medical condition, or who is under current medical treatment, should always be urged to seek the advice of a physician before changing their diet.

### **Rule 21-E Product Storage**

Members are responsible for properly storing and following storage instructions provided on Herbalife product labels. Proper storage of products may include, but is not limited to, keeping products properly sealed, maintaining products in a cool dry place, and keeping products out of direct sunlight.

## **Section 22 Claims and Representations**

### **Claims and Representations Generally**

In addition to the specific Rules that follow, all claims, representations and testimonials, including those related to weight loss and product efficacy and financial performance (including income) must be lawful, truthful and not misleading. They must have a reasonable basis in fact and must have been substantiated in writing in advance of publication or other communication. They must also be consistent with claims

and representations made in current Herbalife marketing publications or on current Herbalife product labels. Since the law in this area is subject to change, and as an accommodation to its Members (but not as the rendering of legal advice), Herbalife may post updates of this Rule, updated disclaimers, and updated Statement of Average Gross Compensation Paid by Herbalife at [MyHerbalife.com](http://MyHerbalife.com). Members are required to visit the website regularly and review these advisories or Rule changes with care.

### **Rule 22-A Size and Placement of Disclaimers**

In addition to the Rules that follow, there are specific requirements for the size and placement of appropriate disclaimers (described below) whether they are branded or unbranded.

#### **Audio and Visual Presentations (whether live or previously recorded):**

The disclaimers must appear in reasonable proximity to the claim and remain on the screen long enough for anyone to read (in the case of visual), or hear (in the case of an oral presentation).

#### **Written Presentations:**

The disclaimer must be displayed in a color that contrasts with the color of the background (e.g., black on white), in close proximity to the income claim (in no event can the disclaimer appear on a different page or screen than the income claim itself), and in a font at least 75% as large as the size of the font used for the income claim, and in no event less than 10-point type.

### **Rule 22-B Weight-Loss Claims**

All weight-loss claims and representations, including testimonials, must be accompanied by the following disclaimer:

*An extensive questionnaire generated responses from more than 200 U.S. Herbalife Members about their weight-loss programs and results. They reported weight loss ranging from 4 pounds to 167 pounds and a reduced body mass index (BMI) of 1.5 points to 24.1 points, suggesting that consumption of Herbalife products is associated with weight loss and improvement in BMI in those ranges.*

### **Rule 22-C Structure/Function Claims**

Members may make only those structure/function claims that appear on Herbalife's label and marketing materials for the product in question. A structure/function claim is one that the product may "assist" or "support" a particular organ/bodily function (example: "calcium in this product helps build strong bones"). All structure/function claims, including testimonials, must be accompanied by the following disclaimer:

*These statements have not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure or prevent any disease.*

## Rule 22-D Product Claims

Members must not:

- Make any oral or written medical, therapeutic or curative claims about Herbalife products. If a customer is under a physician's care, Members are advised to recommend the customer consult with a physician before undertaking any changes in diet. Any person with a medical condition or who is under current medical treatment, should always be urged to seek the advice of a physician before changing their diet.
- Make any claims about the Herbalife products, either orally or in print, other than those presented in the Career Book, Product Brochure or other official Herbalife literature.
- Misrepresent, in any way, the price, quality, performance or availability of Herbalife products.
- Use the name of the Food and Drug Administration (FDA) when representing the Herbalife products.

## Rule 22-E Earnings Claims and Testimonials and Compliance With the Law

Members are responsible for understanding and following the laws relating to earnings claims and testimonials in each jurisdiction in which they intend to conduct business.

**Branded Materials:** All income claims and representations, including but not limited to testimonials and claims made in advertising copy or other materials that mention Herbalife shall include a disclaimer accompanying the claim. "Lifestyle Claims" (such as those involving cars, pools, vacations, etc.) and personal testimonials about earnings or lifestyle are "income claims" and subject to this Rule. All income claims that mention Herbalife require the following disclaimer:

*Income applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation Paid by Herbalife at [Herbalife.com](http://Herbalife.com) and [MyHerbalife.com](http://MyHerbalife.com).*

Alternate Disclaimer: When describing the results achieved by the top 1% of Herbalife Members, the following disclaimer is also acceptable:

*The incomes presented are those of persons within the top 1% of Herbalife Members. For additional financial performance data, see the Statement of Average Gross Compensation Paid by Herbalife at [Herbalife.com](http://Herbalife.com) and [MyHerbalife.com](http://MyHerbalife.com).*

**Unbranded Materials:** If an "income claim" is made in advertising copy or other materials that do not mention Herbalife, a disclaimer must accompany the claim. "Lifestyle" claims (such as those involving cars, pools, vacations, etc.) and personal testimonials about earnings or lifestyle are income claims and subject to this Rule. All income claims that do not mention Herbalife require the following disclaimer:

*Income applicable to the individuals (or examples) depicted and not average.*

Under the following limited circumstances, alternate disclaimers are acceptable on unbranded materials as follows:

1. When describing the results achieved by the top 1% of Herbalife Members:

*The incomes presented are those of persons within the top 1% of all participants, and not average.*

2. When advertising on business cards, opportunity cards, classified ads, or any other format which is less than 6 square inches:

*Incomes presented not typical.*

## Rule 22-F Home-Based Business Claims

When promoting the Herbalife income opportunity, Members may not misrepresent the extent to which the activities of a Member can be conducted solely in the home.

## Rule 22-G Claims Regarding Relationship Between Herbalife and Herbalife Members

The Herbalife income opportunity is a potential career for Members, but under no circumstances is it a job, as that term is commonly understood. Members are, at all times, self-employed independent contractors, and may not claim, represent or imply that they are employed by, speak for, or provide any kind of consulting services to Herbalife, or that the Herbalife business is a job. For example, Members may not use the terms "job," "salary," "employment," or "paid vacations" (or any similar terms) in promoting the income opportunity, nor may Members market the income opportunity using tools primarily or wholly devoted to advertising job opportunities including, but not limited to "Help Wanted" ads, employment bulletin boards, and Internet job search engines, unless the advertisements clearly and conspicuously indicate that what is being offered is an independent income opportunity, and not a job or employment.

## Section 23 Use of Copyrights, Trademarks, Trade Names and Logos

### Rule 23-A Copyright Infringement

No Member or any other person may reproduce, in whole or in part, any printed material or audio or visual recordings that have been produced by Herbalife unless given written authorization to do so by Herbalife. These materials are protected by copyright, whether registered or unregistered, and are considered proprietary to Herbalife.

### Rule 23-B Consent for Reproduction

Members wishing to use full and exact reproductions of articles or materials contained in official Herbalife material such as the Career Book, the Product Brochure, Herbalife *Today* magazine,

audio/visual recordings or other literature, to be incorporated into presentations to their own organization or for informational purposes, may do so only if they have received prior written approval from Herbalife and if such reproduction is followed by this statement:

*Reproduced with the permission of Herbalife International. All rights to the Herbalife name and logo and any trademarks or trade names of Herbalife, are the property of Herbalife International and its subsidiaries or associated companies.*

### **Rule 23-C Trademarks, Trade Names and Logos**

A trademark or logo is a proprietary name or symbol which Herbalife has the exclusive legal right to use. For example, the symbol and the word “Herbalife” are Herbalife trademarks. A trademark also includes the name used for an Herbalife product, such as Cell-U-Loss®, Herbalifeline®, etc.

A trade name is a business name which Herbalife has the exclusive right to use. Company names such as Herbalife International of America, Inc. or Herbalife of Canada, Ltd. are our legal trade names.

Subject to the following conditions, it is permissible for Members to use those trademarks, trade names and logos which Herbalife makes available for downloading from the Assets Library at [MyHerbalife.com](http://MyHerbalife.com). However, Herbalife, or any of its subsidiaries, reserves the right to withdraw its consent at any time at its sole and absolute discretion.

- Herbalife’s logos/assets may not be obtained from any source other than Herbalife.
- Use of logos, including the Tri-Leaf logos, must always be accompanied by identifying yourself as an Herbalife Member or an Herbalife Independent Distributor, and removal of this wording is strictly prohibited. Failure to do so can cause confusion in the marketplace.
- Members may not alter the logos in any way, except to resize as necessary to fit the specific tools and materials you create. Removal of the “Herbalife Member” or “Independent Distributor” wording (in conjunction with the logo) is absolutely prohibited.
- Logos may only be used in a manner that is in compliance with the law and Herbalife’s rules and regulations (including the Rules of Conduct, the Supplemental Rules of Conduct, and the Nutrition Club Rules) all of which can be accessed on [MyHerbalife.com](http://MyHerbalife.com).
- In relation to electronic media, a Member may not purchase Herbalife related keywords from search providers (e.g., Google) so that any site operated by a Member would appear in the paid search boxes displayed along with search results, which is prohibited. These terms would include but are not limited to any terms that include the word Herbalife or the name of any Herbalife product or service offering.

### **Rule 23-D Use of Herbalife Name in TV, Radio, Magazines or Newspapers**

The word “Herbalife” or the specific mention of any Herbalife products or pictures of products may not be used in any media advertisements, whether in print, audio or visual recordings, including, but not limited to, newspapers, magazines, radio and television, other than as indicated in the advertising regulations.

### **Rule 23-E Toll-Free Telephone Numbers**

Members may have a toll-free telephone number; however, it is not permissible to use any Herbalife trademarks, trade names, product names, or slogans such as: Herbalife®, Herbalife International, Herbalifeline® and Cell-U-Loss® in conjunction with the toll-free number. Members may only identify or list themselves as Herbalife Member or Herbalife Independent Distributor.

### **Rule 23-F For Use Only With Herbalife Business**

Members may use Herbalife-produced literature or promotional material solely for the purpose of conducting their Herbalife business.

### **Rule 23-G Mark Hughes**

The name or image of Mark Hughes (founder of Herbalife) may not be used in any form of advertisement.

### **Rule 23-H Addresses**

The Herbalife International World Operations Home Office address, or the addresses of any Herbalife companies or offices, may not be used, published, or promoted by any Member, as their own.

## **Section 24 Advertising and Promotion**

Herbalife endeavors to produce and make available effective promotional literature and sales tools for Members’ use in advertising or promoting their business.

### **Rule 24-A Approved Advertisements and Promotional Materials**

Members may produce their own promotional materials provided they are truthful and accurate in content; make no therapeutic, disease or medical claims; do not imply an employment opportunity; and otherwise follow all Rules of Conduct that apply to Advertising.

### **Rule 24-B Local Laws**

In addition to Herbalife’s policies, Members must comply with any and all local, state and federal ordinances, laws or other regulations when advertising or promoting Herbalife products or the business opportunity. It is the responsibility of the Member to determine what these may be and how they apply to their business.

## Rule 24-C Price Advertising

Herbalife Members are independent businesspersons and may sell Herbalife products, Herbalife-produced literature, and promotional items at any price they choose. It is prohibited, however, to advertise prices or pricing information such as “special offer,” “\_\_\_\_% off,” “free shipping” or “special discounts” to the GENERAL public (i.e., persons who have not had prior personal contact, related to Herbalife products or opportunity, with the Member placing the advertisement). Members may advertise prices and pricing information to existing customers, downline, and potential new customers who have made direct, personal contact and indicated an interest in purchasing, subject to Herbalife’s other Rules.

The terms cited above are also prohibited from being used with site tagging strategies. If a word or term could not appear on the site because it would violate the Price Advertising rule, then that word or term cannot be used as part of the site tagging strategy to promote the site in search results when used as part of a search.

The price advertising restriction applies to branded and unbranded advertising and to all forms of media, including, but not limited to, television, radio, telephone, Internet, newspapers, magazines, flyers, leaflets, handbills, pull-tabs and all forms of signage.

Materials of any kind, whether produced by Herbalife or by a Member, that indicate Herbalife’s suggested retail prices may not be provided or shown to persons who have not had prior personal contact with the Member in connection with the Herbalife product or opportunity. In addition, Members may not modify Herbalife-produced literature or material which in its original form features suggested retail prices, including relevant pages of the Company’s website.

### E-COMMERCE:

Members who operate personal websites may advertise product prices or pricing information only on the pages that are password protected. That is, in order to view prices or pricing information a consumer must first input a password or access code that is unique to each individual customer, and which has been obtained from the Member through a personal interaction, with the consumer. Personal interaction is defined as a personal phone call, a one-on-one email, or an in person conversation. The use of recorded messages and auto-responses and the like (whether by phone, Internet, or email) do not constitute personal interaction. The word “Herbalife” (or any variation of the word “Herbalife”) may not be used as a password.

Members selling through public e-commerce sites not otherwise prohibited by the Rules of Conduct may advertise

products for sale, however pricing and price related information may not be displayed except as otherwise permitted by this Rule 24-C.

Pages which are not password-protected (or third-party e-commerce sites) may feature the following live hyperlink related to prices/purchasing:

### “FOR PRICING INFORMATION OR TO INITIATE AND COMPLETE A PURCHASE CLICK HERE.”

The above link may only direct consumers to a page or screen that indicates the Member’s contact information (name, email address and/or telephone number) for consumers to obtain pricing information or a password (if prices appear on the website) directly from the Member.

Prices and pricing information may not be advertised by any other means or on any other websites, including, but not limited to:

- Email (where there is no pre-existing business or personal relationship – including email sent to handheld devices);
- Banner ads anywhere on the Internet;
- Popup ads anywhere on the Internet;
- “Sponsored search results” or “sponsored ads” anywhere on the Internet;
- On social networking sites that allow public viewing, including, but not limited to, MySpace or Facebook;
- On any blog or public message boards.

## Rule 24-D Telephone Directory Listings

Members may list themselves in the telephone directory under the heading “Herbalife Member.” The only information that may follow this is the Member’s name, address, telephone number, fax number, email address or website.

Display ads must conform to all Herbalife advertising regulations, and the word “Herbalife” (other than “Herbalife Member” or “Herbalife Independent Distributor”), logos and/or trademarks of Herbalife International may not be used in any way other than as used in the approved advertisements. Categorical listings are permissible under accurate (non-medical, non-therapeutic and non-curative) headings. Accurate headings would include: “Hair Care Products,” “Skincare Products,” “Health Products” or “Nutritional Products,” and “Weight Loss/Control.”

Members may use display ads as long as the advertisement is within the guidelines for print advertising.

## Section 25 Posting Advertising Materials

Herbalife periodically updates, publishes, and makes available a wide variety of advertising templates for Member’s use.

Members may not alter these templates other than to personalize them with their name and contact information.

The advertising templates are available for download from [MyHerbalife.com](http://MyHerbalife.com), or may be requested from Herbalife's Distributor Relations Department at 866-866-4744.

Members may only use these templates as allowed by the rules.

## Rule 25-A Posting Locations

### Private Property:

Members may post advertising materials on private property with the written consent of the owner of such property. Herbalife offers a "Letter of Consent to Post Advertising on Private Property" which Members may download and use at [MyHerbalife.com](http://MyHerbalife.com), or which they may obtain from Herbalife's Distributor Relations Department at 866-866-4744.

Advertising materials may not be visible from the street or sidewalk when used in connection with a private office or other location in which Herbalife business is done, and may not be posted or distributed in a manner that might be a distraction to motorists or pedestrians.

### Public Property:

Members may not post advertising materials on public property, including utility poles, street lights, traffic lights, parking meters or traffic signs.

## Rule 25-B Pull-Tabs, Flyers and Hot Pockets

Pull-tabs, flyers and hot pockets may be used provided their content and manner of use complies with the rights of others, Herbalife's Rules of Conduct, any other Herbalife Rules, and the law. An example of a permitted use is posting of flyers on bulletin boards and other locations established for the specific purpose of allowing the posting or commercial notices.

## Rule 25-C General Rules

Members must comply with all applicable laws, regulations and ordinances when advertising and promoting Herbalife products or income opportunity.

Although Herbalife provides guidance and, in some cases, imposes additional restrictions, it is the responsibility of the Member as an independent businessperson to determine what the law requires.

- All materials covered by this Rule must include the name and postal address (or personally answered telephone) of the Member who posted or distributed the material.
- No materials may be attached to ATMs, telephones, vending machines or gasoline pumps, or be attached or left in a manner that creates a nuisance.

- Materials must be promptly removed upon the request of any government authority, the owner of the property (in the case of a withdrawal of consent) or Herbalife.

This Rule is likely to undergo periodic updates. Members are required to check for updates to this Rule by visiting [MyHerbalife.com](http://MyHerbalife.com) or by calling Herbalife's Distributor Relations Department at 866-866-4744. Materials which do not comply with updated Rules must be taken down or removed promptly.

## Rule 25-D Penalties for Violations

Violations of this Rule may have serious consequences, including formal reprimands, significant fines, suspension of buying privileges or termination of Memberships. Where a landowner, property owner or governmental entity charges for clean-up costs, these costs shall be borne (or at Herbalife's option, reimbursed to Herbalife) by the responsible Member. Penalties are determined in Herbalife's sole and absolute discretion.

## Section 26 Electronic Marketing and Promotion

### Rule 26-A Must Disclose Relationship to Herbalife on Home Pages Featuring Corporate Logos/Marks

Members operating websites related to their Herbalife business may feature the Herbalife®/Shapeworks® logos and other Herbalife trademarks on their sites, but must disclose their relationship to Herbalife by placing the phrase "Herbalife Member" or "Herbalife Independent Distributor" in a prominent location on the home page, appearing in the same font size as the surrounding text, and the phrase must also appear on every Web page on which a logo or trademark appears. Trademarked/copyrighted words and phrases may not be used in the website domain name (URL), the titles for any pages within websites (including, but not limited to, the home page), or in email addresses.

### Rule 26-B Domain Names, Email Addresses and Websites

Members using websites that offer product sales as part of their Herbalife business must clearly and conspicuously display the Member's personal name and business address along with "Herbalife Member" or "Herbalife Independent Distributor," on the home page and as part of any contact information and within unrestricted, publicly accessible profile information within the website. Anonymous postings or the use of an alias is prohibited.

The Member's business name may not be a substitute for the personal name of the individual Member, but may be included in addition to the Member's personal name.

If multiple Members are fulfilling product orders or otherwise participating in support on the same website, all names and current contact information must be listed.

Members may not use the name “Herbalife®,” Herbalife®/ Shapeworks® trade names, Herbalife®/Shapeworks® product names, or other intellectual property of Herbalife (or any variations thereon) in domain names (URLs), the titles for any pages within websites (including, but not limited to, home pages), title tags, meta tags, or email address. In the case of a domain name violating this Rule, Herbalife shall have the right to require the owner to transfer it to Herbalife immediately and at no cost to Herbalife. This shall be in addition to Herbalife’s other rights and remedies.

### **Rule 26-C Hyperlinking and Associations**

Members may not use third parties’ trademarks, trade names, or product names (or any variations thereon) in domain names (URLs), the titles for any pages within websites (including, but not limited to home pages), email addresses or meta tags, unless they have sought and obtained prior written consent from the owner. Members shall indemnify and keep Herbalife safe and harmless from and against any liability or claim of any nature filed by any third party arising or related to the use of third-party trademarks, trade names or product names by Members.

Members may link their websites to:

1. Herbalife’s official home page or any other website produced or maintained by Herbalife.
2. Any other websites maintained by them to promote Herbalife’s product line and income opportunity.
3. Any third-party websites that will assist them in promoting Herbalife’s product line and income opportunity, so long as such websites are compliant with Rule 26-D “Associating Other Organizations” in this section of the Rules of Conduct.

### **Rule 26-D Associating Other Organizations**

Members may feature third-party advertisements on their websites so long as, in Herbalife’s sole and absolute judgment, the advertisements:

1. Are unconnected to any religious or political organization;
2. Do not damage the name or reputation of Herbalife or its Members;
3. Do not misuse Herbalife’s service marks, trademarks, trade names, product names or other intellectual property; and
4. Do not directly or indirectly promote any other direct-selling or network marketing companies (regardless of products offered) or any products which are competitive with those sold by Herbalife (including, but

not limited to, meal replacements, nutritional supplements and cosmetics).

### **Rule 26-E Email**

The following discussion and Rules on email are generally applicable to all activities of Members related to their Herbalife business. They are in addition to federal, state and local legal requirements. As the law in this area is relatively new and constantly evolving, and as an accommodation to its Members (but not as the rendering of legal advice), Herbalife may post periodic legal updates at [MyHerbalife.com](http://MyHerbalife.com). Members are expected to visit the website and review these advisories with care, but nevertheless, Members are solely responsible for compliance with all applicable laws. Herbalife strongly recommends that Members pay regular visits to the Federal Trade Commission website, [ftc.gov](http://ftc.gov), in order to learn about the most recent developments in this area.

#### **1. Generally**

Herbalife has adopted the following Rules to comply with the CAN-SPAM Act of 2003, a federal law that governs the use of email messages to advertise or promote a commercial product or service, including content on an Internet website operated for commercial purposes. The law applies to all Members who promote the sale of Herbalife products or the earnings opportunity by sending email, regardless of whether the Member has a pre-existing business or personal relationship with the recipient. Failure to obey the requirements of the CAN-SPAM Act could result in criminal and civil enforcement actions, imprisonment and severe financial penalties.

#### **2. Rules and Definitions**

The following restrictions and prohibitions apply to all Members who transmit commercial email messages to promote Herbalife products or the earnings opportunity:

- a. Members are prohibited from sending messages unless the Member has a prior existing business or personal relationship with the recipient, or the recipient has provided prior affirmative consent to receive the message. “Prior existing business relationship” means a relationship formed by a voluntary, two-way communication between the Member and the recipient based on the recipient’s prior purchase or transaction. “Personal relationship” means a relationship based on the recipient’s status as a family member, friend or acquaintance with respect to the Member. “Affirmative consent” means that the recipient has expressly consented to receive the message, either in response to the Member’s clear and conspicuous request for such consent or at the recipient’s own initiative. Consent must specifically address receipt of messages regarding Herbalife products or the earnings opportunity.

- b. Members are prohibited from disguising the origin of any email message. Each message must include accurate header information. "Header information" means the source, destination and routing information attached to an email message, including the originating domain name and originating email address, and any other information that identifies the person initiating the message.
- c. The "from" line of each message must accurately identify the person who initiated the message.
- d. The "subject" line of each message must not mislead the recipient about the contents or subject matter of the message.
- e. Each message must contain a functioning return email address or Internet-based mechanism that a recipient may use to submit a reply email message or other form of Internet-based communication requesting that they not receive future commercial email messages from the sender at the email address where the message was received ("opt-out request"). Each message must provide clear and conspicuous notice of the opportunity to make an opt-out request and how to do so.
- f. Members are prohibited from initiating or transmitting commercial email to a recipient who has made an opt-out request more than 10 business days after receiving the opt-out request. Each Member must produce and maintain its own Do-Not-Email List ("DNE list") to track and honor all opt-out requests.
- g. Each message must include a valid physical postal address of the Member.
- h. Any Member who uses a third-party list vendor or Lead Generator (lead service, or lead provider) to obtain email addresses must verify that each addressee obtained from such vendor or service is not on that Member's DNE list before sending any commercial message to that addressee, even if the list vendor or Lead Generator claims that the addressee has "opted-in" to receive commercial mail or has provided "consent" or "permission" or any other indication that they want to receive commercial messages.
- i. Members are prohibited from selling, leasing, exchanging, or otherwise transferring or releasing the email address of a person from whom the Member has received an opt-out request.
- j. Members are prohibited from obtaining the email addresses of message recipients by address harvesting or dictionary attacks. "Address harvesting" refers to the use of software or any other automated means to collect email addresses that are listed on an Internet website or online service, which may include chat rooms, message boards or online directories. Collecting email addresses from such sources is prohibited if that source posts a notice stating that the operator of such website or online service will not give, sell or otherwise transfer addresses maintained by such website or online service to any other person for the purpose of initiating commercial email messages. "Dictionary attack" refers to automated means used to generate possible email addresses by combining names, letters or numbers into numerous permutations.
- k. Members are prohibited from using scripts or other automated means to register for multiple email accounts or online user accounts from which to transmit commercial email messages.
- l. "Lead Generation Services" (also known as "lead generators" or "lead providers") use marketing techniques to locate potential customers for their clients. Herbalife Members are prohibited from selling leads; however, they may recommend third-party lead provider services to other Members, but a Member may NOT earn any compensation (directly or indirectly) for referrals leading to sales of leads or other sales aids. Some Members buy "leads" to see if the lead might be interested in purchasing Herbalife products or in the Herbalife income opportunity. It is important to know, some Lead providers use techniques that may violate laws that restrict the sending of commercial email. The consequences of contacting leads that have been purchased from or supplied by a service which is using questionable methods can be very severe, even if the Member is acting in good faith. It is the Member's responsibility to know and abide by the law and to determine that those with whom they do business do so as well. This means the Member must investigate the Lead provider's techniques that the service employs and confirm to a certainty their compliance with applicable laws. For example, federal law requires that Lead providers using unsolicited email to contact prospects have prior affirmative consent to be contacted from those recipients. Until a Member has received written proof that a service's methods are in compliance with the law, Members may not purchase or use leads supplied by that service. The Member must keep in mind their own activities and once they have acquired the lead must comply with the CAN-SPAM Act and any other applicable laws. In addition to its other rights and remedies, Herbalife shall have the right to suspend, terminate or take other disciplinary action against a Membership using leads generated by means which do not comply with the law, or using those leads in a manner which does not comply with this Rule, Herbalife's other Rules of Conduct, all other Herbalife Rules, and applicable laws.

### **Rule 26-F Discontinuance of Emailing**

Members must immediately discontinue email activity if they receive any inquiry or notice of action from a governmental authority regarding their email practices. Members must report all such notices or inquiries immediately to Herbalife's World Operations Home Office. Herbalife retains the option to suspend, terminate and take other disciplinary or legal action against any Membership that is not in compliance with Herbalife's Rules and the laws. This is in addition to Herbalife's other rights and remedies.

### **Rule 26-G Search-Engine Advertising**

The Herbalife name and product names may not be used in search engine meta tags and title tags. In the case of a domain name violating this Rule, Herbalife shall have the right to require the owner to transfer it to Herbalife immediately and at no cost to Herbalife.

Members are permitted to advertise the Herbalife® income opportunity on Internet search engines, but they may only use words and phrases that have been preapproved by Herbalife for such advertising. This restriction applies to the URL, title tag, 25-word description, keywords that make up a meta tag, alt/image tags that describe the images of a site, sponsored ads that Members purchase on search engines, and any other page-related factors used by search engines in determining website rankings. A list of keywords that may optimize your search-engine ranking, and a list of approved advertising phrases are available from Herbalife's Distributor Relations Department (toll-free) at 866-866-4744 or online at [MyHerbalife.com](http://MyHerbalife.com). These lists will be updated from time-to-time. Members should view the lists regularly and promptly ensure that their search-engine advertising is in conformity.

### **Rule 26-H Obtaining Priority or Preference With a Search Engine**

Members may not use any misleading or deceptive tactics (as determined by Herbalife, in its sole and absolute judgment) in order to improve their index preference with search engines.

### **Rule 26-I Offering Web Services**

Members offering any Web services through a vendor must provide to each recipient in an easily understandable, direct and permanently available manner, the name, address, fax and phone numbers, and email address of the Vendor/Service Provider.

### **Rule 26-J Offering Herbalife Products for Auction**

Auction sales and sales on auction sites weaken the personal relationships which Members must develop with their customers, as well as the Herbalife brand and the image which Herbalife wants to establish for its products. Therefore,

Members may not (directly or indirectly through any intermediary or instrumentality) offer or facilitate the offering of Herbalife products for sale by soliciting or receiving open bids. This prohibition includes, but is not limited to, soliciting or receiving bids for Herbalife products on the Internet, through a commercial auction website, online auction marketplace, or otherwise. Furthermore, commercial auction websites or online auction marketplaces, and any other sites determined by Herbalife to have an auction focus, are prohibited sales channels even when the proposed sales are at a fixed price.

### **Rule 26-K International Business**

Members conducting or seeking to conduct business in international markets via their own or other websites must comply with Herbalife's Rules of Conduct, any other Herbalife Rules, as well as the laws and regulations of each country which has jurisdiction over their commercial and Internet activities, including, but not limited to, rules, laws and regulations pertaining to the confidentiality of consumer data, privacy rights, restrictions on telemarketing and restrictions on marketing over the Internet. Product references may include only those products that are for sale in the particular country to which such communications are directed.

### **Rule 26-L Privacy Statements**

Member websites that promote Herbalife products or income opportunity, or any other relationship with Herbalife, must maintain the confidentiality of consumers and site users by complying with the privacy laws in each country from which they receive consumer information. Members must post, in a prominent location, a "Privacy Statement" that informs consumers whether or not personal information is being collected about them and how such information will be used.

### **Rule 26-M Consumer Data**

Members may not sell, trade or use consumer or site user information, except in connection with Herbalife products or Herbalife income opportunity. If any person or entity requests that their information not be used, the Member must immediately honor such request.

### **Rule 26-N Standard of Personal Conduct**

Members may not publish, post or distribute any materials on or via the Internet, whether or not in connection with Herbalife that are, in Herbalife's sole and absolute judgment, defamatory, libelous, disparaging, threatening, offensive, harassing, abusive, obscene or pornographic.

### **Rule 26-O Unauthorized Computer Access**

Members may not interfere or take any action that results in interference with or disruption of [Herbalife.com](http://Herbalife.com), [MyHerbalife.com](http://MyHerbalife.com) or other websites maintained by Herbalife or its

Members, nor may they gain or attempt to gain access to computer systems or networks connected to those sites or any other sites without prior written permission or authorization from Herbalife.

### **Rule 26-P Audio/Visual Recordings**

A Member may not display or mention the name of any Herbalife products, trademarks or trade names in any audio/visual recordings made by, for, on behalf of, or at the direction of a Member, unless such recording has been approved for use by Herbalife. For additional details regarding the use of audio/video recordings with Social Media, refer to Rule 27-G "Photos, Video/Audio Recordings."

### **Rule 26-Q Television, Cable, Satellite or Radio Broadcasting**

It is not permitted for any Member to broadcast any audio/visual recording of any kind that relates to, mentions, displays or promotes in any way, either directly or indirectly, the Herbalife name, products, materials, business opportunity or methods of conducting business, except for the following approved advertisement:

Herbalife Member or  
Herbalife Independent Distributor  
Call Me for products or opportunity  
(Member Name and Phone No./Fax No.  
or Email Address)

### **Rule 26-R Television Advertising**

In the event that Herbalife should broadcast on a television, satellite or radio station, no Member may advertise on that station or network at any time during the period beginning one hour before through one hour following the Herbalife broadcast, even though such advertisement may otherwise conform with Herbalife's Advertising Regulations or other rules.

## **Section 27 Social Media**

**Introduction:** Social networking websites such as Twitter, YouTube, MySpace and Facebook, and online communities (like blog sites) are now among the most popular, talked-about and visited sites on the Internet. The Herbalife business is one of personal communication, so these sites may offer important tools and capabilities that you, as Members, will want to use to communicate.

The following Rules are applicable to your activities with online social media and have been created to protect and preserve the integrity of Herbalife's brand, as well as your business operation.

### **Rule 27-A Responsibility for Postings**

- Members are responsible for all Herbalife-related content that they post online, including but not limited to blogs,

videos, comments, and any other submissions that can be traced back to them, whether or not they own, operate, or control the website.

- Members must fact-check materials they intend to post online to ensure the information is truthful and accurate.
- Members using social media outlets as part of their Herbalife business must clearly and conspicuously identify themselves (by both name and as an Herbalife Member or Herbalife Independent Distributor) within unrestricted, publicly accessible profile settings. Anonymous postings or the use of an alias is prohibited.

### **Rule 27-B Social Media as a Sales and Promotion Forum**

Social Media sites are relationship-building sites. Building relationships is an important part of the sales process and these sites may become useful for Members. However, social media sites may not be used as a forum to conduct sales transactions. Online sales may only be transacted from a Member's Herbalife website.

### **Rule 27-C Deceptive Postings and Claims**

Members must be accurate and truthful when posting biographical information and credentials.

All claims, representations and testimonials, including those related to weight loss and product efficacy and financial performance (including income) must be lawful, truthful and not misleading. They must have a reasonable basis in fact and must have been substantiated in writing in advance of publication or other communication. They must also be consistent with claims and representations made in current Herbalife marketing publications or on current Herbalife product labels.

When making claims Members must adhere to all applicable rules and laws. This includes, but is not limited to the use of disclaimers which are required for all types of Claims (income, lifestyle, product efficacy, and weight-loss). For example: All weight-loss claims and representations, including testimonials, must be accompanied by the following disclaimer, placed prominently, using a font size no less than 10-point type on every page on which such claims appear:

*An extensive questionnaire generated responses from more than 200 U.S. Herbalife Members about their weight-loss programs and results. They reported weight loss ranging from 4 pounds to 167 pounds and a reduced body mass index (BMI) of 1.5 points to 24.1 points, suggesting that consumption of Herbalife products is associated with weight loss and improvement in BMI in those ranges.*

Members must include this disclaimer when making claims about their own or anyone else's weight-loss results associated with use of Herbalife® products. Although the Claims and Representations section of the latest Career Book provides the disclaimers and the proper placement details for all types of Claims (income, lifestyle, product efficacy, and weight-loss), because the law in this area is subject to change, and as an accommodation to its Members (but not as providing legal advice), Herbalife may post updates of this Rule and updated Average Gross Compensation paid by Herbalife at [MyHerbalife.com](http://MyHerbalife.com). Members are required to visit the website and review these advisories or Rule changes with care.

#### **Rule 27-D Use of Third-Party Intellectual Property**

Members may not use third parties' trademarks, trade names, or product names (or any variations thereon) text, photo images, videos, or graphics owned or created by third parties unless they have sought and obtained prior written consent from the owner.

All third party intellectual property must be properly referenced as the property of the third party, and Members must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

#### **Rule 27-E Use of Herbalife's Trade Names, Logos and Assets**

Members may only use Herbalife's trade name in a manner that clearly distinguishes themselves as Herbalife Members or Herbalife Independent Distributors. Without limitation, this restriction applies to the identification of online groups, forums, and other pages created in online environments.

Examples of unauthorized use of the Herbalife name are: "Herbalife Wellness Challenge," "The Herbalife Page," "Let's Talk Herbalife," etc.

Professionally designed logos are available and assets that incorporate the logos, such as those shown at the end of this rule, may be downloaded in multiple file formats from the "Assets Library" in [MyHerbalife.com](http://MyHerbalife.com).

However, the use of these logos and assets is subject to the restrictions defined below:

- Logos and assets may not be obtained from any source other than Herbalife.
- Members may not use logos without conspicuously and clearly identifying themselves as "[Herbalife Member](#)" or "[Herbalife Independent Distributor](#)." Removal of the "[Herbalife Member](#)" or "[Independent Distributor](#)" wording is prohibited.
- Logos and assets may not be altered in any way, except resizing to fit tools and materials created.



**HERBALIFE**  
Member

#### **Rule 27-F Respecting Privacy**

Always respect the privacy of others in your postings, and be mindful of Herbalife's Rules of Conduct, Rule 8-G "Maintaining Reputation and Image of the Company," which states: No Member shall do anything (whether or not in the course of their Membership) which Herbalife determines, in its sole and absolute discretion, is or could be detrimental to the reputation or image of the Company, its products, Members, trademarks, trade names or goodwill.

#### **Rule 27-G Photos, Video/Audio Recordings**

Members may post audio/video material on YouTube and similar social media sites, provided the content complies with Herbalife's Rules of Conduct.

In its sole and absolute discretion, Herbalife reserves the right to determine if recordings and images (including their manner of use) conflict with Herbalife's branding efforts or Rules of Conduct, including disclaimer requirements. Herbalife reserves the right to request the removal of such images or recordings.

At all times, Members must comply with all privacy laws and social media policies when using images or recordings of other individuals.

Member's Personal Meetings	Corporate Events
<p><b>Still Photos:</b> Members may not post still photos from their personal meetings or trainings on social media websites. Such photos may be posted on Herbalife Member's website provided they are behind a password-protected page.</p>	<p><b>Still photos:</b> Still photos taken by Members at Company-sponsored meetings or events may be used on Herbalife Member websites and social media websites. Herbalife provides a variety of professional photos that are available for Members to download from Assets Library in <a href="http://MyHerbalife.com">MyHerbalife.com</a>. These photos are approved for Member's use and may also be used on both personal and social media websites.</p>
Member's Personal Meetings	Corporate Events
<p><b>Audio/Video Recordings:</b> Members may not post audio/visual recordings from their personal meetings, or personal trainings on any social media website. Such recordings may be posted on Herbalife Member websites provided they are behind a password-protected page.</p>	<p><b>Audio/Video Recordings:</b> Members may not record video or audio of Herbalife-sponsored meetings, trainings or events, and may not post video or audio recordings on their personal websites, or on social media environment.</p> <p>However, Herbalife provides a variety of <b>professional</b> video and audio recordings of Company-sponsored events that are available for Members to download from <a href="http://MyHerbalife.com">MyHerbalife.com</a> (or any site Herbalife makes available for that purpose). Recordings provided by Herbalife are acceptable for posting on social media websites and Herbalife Member websites.</p>

### Rule 27-H Prohibited Postings

Members may not post or link to any postings or other material that:

- Is sexually explicit, obscene, or pornographic;
- Is offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise);
- Is graphically violent, including any violent video game images;
- Is solicitous of any unlawful behavior;
- Engages in personal attacks on any individual, group, or entity;
- Is in violation of any intellectual property rights of the Company or any third party.

### Rule 27-I Professionalism

Members should not respond to those who place negative posts about them, other Members, or Herbalife, as this may trigger discussions that potentially damage the Member's or Herbalife's reputation and goodwill. If you see such negative posts, please email us at [DPCcomplaintsNAM@herbalife.com](mailto:DPCcomplaintsNAM@herbalife.com) and we will consider whether a Company response is appropriate.

### Rule 27-J Cancellation of Your Herbalife Business

If an individual's Herbalife Membership becomes cancelled for any reason, the individual must discontinue use of Herbalife's intellectual property (such as the Herbalife name, trademarks,

trade names, and any derivative) in postings and social media websites the individual utilizes.

Individuals who have previously identified themselves as Herbalife Members must conspicuously disclose that they are no longer Herbalife Members in future postings, and must appropriately update their profile information.

### Rule 27-K Sports Sponsorships

When promoting Herbalife-sponsored teams and athletes.

- Members may ONLY use marketing tools provided by Herbalife, which may not be altered in any way. These marketing tools are available for download at [MyHerbalife.com](http://MyHerbalife.com).

### Logos and Assets

- Members may ONLY use marketing tools provided by Herbalife, which may not be altered in any way. These marketing tools are available for download at [MyHerbalife.com](http://MyHerbalife.com).

### Describing the Relationship for Major League Soccer (MLS)

- There are many specific and useful ways permitted to describe Herbalife's relationship with LA Galaxy therefore, Members are encouraged to cite this relationship in promoting Herbalife® products and the Herbalife business opportunity (provided they do so responsibly).

- Deviation from permitted usages will put the relationship at risk and potentially damage Herbalife’s brand and business reputation. For this reason, violations of the following guidelines will result in severe penalties, up to and including suspension or termination of Memberships.

The following statements, as they are worded below, are accurate, permissible and encouraged; they may be used individually and in combination:

**LA GALAXY**

Official Nutrition Company of the LA Galaxy.

Official Health and Wellness Sponsors of the LA Galaxy.

Herbalife is an Official Sponsor of LA Galaxy players Sean Franklin and Omar Gonzalez.

### Media Coverage for Major League Soccer (MLS)

- Members may review or refer to LA Galaxy media coverage with their organization, their customers, or when presenting the business opportunity.
- Members may not reproduce, reprint, or post (on their Herbalife Member websites) any media coverage, including, but not limited to, articles, titles and headlines. However, personally owned and maintained websites may include links to LA Galaxy media coverage, but such links must be accompanied by the following disclaimer: **“By clicking on this link, you will exit this Herbalife Member website and visit a website that is not formally associated with Herbalife or its Members.”**

## Section 28 Marketing by Means of “Telemarketing”

### 1. Generally

#### Telemarketing

The following discussion and Rules on telemarketing are generally applicable to all activities of Members related to their Herbalife business. They are in addition to federal, state and local legal requirements. Since the law in this area is constantly evolving, and as an accommodation to its Members (but not as the rendering of legal advice), Herbalife may post updates at [MyHerbalife.com](http://MyHerbalife.com). Members should pay regular visits to the website and review these advisories or Rule changes with care, but nevertheless, Members are solely responsible for compliance with all applicable laws. Moreover, Herbalife strongly recommends that Members pay regular visits to the Federal Trade Commission and Federal Communications Commission websites ([ftc.gov](http://ftc.gov), [fcc.gov](http://fcc.gov)) in order to learn about the most recent developments in this area.

Federal and state laws prohibit or severely restrict telemarketing operations, especially when the telemarketer is approaching

persons with whom there is no pre-existing business relationship, and particularly when they are contacted at home. There are other federal and state regulations applicable to the use of telemarketing with which Members must comply.

As independent businesspersons, Herbalife Members are individually responsible for understanding and following the federal laws and regulations relating to telemarketing practices, as well as those in each state or jurisdiction in which they intend to conduct telemarketing activities. When purchasing or using the products or services of an unrelated or unaffiliated vendor, the actions or omissions of that vendor shall be deemed to be actions or omissions of the Member for the purpose of compliance with this Rule and Members must use due diligence to confirm that the vendor’s services comply with all applicable laws.

### 2. Definitions

For purposes of this section the following definitions apply:

#### Autodialer

Equipment that has the capacity to dial telephone numbers automatically. The term includes any computerized equipment that performs the dialing function whether or not the machine is pre-programmed with a list of numbers or dials the numbers on a random basis. The term also includes **Predictive Dialers**, which are hardware and software used to dial telemarketing calls while telemarketers are talking to other customers. Predictive Dialers “predict” the average time it takes for a consumer to answer the phone and when a telemarketer will be free to take the next call.

#### Broadcast Fax/Blast Fax

The act of sending or transmitting faxes to a recipient who has not requested the fax. The term includes any equipment that has the capacity to send or transmit multiple faxes at one time to multiple recipients.

#### Established Business Relationship (EBR)

A prior existing relationship formed by a voluntary two-way communication between a Member and a residential subscriber:

1. On the basis of the subscriber’s purchase or transaction within the 18 months immediately preceding the date of the telephone call, if the relationship has not been previously terminated by the Member or the other party; or
2. On the basis of the subscriber’s inquiry regarding products or services within three months immediately preceding the date of the telephone call, if the relationship has not been previously terminated by the Member or the other party.

If the telephone subscriber makes a company-specific “Do-Not-Call” request, that request terminates the established business relationship even if the subscriber continues to do business with the Member.

### **Prior Express Consent/Prior Express Permission**

Consent or permission evidenced by a written agreement or email between the Member and the consumer in which the consumer clearly states that they agree to be contacted by the Member regarding the Herbalife products or the business opportunity, and specifies the telephone or fax number through which such contact may be made.

### **Telemarketing**

The act of selling, soliciting, marketing or promotion of a product or service (including but not limited to Herbalife products and/or the Herbalife business opportunity) using a telecommunication device such as a telephone, fax machine, automated telephone equipment, and pre-recorded or artificial voice recording. The term includes, without limitation, messages sent to mobile phones, text or SMS messages, and similar media.

## **3. Rules**

The following rules are applicable to all Telemarketing activities of Members and to Telemarketing activities conducted on behalf of Members. When purchasing or using the telemarketing services of unrelated or unaffiliated vendors, Members are responsible for the vendor’s telemarketing activities and must use due diligence to confirm that the services comply with these Rules.

### **Rule 28-A Do-Not-Call Lists**

Members are responsible for complying with all applicable federal, state or local laws that govern Telemarketing, including any obligation to purchase and apply the Do-Not-Call Registry maintained by the Federal Trade Commission (FTC) and available at [donotcall.gov](http://donotcall.gov). This requirement applies to all Telemarketing calls, including without limitation, calls made to landline and cell phone numbers.

Members may not contact, either by telephone or by fax, any person or entity whose telephone number is on any government-sponsored Do-Not-Call list, unless the Member has an EBR with such person or entity.

- Members engaged in Telemarketing must purchase and apply the Do-Not-Call Registry maintained by the federal government and any state in which they conduct Telemarketing activities. Members are required to access the National Do-Not-Call Registry and purge newly registered numbers from their call lists at least every 31 days. Each Member must set up its own business account with the Do-Not-Call Registry. Members will be required to provide identifying information including name and address,

contact person, and contact person’s name and address. Members must use their personal or company name as “Seller” identification and must not identify Herbalife as the “Seller” or “Client.” Members are responsible for any fees associated with accessing the Do-Not-Call Registry.

- Members engaged in Telemarketing must also maintain their own “Do-Not-Call” lists that record the number(s) of any person or entity that requests that they not be contacted by the Member.
- Members must maintain a written policy governing Do-Not-Call and other Telemarketing requirements and all personnel engaged in telephone solicitation on a Member’s behalf must be trained in the existence and use of this policy.
- Members may not use any telephone number supplied by a third-party vendor or Lead Generator for Telemarketing if that telephone number appears on any Do-Not-Call list maintained by the federal government or any state government, or if that telephone number appears on the Member’s own Do-Not-Call list. Telephone numbers, opt-in names, and permission-based leads supplied by a third-party vendor or Lead Generator do not provide an EBR or Prior Express Consent/Prior Express Permission.
- Additional or other requirements may apply if a Member is calling within the same state. It is the Member’s responsibility to determine the requirements of federal and any state laws relating to Do-Not-Call lists and to comply with these requirements.

Compliance with the Do-Not-Call requirements does not relieve Members from complying with other provisions of the FTC and FCC Telemarketing laws and rules and with the additional requirements of these Rules of Conduct.

### **Rule 28-B Autodialers**

Members may not use an Autodialer (which includes Predictive Dialers) to offer Herbalife products or the business opportunity.

### **Rule 28-C Prerecorded or Artificial Voice Messages**

Members may not use prerecorded or artificial voice messages and may not call cell phone numbers or send text messages to offer Herbalife products, or the earnings opportunity.

### **Rule 28-D Unsolicited Faxes**

Members may not use a Broadcast Fax, Blast Fax or similar program or service to send messages by fax. Members may only send fax messages to individuals with whom the Member has an EBR and to individuals who have provided their Prior Express Consent/Prior Express Permission to receive fax messages from the Member.

All faxes sent to those with whom the Member has an EBR are subject to the following rules:

- The Member must obtain the recipient's fax number either through the recipient's voluntary communication of such number, within the context of the EBR, or from a directory, advertisement or site on the Internet to which the recipient voluntarily agreed to make available his or her fax number for public distribution.
- Faxes must include a clear and conspicuous notice on the first page that the recipient may opt-out of receiving any further fax advertisements from the Member ("Do-Not-Fax request"), stating that the recipient may make a request to the sender not to send any future faxes and that failure to comply with the request within 30 days is unlawful.
- Faxes must include a domestic contact telephone number, as well as a fax machine number, for the recipient to transmit a Do-Not-Fax request.
- Faxes must include at least one cost-free mechanism that the recipient can use to transmit a Do-Not-Fax request to the Member, such as a website address, email address or toll-free number.
- Members must accept and process Do-Not-Fax requests 24 hours a day, seven days a week, and all requests must be honored fully within 30 days.
- All faxes must include, either in the top or bottom margins on each page, or on the first page of the fax:
  - The date and time the fax is sent;
  - The identity of the sender (which must be the Member's personal or company name); and
  - The telephone number of the sending fax machine and of the Member

Members must comply with any other applicable federal, state or local laws and regulations that govern faxing.

### **Rule 28-E Lead Generators**

Members may use Lead Generators to identify potential purchasers of Herbalife products or prospects for the Herbalife business opportunity only when the Member has entered into a written agreement with the Lead Generator whereby the Lead Generator agrees to comply with all applicable laws, regulations, and guidelines, including but not limited to the FTC Act, the CAN-SPAM Act, FTC regulations and guidelines implementing the FTC Act and the CAN-SPAM Act, FTC Guides Concerning the Use of Endorsements and Testimonials in Advertising and all other applicable federal and state laws, regulations, and guidelines.

The consequences of contacting leads that have been purchased from or supplied by a service which is using unlawful methods can be very severe, even if the Member is acting in good faith. It is the Member's responsibility to know and abide by the law and to determine that those with whom they do business do so as well. Members must investigate the lead techniques that the service employs and confirm their compliance with applicable laws. Additionally, leads obtained through a Lead Generator do not create an EBR with a Member and do not constitute Prior Express Consent/Prior Express Permission for outbound Telemarketing. Until a Member has received written proof that a service's methods are in compliance with all applicable laws, Members may not purchase or use leads supplied by that service.

The Member must keep in mind their own activities and once they have acquired the lead must continue to comply with applicable Telemarketing laws and the Company's Rules. In addition to its other rights and remedies, Herbalife shall have the right to suspend, terminate, or take other disciplinary action against a Member using leads generated by means which do not comply with the law, or using those leads in a manner which does not comply with Herbalife's Rules of Conduct, any other Herbalife Rules, or the law on this subject matter. (Refer to the Business Methods, Rule 1-G "Leads, Advertising, Advertising Slots, and Decision Packs," in the "Supplemental Rules" section).

### **Rule 28-F Compliance With Herbalife's Rules and the Law**

Members must immediately discontinue telemarketing activity if they receive any inquiry or notice of action from a governmental authority regarding their Telemarketing practices. Members must report all such notices or inquiries immediately to [DistributorNotification@Herbalife.com](mailto:DistributorNotification@Herbalife.com). Herbalife retains the option to suspend, terminate and take other disciplinary action against any Membership that is not in compliance with this Rule, Herbalife's Rules of Conduct, any other Herbalife Rules, and the law. This is in addition to Herbalife's other rights and remedies.

## SECTION 29 ARBITRATION AGREEMENT FOR DISPUTES BETWEEN MEMBERS AND HERBALIFE

This is the Arbitration Agreement incorporated into the Membership Application and Agreement. In the event that Herbalife and Member are not able to resolve any dispute in an amicable informal manner, Herbalife and Member each agree to resolve such disputes solely and exclusively by binding arbitration or in small claims court instead of in courts of general jurisdiction. Arbitration can be more informal than a lawsuit in court. Arbitration uses a neutral arbitrator instead of a judge or jury, allows for more limited discovery than in court, and is subject to very limited review by courts. Arbitrators can award the same damages and relief that a court can award.

Puerto Rico Residents: Please refer to the details below which differ slightly from the information above.

This is the Arbitration Agreement incorporated into the Membership Application and Agreement. In the event that Herbalife and Member are not able to resolve any dispute in an amicable informal manner, Herbalife and Member each agree to resolve such disputes solely and exclusively by binding arbitration instead of in courts of general jurisdiction. Arbitration can be more informal than a lawsuit in court. Arbitration uses a neutral arbitrator instead of a judge, allows for more limited discovery than in court, and is subject to very limited review by courts. Arbitrators can award the same damages and relief that a court can award.

**Any arbitration under this agreement shall take place on an individual basis; class actions and class arbitrations shall not be permitted.**

For any claim that does not exceed \$75,000, Herbalife will pay all arbitration fees so long as the arbitrator does not find that Member's claim is frivolous or filed for improper purpose. Moreover, in arbitration Member may be entitled to recover attorneys' fees from Herbalife to at least the same extent as Member would be in court. In addition, under certain circumstances (as explained below), Herbalife will pay Member more than the amount of the arbitrator's award and will pay Member's attorney (if any) twice his or her reasonable attorney's fees if the arbitrator awards Member an amount that is greater than what Herbalife had offered Member to settle the dispute prior to the issuance of the arbitrator's award.

### **Arbitration Agreement:**

#### (1) Scope

Except as provided in paragraph (2) below, Herbalife and Member agree to arbitrate all disputes and claims between them. This agreement to arbitrate is intended to be broadly interpreted. It includes, but is not limited to:

- claims arising out of or relating to terminations, enforcement of Member Rules of Conduct and Sales & Marketing Plan decisions;
- claims by Member against Herbalife or Herbalife against Member which arise out of or relate in any way to any dispute between Member and another Herbalife Member;
- claims arising out of or relating to any aspect of the relationship between Herbalife and Member, whether based in contract, tort, statute, fraud, misrepresentation or any other legal theory;
- claims that arose before this or any prior agreement between Herbalife and Member;
- claims that are the subject of purported class action litigation in which Member is not a member of a certified class; and
- claims that may arise before, after or as a direct or indirect result of the termination of Member's relationship with Herbalife.

**Member agrees that, by entering into this agreement, Herbalife and Member are each waiving the right to a trial by jury or to participate in a class action.**

**Puerto Rico Residents: Members in Puerto Rico agree that, by entering into this agreement, Herbalife and Member are each waiving the right to a trial in any local or Federal court of justice in Puerto Rico or to participate in a class action.**

This Agreement evidences a transaction in interstate commerce, and thus the Federal Arbitration Act governs the interpretation and enforcement of this provision. This arbitration provision shall survive termination of this Agreement, the Member Agreement or any other agreement between Herbalife and Member.

References to "Herbalife," "Member," "they," "their" or "them" include Herbalife's and Member's respective subsidiaries, affiliates, officers, directors, agents, employees, predecessors in interest, heirs, successors and assigns.

#### (2) Exceptions

- (a) Notwithstanding the foregoing, Member may bring an individual action for monetary damages in small claims court. Member may not bring any other type of action against Herbalife in small claims court. Herbalife may only arbitrate claims against Member and may not bring any actions against Member in small claims court.

- (b) This arbitration agreement does not preclude Member from bringing issues to the attention of federal, state or local agencies. Such agencies can, if the law allows, seek relief against Herbalife on Member's behalf.

Puerto Rico Residents: Please refer to the details below which differ slightly from the information above.

(2) Exceptions

- (a) This arbitration agreement does not preclude Member from bringing issues to the attention of federal, state or local agencies. Such agencies can, if the law allows, seek relief against Herbalife on Member's behalf.

(3) Procedure

- (a) A party who intends to seek arbitration must first send to the other, by certified mail, a written Notice of Dispute ("Notice"). The Notice to Herbalife should be addressed to:

Office of the General Counsel  
Herbalife International of America, Inc.  
800 West Olympic Blvd., Suite 406  
Los Angeles, CA 90015

("Herbalife's Notice Address"). The Notice to Member shall be addressed to Member's mailing address as listed in Herbalife's records. ("Member's Notice Address").

The Notice shall (a) describe the nature and basis of the claim or dispute; and (b) set forth the specific relief sought ("Demand").

If Herbalife and Member do not reach an agreement to resolve the claim within 30 days after the Notice is received, Member or Herbalife may commence an arbitration proceeding. During the arbitration, the amount of any settlement offer made by Herbalife or Member shall not be disclosed to the arbitrator until after the arbitrator determines the amount, if any, to which Herbalife or Member is entitled. Member may download or copy a form Notice and a form to initiate arbitration at: [http://www.adr.org/aaa/ShowPDF?doc=ADRSTG\\_004175](http://www.adr.org/aaa/ShowPDF?doc=ADRSTG_004175).

- (b) (After Herbalife receives notice at Herbalife's Notice Address that Member has commenced arbitration, it will promptly reimburse Member for Member's payment of the filing fee unless Member's claim is for greater than \$75,000. (The filing fee currently is \$125 for claims under \$10,000, but is subject to change by

the arbitration provider.) If Member states that Member is unable to pay this fee, Herbalife will pay it directly upon receiving a written request at its Notice Address.

- (c) The arbitration will be governed by the Commercial Arbitration Rules ("AAA Rules") of the American Arbitration Association ("AAA"), as modified by this Agreement, and will be administered by the AAA. The AAA Rules are available online at [adr.org](http://adr.org), by calling the AAA at 1-800-778-7879, or by writing to the Notice Address. The arbitrator shall be bound by the terms of this Agreement. All issues shall be for the arbitrator to decide, including the scope of this arbitration provision, but the arbitrator shall be bound by the terms of this Agreement.

- (d) Unless Herbalife and Member agree otherwise, any arbitration hearings will take place in the county (or parish) of Member's Notice Address. If Member's claim is for \$10,000 or less, Herbalife and Member agree that Member may choose whether the arbitration will be conducted solely on the basis of documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing as established by the AAA Rules. If Member's claim exceeds \$10,000, the right to a hearing will be determined by the AAA Rules. Regardless of the manner in which the arbitration is conducted, the arbitrator shall issue a reasoned written decision sufficient to explain the essential findings and conclusions on which the award is based. Except as otherwise provided for herein, Herbalife will pay all AAA filing, administration and arbitrator fees for any arbitration initiated in accordance with the notice requirements above. If, however, the arbitrator finds that either the substance of Member's claim or the relief sought in the Demand is frivolous or brought for an improper purpose (as measured by the standards set forth in Federal Rule of Civil Procedure 11(b)), then the payment of all such fees will be governed by the AAA Rules. In such case, Member agrees to reimburse Herbalife for all monies previously disbursed by it that are otherwise Member's obligation to pay under the AAA Rules. In addition, if Member initiates an arbitration in which Member seeks more

than \$75,000 in damages, the payment of these fees will be governed by the AAA Rules.

(4) Awards and Attorneys' Fees

- (a) If, after finding in my favor in any respect on the merits of my claim, the arbitrator issues Member an award that is greater than the value of Herbalife's last written settlement offer made before an arbitrator was selected, then Herbalife will:
- pay Member the amount of the award or \$10,000 ("the alternative payment") whichever is greater; and
  - pay Member's attorney, if any, twice the amount of attorneys' fees, and reimburse any expenses (including expert witness fees and costs) that Member's attorney reasonably accrues for investigating, preparing, and pursuing Member's claim in arbitration ("the attorney premium").

If Herbalife did not make a written offer to settle the dispute before an arbitrator was selected, Member and Member's attorney will be entitled to receive the alternative premium and the attorney premium, respectively, if the arbitrator awards me any relief on the merits. The arbitrator may make rulings and resolve disputes as to the payment and reimbursement of fees, expenses, and the alternative premium and the attorney premium at any time during the proceeding and upon request from either party made within 14 days of the arbitrator's ruling on the merits.

- (b) The right to attorneys' fees and expenses discussed in paragraph (4) shall supplement any right to attorneys' fees and expenses Member may have under applicable law. Thus, if Member would be entitled to a larger amount under the applicable law, this provision does not preclude the arbitrator from awarding Member that amount. However, Member may not recover duplicative awards of attorneys' fees or costs. Although under some laws Herbalife may have a right to an award of attorneys' fees and expenses if it prevails in an arbitration, Herbalife agrees that it will not seek such an award.

- (c) The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim.

**Herbalife and Member agree that each may bring claims against the other only in Member's or Herbalife's individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding.**

Further, unless both Herbalife and Member agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative or class proceeding. If this specific provision is found to be unenforceable, then the entirety of this arbitration provision shall be null and void.

- (d) Except as required by any applicable law, rule or regulation, or by order or decree from any court of competent jurisdiction, any party involved in a claim or dispute under this arbitration provision shall not disclose to any other person not directly involved in the arbitration process anything having to do with the arbitration, including without limitation, (i) the substance of, or basis for, the claim; (ii) the content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery; or (iii) the terms or amount of any arbitration award. However, nothing in this provision shall preclude a party from, in good faith, investigating a claim or defense, including interviewing witnesses and otherwise in engaging in discovery. Herbalife and Member both agree that this confidentiality agreement applies to each of Herbalife's and Member's directors, officers, employees, clients, agents, advisors, and any other persons affiliated with Herbalife and Member in any way and that Herbalife and Member will take the steps necessary to make sure that all such persons or entities know about this confidentiality provision.

U.S. AND PUERTO RICO SUPPLEMENTAL RULES OF CONDUCT:  
CERTAIN WAYS OF DOING THE BUSINESS

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## Introduction

Each Herbalife Member has the choice to engage in an Herbalife business by selling Herbalife® products or sponsoring other Members to do so. Each Member who engages in the Herbalife business does so as a self-employed businessperson. The relationship between Herbalife and its Members begins with, and is defined by, the Herbalife Membership Application and Agreement. That relationship incorporates those Rules published by Herbalife from time to time in its discretion, defining the rights and responsibilities of Herbalife Members, each in their most recent form. Those Rules include, but are not limited to, Herbalife’s Rules of Conduct, and any other Herbalife Rules. Nothing in Herbalife’s Rules is intended to serve as or should be interpreted as legal advice; Herbalife does not provide legal advice to its Independent Members. The following “Business Methods” Rules apply specifically to the promotion of Herbalife products and the Herbalife income opportunity in the United States of America and Puerto Rico:

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## Definition of Business Methods

Some Members produce, sell and utilize merchandising aids and support services or materials, excluding the names and contact information of prospects (e.g., "leads") and the recommendation, provision, and placement of advertising. These aids, support services and materials include (but are not limited to) books, magazines and other printed materials, audio/visual materials, software, telemarketing tools, websites, Internet services and other electronic media, rallies, meetings and educational seminars.

Aids, support services and materials which were not produced by Herbalife are referred to in these Rules as "Business Methods."

Business Methods (as that term is used in these Rules) are NOT produced, approved, endorsed, guaranteed or authorized by Herbalife, and Herbalife assumes no responsibility or obligation, and shall have none, with regard to their purchase, sale or use.

### 1-A Compliance of Business Methods With the Law and Herbalife's Rules

Members creating, selling or using Business Methods, directly or indirectly (such as through corporations) must comply with Herbalife's Rules of Conduct, any other Herbalife rules, and the law, including, but not limited to, laws relating to confidentiality of consumer data, privacy rights, restrictions on telemarketing in all its forms, and marketing over the Internet.

If Herbalife determines that one or more Business Methods violates its Rules, the law, or the legal rights of others, or that they produce a significant risk that they might damage Herbalife's business or reputation, brand or image, Herbalife shall have the right to require the Member to immediately cease the sale or utilization of the Business Method in question, without liability to Herbalife.

### 1-B Restrictions on Use of Herbalife Data Obtained via Creation, Promotion or Sale of Business Methods

Members may produce, sell or re-sell Business Methods to other Members solely for the purpose of selling Herbalife products and building, training and motivating other Members to sell Herbalife products. In order to protect the intellectual property rights and goodwill of Herbalife, and the income opportunity it affords the Members, and in addition to any other restriction or prohibition contained in any agreement with Herbalife or any applicable Rule:

No Member or, for a period of three (3) years following the termination of their Membership (by any means, including voluntary resignation), no former Member shall, directly or indirectly:

1. Use any information relating to the identity, contact information, sponsorship relationships, preferences or any other significant business or personal information about any Herbalife Member, which was acquired or derived from such activity for any purpose other than the promotion and sale of Herbalife products pursuant to the Herbalife Sales & Marketing Plan; or
2. Offer, promote or sell to any Herbalife Member, or third party who acquired or used the Business Method, the products, services or earnings opportunity associated with any other multilevel marketing or direct-sales company.

For example, for the period covered by these restrictions, no Member or former Member (including the spouse of such Member or former Member, and no company or entity controlled by either of them or in which either of them have an economic interest) shall offer, invite, encourage, induce, solicit, promote, sponsor, recruit or attempt to recruit, any of those acts directly or indirectly, to any Herbalife Member or third party who acquired or used the Business Method, the opportunity to join, participate in any way with, or purchase or sell the products or services of any other multilevel marketing or direct-sales company.

Violation of the foregoing restrictions will be regarded as a serious violation of the Member's contract with Herbalife because it puts at risk the relationships, business and incomes of the Company and persons upline of those Members to whom access was given by their involvement in Business Methods intended solely to promote the Herbalife business. Member acknowledges that Herbalife and its Members would suffer irreparable harm as a result of any breach of these restrictions and that monetary damages are insufficient to compensate Herbalife for such harm. Therefore, in addition to the Company's other rights and remedies under Herbalife's Rules of Conduct, any other Herbalife Rules, and the law, if a breach of these restrictions has occurred, Herbalife shall be entitled to an injunction or temporary restraining order, without notice to the Member or former Member, restraining any impermissible disclosure or use of the confidential information in addition to any other available remedy.

### 1-C No Required Purchase Other Than Mini Herbalife Member Pack

The only required purchase in order to become, succeed or advance as an Herbalife Member is the Mini Herbalife Member Pack (Mini HMP). When a Member is recruited, they must be offered the opportunity to buy a Mini Herbalife Member Pack (Mini HMP) or, at the Applicant's election, the HMP without any markup or profit to the Sponsor or the Sponsor's upline. To illustrate:

1. If a potential Member is offered the opportunity to purchase products, services or materials (whether or not they were produced by Herbalife) in addition to the HMP, it must be with the understanding that this is an optional purchase and not a condition or requirement for becoming a Member or succeeding or advancing in Herbalife's Sales & Marketing Plan. Furthermore, Members may not promote or tout the profits to be made from selling a Member-produced HMP which contains anything in addition to that which is contained in the standard Herbalife HMP.
2. Members may not represent or imply that Business Methods are required (legally, or as a matter of practicality) to do or succeed in the business, participate in the income opportunity, or receive training and upline support.
- i. The components developed or purchased by Seller from an unrelated third-party supplier (from whom neither Seller nor any other Herbalife Member derives, directly or indirectly, any compensation or economic benefit, pursuant to a written agreement between that supplier and Seller provided to Herbalife which contains the following provision, "We agree, for the benefit of, and subject to confirmation by, Herbalife Ltd., its affiliates or subsidiaries, not to pay any referral fee or any other compensation or economic benefit, directly or indirectly, to any Herbalife Member."), and the price charged by Seller to Purchaser is no greater than the reasonable direct costs evaluated on a financial-year basis (net of discounts, allowances and the like) incurred by Seller to purchase or create and sell the particular component (including reasonable direct administrative costs, such as customer support, accounts payable and receivable administration and actual bad debt), plus a markup of no more than 5% of such direct costs; and

### 1-D Right to Cancel Subscriptions and Satisfaction Guarantee

Those persons or entities who sell Business Methods components to Herbalife Members which are:

1. **Sold on a subscription basis**, must offer to the Purchaser in writing at the time of such sale, the right to terminate such subscriptions at any time and to obtain a refund for the unexpired portion of those subscriptions. If there are varying published rates for different periods of service, the rate charged for the purpose of calculating any subscription refund will be that which most closely corresponds to the actual period of service, provided that no additional payment will be due upon cancellation.
2. **Tangible** (meaning: having physical form, such as CDs and DVDs), must offer to the Purchaser in writing at the time of sale, the right to return such materials to the Seller for the amount paid by the Purchaser plus shipping and handling. The guarantee period shall be at least 180 days from the time the Purchaser received the components. The Seller must issue the refund within seven (7) business days of Seller's receipt of the returned materials in the case of tangible components.
3. **Not described above** (in subparagraph [1] or [2]), must offer to the Purchaser in writing a satisfaction guarantee which satisfies (at the election of the Seller) subparagraph (a), (b) or (c) that follows:
  - a. An unconditional satisfaction guaranteed refund for a period of at least 30 calendar days from the date of receipt of the component;
  - b. An unconditional satisfaction guarantee for a period of at least seven (7) calendar days from the date of receipt of the component, but Seller may choose to offer this (rather than the 30-day satisfaction guarantee) only if both of the following apply to the sale:
    - ii. Seller retains and makes available for audit at Herbalife's expense and conducted by a nationally recognized accounting firm, all documents, invoices and records relating to such purchases and development costs and sales or resales by Seller; or
  - c. An unconditional satisfaction guaranteed refund for a period of at least seven (7) calendar days from the date of receipt of the component, but Seller may choose to offer this (rather than the 30-day satisfaction guarantee) only if, in addition to the letter or letters previously provided by legal counsel to Herbalife in compliance with Business Methods Rule 1-A "Compliance of Business Methods With the Law and Herbalife's Rules," Herbalife has received a current letter addressed to Herbalife (and such further assurances as Herbalife may request) from competent Multilevel Marketing (MLM) legal counsel, confirming that the Business Methods, of which the components are a part, are, as to content and operation, in material compliance with federal law applicable to MLM, including that relating to business opportunities, and that counsel is not aware of any existing law, rule or regulation that the Business Methods, in his/her opinion, would violate. The legal counsel and letter shall be subject to Herbalife's approval. The legal review and letter to Herbalife shall be renewed annually and also before material changes are made.

Whether or not covered by the above refund provisions, Herbalife may pay, on behalf of the Seller, refunds to a requesting party, if it determines, in good faith, that such payment protects the goodwill or reputation of Herbalife or its Members, in addition to such sanctions as Herbalife may determine.

### **1-E Receipts**

The Seller of Business Methods must provide to the Buyer an itemized, dated receipt for all purchases, which shall assign a price for each component sold and include the following language:

*The products or services being purchased, while they may be a legitimate and helpful tool for building your business, are not required in order to pursue the income opportunity being offered. The Seller is solely responsible for the preparation and sale of these materials or services, and the Company that affords the income opportunity does not approve, endorse or guarantee these materials. If, for any reason, you are not satisfied with any tangible materials you have purchased, you may return them to the Seller at the address listed on this receipt within 180 days of your receipt of those materials for a full refund of the cost of those tangible materials, including shipping and handling.*

Alternatively, if the Seller maintains a website which clearly and conspicuously sets forth a refund policy which complies with Business Methods Rule 1-D “Right to Cancel Subscriptions and Satisfaction Guarantee,” the following language may be used with respect to Business Methods delivered over the Internet:

*The products or services being purchased, while they may be a legitimate and helpful tool for building your business, are not required in order to pursue the income opportunity being offered. The Seller is solely responsible for the preparation and sale of these materials or services, and the Company that affords the income opportunity does not approve, endorse or guarantee these materials. You may qualify for a refund upon your return to the Seller of tangible materials. To review those rights go to [NOTE: Fill in the URL of the website that sets forth how the Buyer may obtain their refund.]*

### **1-F The Purpose of Sales of Business Methods – Not for Profit**

Members may produce and sell Business Methods strictly for the purpose of selling Herbalife products, building the Herbalife business, or training and motivating their own organization to sell Herbalife products (and subject to the provisions of Business Methods Rule 1-L “Restrictions on Solicitations and Sales of Business Methods to Herbalife Members” provided they do not become (and are not perceived as) income-generating enterprises that are being

conducted, instead of, or in conjunction with the Herbalife business). Accordingly, the Creator, Seller and Reseller of a Business Method may charge prices no greater than the cost of the unit(s) being sold.

### **1-G Leads, Advertising, Advertising Slots, and Decision Packs**

Members may generate leads for their own use or free distribution to their downline (but not for resale) through any number of advertising channels, but only if the means of advertising and the content of the advertisement comply with the law and Herbalife’s Rules of Conduct.

Members may not purchase (whether from other Members or third-party lead providers) business opportunity leads or product leads, leads-related advertising, advertising slots, or decision packs for their own use or the use of others. Members may not, directly or indirectly, sell, promote, recommend, refer, facilitate or take any action which Herbalife might deem to encourage or promote the purchase, use or sale of leads, leads-related advertising, advertising slots or decision packs, by another Member.

Herbalife makes available free or for a nominal price promotional literature and sales tools for Members to advertise and promote the sale of Herbalife products and the sharing of our business opportunity.

### **1-H Fee for Using Websites**

Members may charge users of their website a reasonable fee, provided the fee does not exceed the cost for the development, setup and maintenance of the website.

### **1-I No Compensation for Recruitment or Sale of Business Methods**

Members may not offer or pay endorsement or recommendation fees, referral fees, or administrative fees or reimbursement, or any other form of compensation (including rebates, bonuses, discounts, etc.) relating, in whole or in part, or in any way, to the purchase or sale of Business Methods, nor may any Member accept such compensation.

### **1-J Encouraging or Requiring Personal Debt Not Permitted**

No Herbalife Member, in connection with Business Methods, may encourage or require that a current or prospective Member go into debt in order to become a Member, grow an existing business, or purchase Business Methods or Herbalife products.

### **1-K Required Disclosure Statement**

Both the Seller and Buyer must review the Business Methods Disclosure Statement in the form most recently published by Herbalife. For the protection of Herbalife and the Seller,

Herbalife requires that both parties sign this document in the spaces provided and that Seller retain the signed originals for at least two (2) years. As an alternative, Seller's and Buyer's signatures may be accomplished and stored electronically in compliance with applicable law.

The current version of the Business Methods Disclosure Statement can be found in Appendix A at the end of Section 1, and is available on [MyHerbalife.com](http://MyHerbalife.com) for downloading and printing.

### **1-L Restrictions on Solicitations and Sales of Business Methods to Herbalife Members**

Members may promote, solicit or sell Business Methods to downline and crossline organizations, but only if they have received prior written consent to such promotion, solicitation or sale from the first qualified President's Team above the Member(s) to whom such promotion, solicitation or sale is to be made (except that Members do not need consent to promote, solicit or sell Business Methods to their own downline organization to the level of the next qualified President's Team). A single written consent is valid as to all Members, down to the next qualified President's Team, of the person giving the consent. All written consents must be maintained on file for two (2) years and provided to Herbalife immediately upon request.

### **1-M Restrictions on Sales or Promotion of Business Methods at Meetings and Other Official Events**

Members may not display, promote or sell any Business Methods at meetings, programs or other functions sponsored and conducted (in whole or in part) by Herbalife.

### **1-N Use of Vendors**

Members may use or recommend Vendors of Business Methods or the use of those Business Methods. However, no such Vendors or their Business Methods may be used to circumvent the law or Herbalife's Rules. Members who use or recommend such Vendors shall use due diligence to confirm that the Vendors' services and Business Methods they provide are in compliance with the law and Herbalife's Rules. Further, if a Member has an economic interest in a Vendor of Business Methods or in any of its transactions, the actions of the Vendor shall be regarded as the actions of the Member for purposes of these Rules (including, but not limited to, Business Methods, Rules 1-D "Right to Cancel Subscriptions and Satisfaction Guarantee" and 1-R "Limit on Sales of Business Methods").

### **1-O Herbalife Does Not Approve, Guarantee or Assume Any Obligation**

Business Methods, as well as the representations made by Members engaged in their creation, promotion, offering, sale or use, may not state, suggest or give the impression that

any Business Method was produced, approved, endorsed, guaranteed, authorized or offered by Herbalife, or that Herbalife assumes any obligation with regard to their creation, sale or use.

### **1-P License to Use Herbalife-Produced Sales Tools and Related Materials**

Business Methods may use Herbalife-produced sales tools, sales aids and related materials, including, but not limited to, audio/visual recordings, pictures or descriptions of Herbalife products taken from any sales materials and literature, or audio/visual recordings that are currently available for sale or distribution from Herbalife. Members may not use any materials that are specifically identified as not to be reproduced. At all times, Members using the materials referenced above must comply with the following conditions:

1. Members using materials in unaltered form must include "©Herbalife" (on every page or screen, or by voice-over, if using audio materials).
2. Members using materials in altered form must indicate that the materials were "produced by an Herbalife Member" (on every page or screen, or by voice-over, if using audio materials).
3. Reproductions of materials produced by Herbalife must be of a quality comparable to the original (as judged by Herbalife).
4. All usage and alteration must be in compliance with these Rules, all of Herbalife's Rules and the law.

### **1-Q Updating Materials**

Herbalife regularly modifies its product and sales materials. Members must keep themselves up-to-date with regard to these modifications, and must promptly revise and update the Business Methods they produce or sell, to reflect current information.

### **1-R Limit on Sales of Business Methods**

Each Member who sells Business Methods must ensure that the quantity and amounts charged for the Business Methods sold are reasonable in relation to the Sales Volume and profits of the Buyer from his or her Herbalife business.

### **1-S Notification of Source**

All Business Methods shall display the date of publication or recording, and the name of the publisher/producer.

For questions about the rules regarding Business Methods or their application, you may call Herbalife's Distributor Relations Department toll-free at 866-866-4744, for TTY Users 800-503-6180, or send an email to [RulesComments@Herbalife.com](mailto:RulesComments@Herbalife.com).



## CORPORATE POLICY STATEMENT ON BUSINESS METHODS

Each day, many thousands of Herbalife Members around the world share their life-changing success stories about Herbalife's amazing nutrition products and unparalleled business opportunity.

### **Sales Aids**

As an Herbalife Member, you may be attracted to purchase, promote, use, or sell non-Herbalife products or services and products that might be helpful in prospecting for customers and potential Members, as well as communicating with your downline. These products or services include, but are not limited to, business aids, books, magazines, flip charts, and other printed material, online literature, Internet websites, audio, video or digital media, rallies, meetings and educational seminars, as well as the names and contact information of prospects (known as "leads") and advertising or other means of acquiring, developing or the handling or administration of leads. These are typically referred to as "Sales Aids."

It is essential that the content and methods you use in connection with your Herbalife business, whether or not associated with or incorporated in Sales Aids you use or promote, comply with Herbalife's rules and applicable law. For example, they may not make factual assertions that contain material misrepresentations or omissions that render a statement materially misleading.

### **Business Methods**

Sales Aids that are not produced by Herbalife are referred to in the Rules as "Business Methods." Please be aware that: Business Methods are NOT produced, approved, endorsed, guaranteed or authorized by Herbalife or affiliated with Herbalife in any way. Herbalife assumes no responsibility or obligation, and shall have none, with regard to the value, content, methods, promotion, use or sale of Business Methods. And, at all times, the principal business focus of Members is the sale of Herbalife products for consumption, not the sale of Sales Aids or Business Methods.

### **Expenditures For Sales Aids, including Business Methods**

Some of the unique and wonderful things about becoming an Herbalife Member is that no investment is required to start or grow your Herbalife business and that you can choose for yourself how to pursue the many opportunities afforded by Herbalife products and the Herbalife Sales & Marketing Plan.

Purchasing Sales Aids, including Business Methods, is strictly voluntary. Their purchase or use is not required to become an Herbalife Member, nor is it necessary in order for you to progress or succeed as a Member, or to receive training and support from your Sponsor and/or upline. No one may pressure you to purchase Sales Aids or Business Methods. Members should buy Sales Aids or Business Methods if they decide for themselves, after a reasonable time in the Herbalife business, that these materials might assist them in developing their business further. The money and time Members expend on Sales Aids or Business Methods should be limited and consistent with their own evaluation of the reasonably likely benefits to their business. And, it is not necessary and we discourage anyone from incurring debt to pursue the Herbalife business opportunity.

At all times, the principal business focus of Members is the sale of Herbalife products for consumption.

Herbalife's Business Methods Rules and Rules of Conduct contain important provisions affecting your potential decision to purchase, sell or use Business Methods, including a 180-day unconditional refund on tangible materials which must be offered and honored by any Member who sells Business Methods. These Rules are included in the Herbalife Member Pack (HMP), or you can access them on Herbalife's official website [MyHerbalife.com](http://MyHerbalife.com). They may also be requested by phone through Herbalife's Distributor Relations Department toll-free at 866-866-4744. If a Buyer has a dispute or claim regarding Business Methods that they are unable to resolve with the Seller, and if the Seller is an Herbalife Member, Herbalife encourages the Buyer to contact Herbalife's Distributor Business Practices and Compliance (DPC) Department at 310-410-9600, ext. 24656. DPC personnel will attempt to assist the Buyer and Seller to reach a satisfactory resolution of their dispute.

## APPENDIX A

### BUSINESS METHODS DISCLOSURE STATEMENT

Herbalife Members who chose to engage in an Herbalife business are primarily engaged in the marketing and sale of Herbalife products for consumption. However, they may also promote the Herbalife income opportunity, and they are responsible for training those whom they sponsor. To assist in the latter process, some Members produce, sell and utilize merchandising aids and support services or materials, which are not produced, approved, endorsed, guaranteed, or offered by Herbalife. These materials and services are referred to, collectively, as "Business Methods." Business Methods include, but are not limited to, books, magazines and other printed materials, audio and visual materials, software, telemarketing tools, websites, Internet services and other electronic media, rallies, meetings and educational seminars.

This Statement contains important information about buying or selling Business Methods, and advises as to your legal rights and responsibilities. Each person who chooses to sell or purchase Business Methods must sign this required Disclosure Statement prior to consummating any transaction. The Statement does not determine price, quantity or selection – these are individual decisions – but it does obligate Buyers and Sellers to obey the Rules applicable to Member conduct, particularly as they relate to the creation, sale and use of Business Methods.

### IMPORTANT INFORMATION

**You must carefully consider each of the following factors prior to purchasing Business Methods:**

**Not Herbalife Materials.** Business Methods are not produced, approved, endorsed, guaranteed, authorized, or offered by Herbalife. Herbalife assumes no responsibility or obligation, and shall have none, with regard to their purchase, sale or use.

**No Required Purchase Other Than the Mini Herbalife Member Pack.** The only required purchase in order to become and progress as an Herbalife Member is the Mini Herbalife Member Pack Mini HMP, or at your election, an Herbalife Member Pack (HMP) produced by Herbalife. In other words, to become an Herbalife Member, succeed in the business, advance in the Sales & Marketing Plan, or receive upline training and support, you are NOT required to buy any amount of materials, products or services, either those produced by Herbalife or by a party other than Herbalife, or to attend any seminars, meetings or events. You should buy Herbalife products for your own consumption and for resale to others, but only in amounts you independently determine you wish to consume or can resell in a reasonable amount of time. You should buy non-Herbalife products and business materials and services and attend events, only if you independently decide that they will assist you in building a more successful and profitable Herbalife business. If you purchased any product, services or materials based upon the belief that you were required to do so, you may demand a full and unconditional refund within the refund period set out in this Statement, and if that demand is not promptly honored, contact Herbalife's Distributor Relations Department at 866-866-4744.

**Focusing on Retail.** Your primary focus as a Member must always be the promotion and sale of Herbalife products for consumption.

**Limiting Expenditures.** You must carefully monitor what you spend on Business Methods so expenditures do not become unreasonable or excessive. These costs must be justified by the benefit to your business. You must only purchase items or attend events that provide information helpful to you in selling products or sponsoring others to do the same.

**Limiting Time Commitments.** You must decide how much time you need to spend attending events or working with materials associated with a given Business Method. You must carefully consider the impact of this time expenditure (if any) on your primary occupation (if not Herbalife), your Herbalife-related activities and your family.

**Compliance With Herbalife's Rules of Conduct and the Law.** The Rules applicable to Member conduct contain important provisions affecting your potential decision to purchase, sell or use Business Methods. They are included in the Herbalife Member Pack (HMP) that contains the Herbalife registration materials and are available at [MyHerbalife.com](http://MyHerbalife.com). They may also be requested by phone through Herbalife's Distributor Relations Department at 866-866-4744.

**Right of Refund.** The Seller of any tangible materials constituting a Business Method must offer in writing at the time of the sale, a full 180-day refund for the cost of those tangible materials, including shipping and handling. The Seller must issue the refund within seven (7) business days of receipt of the returned materials. The 180-day period begins when the tangible materials were received by the Buyer.

**No Guarantee of Results.** Herbalife does not make or approve any representations about how much income anyone will earn as a Member, and no one is authorized or permitted by Herbalife to make such representations. Your success as a Member will depend on your own efforts and skill. HERBALIFE'S CURRENTLY PUBLISHED "STATEMENT OF AVERAGE GROSS COMPENSATION PAID BY HERBALIFE" is available on [Herbalife.com](http://Herbalife.com) and [MyHerbalife.com](http://MyHerbalife.com), or by calling Herbalife's Distributor Relations Department at 866-866-4744.

**RESOLUTION PROVISIONS.**

**Private Statute of Limitations and Choice of Law.** Notwithstanding any statute or other legal or equitable doctrine or authority to the contrary, no Claim shall be brought more than 18 months after the first purchase of any "Business Methods." For purposes of determining enforceability, this Agreement shall be governed by and interpreted in accordance with the domestic law of the State of California without the application of conflict of law principles. The Parties further agree that the permissible scope of any Claim will be determined in accordance with the domestic law of the State of California without the application of conflict of law principles. Understood and agreed,

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Seller (Print)	Seller's Signature	Date
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Buyer (Print)	Buyer's Signature	Date
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## Introduction

Nutrition Clubs, conducted at residential or non-residential locations, are social gatherings, bringing together persons who become attendees wishing to focus on good nutrition and regular exercise in order to achieve optimum health.

These Nutrition Club Rules have the same force and effect as the full body of Herbalife’s Rules of Conduct (including the U.S. and Puerto Rico Supplemental Rules of Conduct). The U.S. Nutrition Club Rules were introduced in December of 2007. The most current version is effective December 1, 2009, and supersedes all previously released documents which contain Nutrition Club Rules or informal operational guidance. Violations of any Rule may result in disciplinary action, up to and including suspension or termination of Memberships, and Members may lose their ability to operate Nutrition Clubs.

The Rules of Conduct (and the U.S. and Puerto Rico Supplemental Rules of Conduct) are included in the Herbalife Member Pack (HMP) and may also be obtained online, at [MyHerbalife.com](http://MyHerbalife.com), or by calling Herbalife’s Distributor Relations Department toll-free at 866-866-4744.

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**1-A Compliance With Herbalife’s Rules**

Any Member operating a Nutrition Club must be familiar and comply with the most recent versions of Herbalife’s Rules.

**1-B Corporate Audits**

Members must cooperate with Herbalife when it conducts audits of Nutrition Club practices for compliance with Herbalife’s Rules. Failure to cooperate with an audit or to promptly make changes required by an auditor or audit report will result in disciplinary action, up to and including suspension or termination of Memberships.

**1-C Training**

Rule 11-A of Herbalife’s “Rules of Conduct” provides as follows:

**Rule 11-A Training**

One of the Sponsor’s roles is to stay informed of Herbalife’s Policies so they can properly advise and train their downline on a regular basis about the Herbalife products and their usage, Herbalife’s rules and regulations, the Sales & Marketing Plan, and the proper use of advertising, including the use of literature and sales aids.

A Sponsor may seek assistance from their upline Supervisor or TAB Team, but the primary responsibility for training is their own.

No Sponsor may require payment from a personally sponsored Member for training or training facilities, unless they fully explain that the Member may choose whether or not they want to participate in such training and state in advance the cost for such training. If the Member declines to participate in such paid training, the Sponsor is obligated to provide the basic training necessary to learning the business.

A Nutrition Club operator must be trained by a knowledgeable Member of their upline, or through local corporate or individual training events regarding the proper operation of the Club under the law and according to Herbalife’s Rules. The ultimate responsibility for the training of the Club operator is that of the first upline TAB Team.

**1-D Members as Club Operators**

Nutrition Clubs may only be operated by Herbalife Members.

**1-E Employees**

While Members are generally permitted to utilize employees in operating their Herbalife businesses, they may not use employees to assist with any Nutrition Club operations.

**1-F Not Franchises**

Nutrition Clubs are not franchises, and Members may not compare Nutrition Clubs to franchises when promoting them as a business tool. In addition, no Member may represent, imply, or mention in any way, that Nutrition Clubs are franchises. Nutrition Clubs are only a means of doing the core Herbalife business which is retailing, recruiting and retention.

**1-G Independent Business Operations**

As with all other Member business activities, Herbalife does not approve, endorse, authorize, guarantee or assume any obligation with regard to individual Nutrition Clubs.

**1-H One Responsible Member**

At least one Herbalife Member must accept full responsibility for and oversee all operations of each Nutrition Club. This Member must post the Nutrition Club Advisory provided at the end of this document. The Nutrition Club Advisory will reflect the Member’s name, and contact information at the Club at all times. This Member must be present during all Club sessions, except for short-term absences when attending Company-sponsored meetings, and if absent, must assign a Member who they personally trained, to oversee Club operations in-person.

If multiple Members share a common space to operate their Nutrition Clubs, the posted information of the responsible Members may be alternated accordingly.

**1-I Good Neighbor Policy**

Nutrition Club operators must be good and considerate neighbors, especially when operating out of their homes.

Operators must limit Club attendance and take any other necessary steps to ensure that Club meetings do not cause unreasonable amounts of noise, traffic congestion or other forms of nuisance to the public.

**1-J Comply With the Law**

Nutrition Club operators must comply with all laws and regulations that apply to the operation of their Club. In dealing with relevant government agencies, prospective and current Club operators must be cooperative and represent their proposed or actual activities accurately.

**1-K No Assigned or Exclusive Territories**

There are no territorial assignments or exclusive territories for Nutrition Clubs; they may be opened and operated anywhere it is legally permissible to do so.

## 1-L Multiple Clubs

Nutrition Club operators may operate in more than one (1) location (e.g., operate multiple Clubs), but only if they do not operate two (2) or more Clubs simultaneously.

## 1-M Required Advisory for Posting

Every Club operator must post the following Advisory in the Club:

### *Nutrition Club Advisory*

*This Nutrition Club is operated by Herbalife Independent Distributor (“Operator”)\_\_\_\_\_. Operator’s mailing address is \_\_\_\_\_, and Operator’s business phone number is \_\_\_\_\_. Operator, not Herbalife, is responsible for all of the activities related to this Nutrition Club.*

*Nutrition Clubs are social gatherings, bringing people together with a focus on good nutrition. They are not retail stores or outlets, nor are they restaurants. Registered Club attendees may carry out one shake, or one COLD tea, per day from the Club, but only in unbranded containers of not more than one single serving. Carry-out of a shake, or COLD tea, may only be for the personal consumption of that Club attendee or another registered Club attendee. Carry-out is limited to one shake, or one COLD tea, and does not include Formula 1 pies or Herbal Aloe Concentrate.*

*Nutrition Club fees cover general operational costs and do not represent the price or cost of products. Participants may share their experiences after having used the products, but must always remember that the products are not intended to diagnose, treat, prevent or cure any disease or medical condition. Income reported in Nutrition Club materials, or in oral testimony at Club gatherings, is applicable to the individuals (or examples) depicted and not average.*

This sign containing the Advisory must be at least **8.5 inches by 11 inches** and the Advisory itself must be in a font size **no smaller than 17 points**. The specific wording of the Advisory may change from time to time, but the most recent version can always be obtained by calling your local Distributor Relations Department, or it can be downloaded from [MyHerbalife.com](http://MyHerbalife.com).

A copy of this Advisory is provided for your use at the end of Subsection 5 of the Nutrition Club Rules.

## 1-N Good Hygiene

Although Nutrition Clubs are not restaurants, carry-outs, or any other form of food service establishment, the provision of complimentary shakes, teas, Formula 1 pies and Herbal Aloe

Concentrate to Club attendees requires that Nutrition Club operators always practice good hygiene and maintain clean and sanitary Club premises. The following hygiene practices are always required:

## Food Sourcing, Handling and Preparation

- Always obtain fruits, vegetables and other non-Herbalife ingredients from reputable suppliers; inspect these ingredients for freshness and quality on delivery and again before use.
- Always use purified water in preparing the Club’s complimentary beverages; non-purified water can be used after it is boiled.
- All kitchen equipment which is used for Club activities, including, but not limited to, blenders and cutting boards, must be cleaned thoroughly before and after every use.
- Always use disposable cups to serve complimentary beverages.

## Non-Perishable Products

- Always use your stock of Herbalife products, and non-perishable ingredients on a “first-in, first-out” basis; this means, always using the older products first.
- Always store your Herbalife products and non-perishable ingredients in a cool, clean, well-ventilated space; the fact that items are non-perishable does not excuse poor storage practices.

## Perishable Products

- Always use your stock of perishable food items on a “first-in, first-out” basis, and perishable items such as fruits and vegetables must be washed prior to use.
- Clean your refrigeration units at least once a week and always store perishable products in a manner that protects them from damage, spoilage or contamination.

## Personal Hygiene

- Keep your hands and forearms clean at all times by washing thoroughly with antibacterial soap and warm water, and take special care to wash in the following instances:
  - After using the restroom
  - Before and after handling any food items
  - After sneezing, coughing or blowing your nose
  - After smoking, eating, drinking or leaving the Club premises
  - After touching your hair or any other body part
  - After touching another person
  - After touching used or dirty kitchen equipment or utensils

- Leave the Club premises immediately if you are sick or feel sick, even if this means the Club must be closed until you are back to good health.
- Keep your clothing and hair clean and neat at all times.

### Club Premises

- Be careful to watch for spillage and clean up any spills immediately; warn attendees and guests to avoid the affected areas until clean-up is complete.
- Maintain multiple covered trash receptacles lined with high-quality garbage bags throughout the Club premises; remove and empty them frequently.

### 1-O Required Advisory for Posting; Hygiene and Sanitary Practices

Every Club operator must post the following Hygiene and Sanitary Practices Advisory in the Club:

#### ***Advisory for Nutrition Club Operator***

*Although Nutrition Clubs are not restaurants, carry-outs, or any other type of food service establishment, Herbalife expects Nutrition Club Operators to adopt the highest standards of hygiene and sanitary practices. Listed below are the core principles of good hygiene and sanitation that are always required. Refer to Rule 1-N "Good Hygiene" which details these required hygiene practices:*

- *Keep your Club, particularly your entire kitchen area, clean at all times.*
- *Keep all tools and utensils used in food preparation, and in particular blenders and cutting boards, clean at all times.*
- *Keep your hands and forearms clean at all times by washing them frequently with antibacterial soap and warm water.*
- *Always use purified (or boiled) water in preparing the Club's complimentary beverages.*
- *Inspect fruits and vegetables for freshness and quality, and wash them prior to use.*
- *Always use disposable cups.*
- *Clean up any spillage immediately, and remove all trash promptly.*

This sign containing the Hygiene and Sanitary Practices Advisory must be at least **8.5 inches by 11 inches** and the Advisory itself must be in a font size **no smaller than 17 points**. The specific wording of the Advisory may change from time to time, but the most recent version can always be obtained by calling Herbalife, or it can be downloaded from [MyHerbalife.com](http://MyHerbalife.com).

A copy of this Advisory is provided for your use at the end of Subsection 5 of the Nutrition Club Rules.

## SUBSECTION 2 – FEES, RECRUITING AND SUPPORT

### 2-A Fees

Daily, weekly or monthly attendee fees may be charged to cover operational premise-related costs, for example, product and ingredients consumed in the operation of the club, rent and utilities.

Attendee fees may not be represented as the price or cost of products offered to attendees or their guests for consumption as these are benefits of being an attendee, nor may they be in exchange for any services that the club operator may choose to offer (such as but not limited to seminars or classes).

Members who choose to provide more than one attendee fee option may be more likely to be required to pay sales tax and to comply with food service regulations and requirements. It is the club operator's sole responsibility to diligently research and comply with these and other important legal and tax requirements as applied to the way their club operates.

**Puerto Rico Residents:** Members who provide one or more attendee fee option may be required to register and collect SUT and to comply with food service regulations and requirements. It is the Club operator's sole responsibility to diligently research and comply with these and other important legal and tax requirements as applied to the way their Club operates.

### 2-B Club Attendance Not Mandatory

Attending Club sessions is a personal decision for the attendee or guest (whether or not he or she is a Member); Club operators must never state or imply that there is an obligation to attend.

### 2-C Club Activities and Services

Nutrition Clubs must offer their attendees regular opportunities to socialize, as well as frequent educational and coaching sessions (group and one-on-one) on nutrition and weight management.

### 2-D Attendee Referral Incentives

Club operators may offer reasonable rewards, such as free products, for the referral of new attendees, but Club operators are prohibited from paying cash or cash equivalents for such referrals.

### 3-A Authorized Herbalife Products Only

Only Herbalife products authorized for the United States may be provided for consumption or sale while operating a Nutrition Club. Non-Herbalife products may not be provided, sold or promoted on the Club premises.

**Puerto Rico Residents:** Only Herbalife products authorized for Puerto Rico may be provided for consumption or sale while operating a Nutrition Club. Non-Herbalife products may not be provided, sold or promoted on the Club premises.

### 3-B Product Consumption

Nutrition Clubs are social gatherings, bringing people together with a focus on good nutrition. They are not retail stores or outlets, nor are they restaurants or carry-out establishments.

Subject to this restriction, Club operators may offer complimentary products such as shakes, teas, Formula 1 pies and Herbal Aloe Concentrate. Club operators may post a list of available flavors of shakes and teas, as well as any optional ingredients such as protein or fiber, but consistent with the proper operation of a Nutrition Club they may not post, list or charge individual prices for these products or ingredients. The only permissible Nutrition Club fees are daily, weekly or monthly attendee fees to cover operational costs such as rent and utilities.

In the Nutrition Clubs and elsewhere, Herbalife products must always be served, consumed and applied in accordance with the instructions on the printed product labels.

### 3-C Carry-Outs

Although it is preferable that all product offerings be consumed on the Club premises, registered Club attendees may carry out one shake per day.

Carry-outs must be in unbranded containers of not more than one single serving. Carry-outs may only be for the personal consumption of that Club attendee, or another registered Club attendee. Carry-out is limited to one shake, or one COLD tea, and does not include Formula 1 pies or Herbal Aloe Concentrate.

### 3-D Product Retailing

Nutrition Clubs are social gatherings, bringing people together with a focus on good nutrition. They are not retail stores or outlets, nor are they restaurants or carry-out establishments.

Club operators may keep product inventory on hand, and they may sell their inventory at retail. All Herbalife products must be sold unopened and in their original Herbalife packaging.

Products which are not packaged and labeled for individual sale as individual units or single servings may not be sold in the Nutrition Clubs, or elsewhere. An official Herbalife product catalog may be made available to Club attendees, but product pricing may not be posted. Club operators may not pressure their attendees or guests to buy the products, and may not state or imply that product purchases are required in order to enter, attend, become a attendee, or remain a attendee of the Club.

### 3-E Sampling

Sampling of Herbalife products is permissible at Nutrition Clubs. Club operators may offer complimentary (sample) products such as shakes, teas, Formula 1 pies and Herbal Aloe Concentrate. Loose tablets may not be sampled. Club operators may post a list of available flavors of shakes and teas, as well as any optional ingredients such as protein or fiber, but consistent with the proper operation of a Nutrition Club, they may not post, list or charge individual prices for these products or ingredients. The only permissible Nutrition Club fees are daily, weekly or monthly attendee fees to cover operational costs such as rent and utilities.

### 3-F Mixtures

Club operators may not mix shakes, teas or Herbal Aloe Concentrate using alcoholic beverages, medications or other inappropriate ingredients.

### 3-G Product Packaging and Display

Club operators may display product-related literature, promotional items, and one unit (per product) of Herbalife products, unopened and in their original packaging, but such displays may not be visible from the exterior.

When preparing shakes, teas and Herbal Aloe Concentrate for consumption, these products must be available for inspection by attendees and guests (again, unopened and in their original packaging).

### 3-H Proper Disposal of Product Containers

To protect against those who might seek to counterfeit Herbalife product, Club operators are required to deface or destroy product labels and containers before disposing of empty containers.

## SUBSECTION 4 – MARKETING, PROMOTION AND ADVERTISING, INCLUDING CLAIMS/TESTIMONIALS

### 4-A Testimonials/Product Claims

Club attendees may share their experiences from using the products, but the products are not intended to diagnose, treat, prevent or cure any disease or medical condition, and under no circumstances should there be any statements or implications to the contrary, whether by the Club operator or by attendees or guests who are offering testimony. All information which is given to Club attendees should be consistent with the information which is provided in Herbalife support materials and publications, both in general and for specific products. Refer to Herbalife's Rules of Conduct Section 22, "Claims and Representations." These Rules are also available, on [MyHerbalife.com](http://MyHerbalife.com), or through Distributor Relations, upon request.

### 4-B Testimonials/Income Claims

Income and earnings testimonials, whether made orally at a Club event, or in writing in websites or Club-related materials must be appropriately disclaimed, orally and/or in writing. The appropriate disclaimer is:

*Income reported in Nutrition Club materials, or in oral testimony at Club gatherings is applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation Paid by Herbalife at [Herbalife.com](http://Herbalife.com) and [MyHerbalife.com](http://MyHerbalife.com).*

Refer to Herbalife's Rules of Conduct Section 22, "Claims and Representations." These Rules are also available on [MyHerbalife.com](http://MyHerbalife.com) or through Distributor Relations upon request.

### 4-C Offering Nutritional Advice to Attendees and Guests

Club operators may offer the general health, wellness and nutritional information which is a part of their daily activities as Herbalife Members. This includes guidance about the products, their usage and their key benefits, as well as information about the business opportunity. Operators may also provide appropriate product and income testimonials both orally and in writing (accompanied by Herbalife's required disclaimers).

However, Club operators may not state or imply that using the products will diagnose, treat, prevent, or cure any disease or medical condition, and all information which is given to Club attendees and guests should be consistent with the information that is provided in Herbalife's support material and publications, both in general and specific products.

### 4-D Advertising

Nutrition Clubs are social gatherings publicized exclusively through word of mouth and attended only by persons who are personally invited by the Club operator, another Member, a club attendee, or a customer, either through oral conversation or through conversation accompanied by the provision of a written invitation. Nutrition Clubs are not intended to attract "walk-in" traffic; therefore, Nutrition Club advertising is limited to promoting services that are offered at the Club's location, such as a Weight loss Challenge, a wellness evaluation or wellness presentation. Advertising such services may include the following details:

- Name of Club and Club operator
- Phone number

Using radio and television to advertise services that occur in a Club is not permissible.

### 4-E Personal Websites

Every Nutrition Club operator is permitted to create a website under the following conditions:

- **Password-protected websites** that are not accessible by the general public, dedicated or partially dedicated to Nutrition Clubs, may be operated subject to their full compliance with Herbalife's Rules.
- **Non-password-protected websites**, accessible by the general public, are permitted with regard to a Member's overall Herbalife business, but not with regard to Nutrition Clubs specifically. A publicly accessible website may only provide the following Nutrition Club information:
  - Services available at Club (for example, a Weight Loss Challenge, a wellness evaluation, or wellness presentation)
  - Name of Club and Club operator
  - Phone number

Any other information specific to Nutrition Club(s) which is posted on publicly accessible websites will be considered and treated as prohibited Nutrition Club advertising.

### 4-F Nutrition Club Signage (Residential)

**Residential Locations:** Clubs operating from residential locations may not use exterior signage of any kind. For signage Rules that apply to Clubs operating from non-residential locations, refer to Subsection 5 of these Nutrition Club Rules.

### 5-A Nutrition Club Registration Process

Members may not open a Nutrition Club in a non-residential location or sign a lease for a non-residential premise for the purposes of a Nutrition Club, unless they have been an officially registered Herbalife Member for at least 90 days and have completed the process required by the Company at the time as to site location and proposed signage, training and other matters.

As an aid for Members to comply with Herbalife’s Rules regarding Registration of Nutrition Clubs (for Clubs operating from non-residential locations) the “Registration Form” is available (in its current form) at the end of this Document, on [MyHerbalife.com](http://MyHerbalife.com), or from your local Distributor Relations Department. Members are required to complete and submit the “Nutrition Club Registration Form” at least 30 days in advance of opening their Club.

### 5-B Retail/Service Establishments

**Retail Establishments:** Nutrition Clubs may not operate on the premises of retail establishments. Retail establishments are defined as fixed locations whose primary activity is the on-site sale or delivery of goods to consumers.

**Service Establishments:** Nutrition Clubs may not operate on the premises of service establishments whose primary purpose is to provide prepared foods (such as, but not limited to, restaurants, cafés, ice cream shops, etc.).

However, it is permissible to operate within other types of service establishments including but not limited to, beauty salons, barber shops, gyms, and health clubs, provided that the Nutrition Club activities and all signage are restricted to an enclosed room and are not visible to passers-by or to the public frequenting the service establishment.

Herbalife has the sole and absolute discretion as to the determination and application of this policy.

### 5-C Signage Restrictions for Clubs Operating in Non-Residential Locations

A Nutrition Club may have a sign identifying itself, but that signage must meet the following standards:

- The design and content of the proposed sign must meet Herbalife’s published standards to ensure that the location is not perceived as a store, restaurant, franchise or similar operation, or other retail location, and does not invite passers-by to purchase product.

- Utilizing signage which is unreasonably large or unreasonably noticeable, as determined by Herbalife at its sole and absolute discretion, will be considered and treated as an attempt to attract walk-in traffic to a Nutrition Club, which is prohibited. Please refer to Rule 5-H “Walk-In Traffic.”
- No two clubs operating from non-residential locations may have identical or substantially similar names or signage within a 100-mile radius (as determined by Herbalife, at its sole and absolute discretion). This would include anything visible from the exterior that might suggest that the location is a franchise.
- Signs may not directly or indirectly identify, imply or signal that the occupant is an “Herbalife Independent Distributor” or “Herbalife Member” (or otherwise indicate an Herbalife business).
- Signs may not advertise services offered as part of a Nutrition Club (for example, Herbalife product available, Weight Loss Challenge, etc.).

The following are a few examples of signage do’s and don’ts:

**Examples of Signage:**

Do’s	Don’ts
“Angela’s Wellness Center”	“Angela’s Shake Café”
“Healthy Lifestyle’s Club”	“Healthy Nutrition Bar”
“The Feel Good Zone”	“Herbalife Weight Loss Shop”

- Signs may not state or suggest that Herbalife products are available for retail purchase on the premises.
- Signs may not use the terms “Nutrition Club,” “Herbalife®,” “L.A. Live,” “Mark Hughes,” “Liftoff®,” “Shapeworks®,” “Skin Activator®,” “NouriFusion®” or any other Herbalife intellectual property, product names or brands, or the word “shake” or any other words that imply or signal that Herbalife products are available at that location.
- The following terms, and any similar terms, are not acceptable: “café,” “restaurant,” “bar,” “mart,” “store,” or “shop.”
- Signs that depict “Open/Closed” may not be visible from the exterior.

Provided that the Club operator adheres to the specified points, the use of the following terms and any similar terms are acceptable: “club,” “center,” or “meeting”; Club operators may also use their business name or the name of the individual or group.

## 5-D Window and Door Coverings

Nutrition Clubs operating in non-residential locations must ensure the interior of the Club is not visible to persons from the exterior, by use of window and door coverings, and external doors must remain closed.

For example:

- Window and door coverings must be unbranded, and they may not state, imply or suggest (even without words) that retail products are available for purchase inside.
- “Before & After” photographs may not be used, or incorporated as window and door coverings.
- The word “shake” or pictures of shakes, or any other products, even if unbranded, are not permitted and, may not be used, or incorporated as window and door coverings.
- Herbalife products, posters, materials, and images used inside the Club must not be visible from the exterior.

## 5-E Nutrition Club Exterior

Because Nutrition Clubs are not retail establishments, cafés, restaurants or take-out establishments, and to avoid any misconceptions by the public, the exterior of a Nutrition Club may NOT have:

- tables, chairs, or outdoor seating;
- *Visa* or *MasterCard* (or any other credit card merchant) decals or signs;
- the word “welcome,” pictures or logos of shakes, blenders, pictures of food or products, telephone numbers, or “.com,” “www,” “.net,” or any other reference to a website;
- repetitive names with numbers (e.g., Rockin’ wellness #3, Rockin’ wellness #4); or
- *Tag lines or slogans*. A tag line is a descriptive term used in conjunction with the name of a Nutrition Club.

Herbalife shall have the right in its sole and absolute discretion to determine if a Nutrition Club’s appearance conflicts with this or any other policy, or Nutrition Club Rule.

## 5-F Cash Registers

Since Nutrition Clubs are not retail establishments, cash registers, cash boxes and the like may not be visible to Club attendees.

## 5-G Leasing, Renting or Sharing Club Locations

Nutrition Club operators may lease, rent or otherwise charge for clubs located in non-residential locations which they make available to, or share with, their downline organizations. However, the fees derived may not exceed a 5% net profit to the offering Member, and the offering Member(s) may not solicit or promote these locations to Members in other organizations.

## 5-H Walk-In Traffic

A “walk-in prospect” is a person who visits a Nutrition Club for the first time without a personal invitation and without having had any direct contact with or a referral from the operator of the Club or an existing Club attendee. Nutrition Club operators may sign up a walk-in prospect as an attendee, but if the prospect cannot or will not sign up as an attendee, the operator is then limited to offering the prospect a complimentary shake, tea, Formula 1 pies, and Herbal Aloe Concentrate as samples, and explaining the Nutrition Club concept of socialization, product consumption and wellness education among Club attendees, all in a fun and relaxed atmosphere. Nutrition Clubs are not retail locations and operators may not state or imply that they are. It is not permissible to sell product servings to anyone. Product servings are only available to registered Nutrition Club attendees as part of their daily, weekly or monthly attendee fee. Free samples of prepared products may be provided to encourage walk-ins to return and become Club attendees. Please refer to Rule 5-C “Signage Restrictions for Clubs Operating in Non-Residential Locations.”

## Nutrition Club Advisory

This Nutrition Club is operated by Herbalife Independent Distributor (“Operator”) \_\_\_\_\_ . Operator’s mailing address is \_\_\_\_\_ , and Operator’s business phone number is \_\_\_\_\_. Operator, not Herbalife, is responsible for all of the activities related to this Nutrition Club.

Nutrition Clubs are social gatherings, bringing people together with a focus on good nutrition. They are not retail stores or outlets, nor are they restaurants. Registered Club attendees may carry out one shake, or one COLD tea, per day from the Club, but only in unbranded containers of not more than one single serving. Carry-out of a shake, or COLD tea, may only be for the personal consumption of that Club attendee or another registered Club attendee. Carry-out is limited to one shake, or one COLD tea, and does not include Formula 1 pies or Herbal Aloe Concentrate.

Nutrition Club fees cover general operational costs and do not represent the price or cost of products. Participants may share their experiences after having used the products, but must always remember that the products are not intended to diagnose, treat, prevent or cure any disease or medical condition. Income reported in Nutrition Club materials, or in oral testimony at Club gatherings, is applicable to the individuals (or examples) depicted and not average.



## Advisory for Nutrition Club Operator

Although Nutrition Clubs are not restaurants, carry-outs, or any other type of food service establishment, Herbalife expects Nutrition Club Operators to adopt the highest standards of hygiene and sanitary practices. Listed below are the core principles of good hygiene and sanitation that are always required. Refer to Rule 1-N “Good Hygiene” which details these required hygiene practices:

- Keep your Club, particularly your entire kitchen area, clean at all times.
- Keep all tools and utensils used in food preparation, and in particular blenders and cutting boards, clean at all times.
- Keep your hands and forearms clean at all times by washing them frequently with antibacterial soap and warm water.
- Always use purified (or boiled) water in preparing the Club’s complimentary beverages.
- Inspect fruits and vegetables for freshness and quality, and wash them prior to use.
- Always use disposable cups.
- Clean up any spillage immediately, and remove all trash promptly.



## WHO NEEDS TO SUBMIT A *REGISTRATION FORM*?

Distributors operating Nutrition Clubs in **non-residential** locations are required to submit a *Registration Form* to Herbalife, at least 30 days prior to the official opening date of their Club.

Distributors may not open a Nutrition Club in a non-residential location or sign a lease for the purposes of a Nutrition Club, unless they have been an official Herbalife Distributor for at least 90 days and have completed the process required by the Company at the time as to site location and proposed signage, training and other matters.

Distributors operating Nutrition Clubs from residential locations are also encouraged to submit a *Registration Form*.

## WHY DO I NEED TO SUBMIT A *REGISTRATION FORM*?

Submitting your *Registration Form* will help you stay connected with the latest news and updates on Nutrition Club trainings and promotions. This registration process will allow Herbalife to ensure required Nutrition Club Operator training has been completed and to review your proposed Club name, signage, window and door covering ideas prior to your Club's opening date to avoid premature expenditures that may not be compliant with Herbalife's *Rules of Conduct*. **As stated in Herbalife's Nutrition Club Rules, Nutrition Clubs are not franchises or retail locations.**

## DO I NEED TO SUBMIT ADDITIONAL INFORMATION WITH MY *REGISTRATION FORM*?

Yes. Please, submit the following with your completed Registration Form:

### For planned Nutrition Clubs located in a non-residential location:

- A drawing of each exterior sign.
- A drawing of each window and door covering (curtain or shade). Information on approved window coverings, can be found on myherbalife.com under Tools and Training in the Nutrition Club area.
- A brief description, including the dimensions, locations and the number of signs and window and door coverings needed.

### For existing Nutrition Clubs located in a non-residential location:

- Photos of each exterior sign.
- Photos of each window and door covering (curtain or shade).
- A brief description, including the dimensions, locations and the number of signs and window and door coverings needed.
- An overall photo that captures the entire exterior of the Club's structure and any signage or message visible to passers-by.

## PRIMARY NUTRITION CLUB OPERATOR

Only one Operator is responsible for submitting a Nutrition Club *Registration Form*. This Operator is considered the **Primary Nutrition Club Operator**. One *Form* is required for every non-residential Nutrition Club location.

Secondary Club Operators (if any) may be listed on the *Registration Form*.

## WHERE DO I SUBMIT MY *REGISTRATION FORM* AND ADDITIONAL INFORMATION?

For your convenience, there are four (4) simple ways to submit your *Registration Form* and the additional information required:

1. **Online:** Go to MyHerbalife.com and login > go to Tools & Training on home page > select Notification and select "New Club Notification"
2. **Email:** [DPCNutritionClubsNAM@Herbalife.com](mailto:DPCNutritionClubsNAM@Herbalife.com).
3. **Mail:** Herbalife International of America, Inc.  
Attention: DPC  
950 W. 190th Street  
Torrance, CA 90502
4. **Fax: (310) 216-5145.** Photographs must be sent via email or mail. Please do not submit photographs by fax.

# U.S. and Puerto Rico Nutrition Club Registration



## PRIMARY (MAIN) NUTRITION CLUB OPERATOR'S INFORMATION:

Last name: \_\_\_\_\_ First name: \_\_\_\_\_  
Primary Distributor ID#: \_\_\_\_\_ Team level: \_\_\_\_\_

Country: \_\_\_\_\_ Club Address: \_\_\_\_\_  
Club type:  Residential  Non-Residential Suite #: \_\_\_\_\_  
Non-Residential Sub-type: (select one below) City: \_\_\_\_\_  
 Single Operator (Traditional) State: \_\_\_\_\_  
 Multiple Operators (Central/ Multi-Club)  Other Zip: \_\_\_\_\_  
Primary language spoken in Club:  English  Spanish  
The Club is:  Existing OR  
 Planned - Date of Opening or estimated opening: \_\_\_\_\_ Main contact number: \_\_\_\_\_  
 Proposed Club name: \_\_\_\_\_ OR Alternate contact number: \_\_\_\_\_  
 I do not have a Club name Email: \_\_\_\_\_  
 I previously submitted this form, but have an update/change to Website: \_\_\_\_\_  
my Nutrition Club name, signage and/or window coverings. Seating capacity: \_\_\_\_\_  
 I am closing or have closed my Nutrition Club. Average daily consumptions/attendees: \_\_\_\_\_  
Date of closure: \_\_\_\_\_  
 I wish to change Primary Operator to ID #: \_\_\_\_\_  
 New Primary Operator Name: \_\_\_\_\_

\*For changes to the Primary Operator, both Current and New Operator must sign this form.

### Did you receive any training to open/operate a Nutrition Club?

- I was trained in my Upline's Nutrition Club  
Date: \_\_\_\_\_ Upline Name: \_\_\_\_\_
- I participated in an Independent Distributor Nutrition Club Training  
Date: \_\_\_\_\_ Event Name/Location \_\_\_\_\_
- I participated in an Herbalife Corporate Nutrition Club Training  
Event Date: \_\_\_\_\_ Event Name/Location \_\_\_\_\_
- I completed the Nutrition Club Operator's Training and Quiz on  
MyHerbalife.com's Learning Center Date training completed: \_\_\_\_\_
- I did not receive training  Other \_\_\_\_\_

What percentage of your business comes from the Club? \_\_\_\_\_

Number of additional Operators who operate the Club? \_\_\_\_\_

### Secondary Club Operator information

Operator name: \_\_\_\_\_  
Operator ID#: \_\_\_\_\_  
Team level: \_\_\_\_\_  
Operator name: \_\_\_\_\_  
Operator ID#: \_\_\_\_\_  
Team level: \_\_\_\_\_

If sharing your Club with more than two (2) other Operators, submit the details requested on a separate page.

### For marketing purposes, select Business Methods conducted at this Club

- Weight Loss Challenge  Total Plan  Wellness Coach  Other

### Club hours of operation

Club is open all day Monday - Friday: \_\_\_\_\_ to \_\_\_\_\_

OR daily hours of operation:

Morning: \_\_\_\_\_ to \_\_\_\_\_ Afternoon: \_\_\_\_\_ to \_\_\_\_\_ Evening: \_\_\_\_\_ to \_\_\_\_\_

Club is open all day Saturday: \_\_\_\_\_ to \_\_\_\_\_

OR daily hours of operation:

Morning: \_\_\_\_\_ to \_\_\_\_\_ Afternoon: \_\_\_\_\_ to \_\_\_\_\_ Evening: \_\_\_\_\_ to \_\_\_\_\_

Club is open all day Sunday: \_\_\_\_\_ to \_\_\_\_\_

OR daily hours of operation:

Morning: \_\_\_\_\_ to \_\_\_\_\_ Afternoon: \_\_\_\_\_ to \_\_\_\_\_ Evening: \_\_\_\_\_ to \_\_\_\_\_

Comments:

I acknowledge that I have reviewed and understand Herbalife's Rules of Conduct, and Supplemental Rules, which include Nutrition Club Rules.

Current Primary Operator Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\*New Primary Operator Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Please be aware that an incomplete form may delay the signage, window and door covering confirmation process of your Nutrition Club. Failure to submit a Registration Form to Herbalife may result in sanctions to your Membership.

October 2013 Revised 12.2.7



Nutrition for a better life.

**Introduction**

It is noteworthy that these Weight Loss Challenge Rules have the same force and effect as the full body of Herbalife’s Rules of Conduct (including the U.S. and Puerto Rico Supplemental Rules of Conduct and Nutrition Club Rules). Violations of any Herbalife Rule or Policy can result in disciplinary action, up to and including suspension or termination of Memberships. Violations of these Rules can result in Members being denied the ability to operate Weight Loss Challenges. The Weight Loss Challenge Participation Agreement which is attached is required by these Rules. The Rules of Conduct (the U.S. and Puerto Rico Supplemental Rules of Conduct and Nutrition Club Rules) are included in the Herbalife Member Pack (HMP) and may also be obtained online at [MyHerbalife.com](http://MyHerbalife.com), or upon request from Distributor Relations toll-free at 866-866-4744. Where available, Weight Loss Challenge Manuals may also contain the Weight Loss Challenge Rules and Participation Agreement.

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The Weight Loss Challenge Rules and Guidelines set forth below have the force and effect of, and are in addition to, Herbalife's other Rules, including the Rules of Conduct, the U.S. and Puerto Rico Supplemental Rules and the Herbalife Nutrition Club® Rules.

Non-italicized content represents the Rule itself and is mandatory. Italicized content represents "best practices" and/or further details.

### 1. Maximum Number of Participants

*Each Weight Loss Challenge ("Challenge") is limited to a maximum of 40 participants. We recommend that you have 20 to 30 participants per Challenge. Keep in mind that a Challenge may include as few as 3 and up to the maximum of 40 participants. For example, if you have 120 people ready to start their Challenge today, you must start 3 or more separate Challenges in order to comply with this Rule. We also recommend that a Member be assigned as a personal coach to every 12 to 15 participants.*

### 2. Permissible Fees

**Participation Fee:** The Participation Fee covers all prize payouts, plus minimal operational costs. Participation fees may not be used to generate a profit and, under no circumstance, may they exceed \$35.

**Weight-Gain Fee:** Members may charge a weight-gain fee of \$1 per pound for weight gained since a participant's last recorded weigh-in.

**Absence Fee:** Members may charge an absence fee of \$5 for each absence from a weekly meeting. One (1) absence is allowed without penalty.

The only permissible action for non-payment of weight-gain and absence fees is disqualification from the Challenge; Members may not otherwise press or pursue participants (or former participants) for payment.

### 3. Maximum Payout

First-prize payout for each Challenge may not exceed \$599.

*There are 2 reasons for this maximum payout amount:*

- *Participants should be driven by the results they will achieve, with the "extra" benefit of possibly winning money.*
- *Larger funds could encourage participants to engage in unhealthy or excessive weight loss and exercise practices; therefore, we dictate this reasonable maximum prize amount.*

### 4. Duration

Each Challenge must run for a minimum of 6 weeks.

- *We recommend that each Challenge runs for 12 weeks. This allows the participants to better reach their goals during the course of the Challenge.*
- *The Weight Loss Challenge Manual, [MyHerbalife.com](http://MyHerbalife.com) support materials, and Herbalife's Weight Loss Challenge website for participants ([HerbalifeWLC.com](http://HerbalifeWLC.com)) are based on a 12-week program.*

### 5. Weekly Meetings

Weekly meetings are a required element of any Challenge. They may be conducted in any suitable location or online.

*Meetings should include a weekly weigh-in, discussion of the participants' progress, educational talks by the Member(s)/coach(es), and formulation of a plan and/or goal for the coming week.*

### 6. Recommending Herbalife Products

Members may always recommend, promote and educate on Herbalife products, but may not require that the products be purchased or consumed as part of a Challenge.

### 7. Refunding the Participation

The participation fee must be fully refunded if requested by the participant within the first 48 hours of the Challenge start date. Refunds requested more than 48 hours after the Challenge commences may be granted at the discretion of the responsible Member(s).

### 8. Advertising

Herbalife creates a variety of finished ads for the Weight Loss Challenge. These tools can be found at [MyHerbalife.com](http://MyHerbalife.com). Member-created ads must be compliant with all Herbalife Rules, including the Rules of Conduct, the U.S. and Puerto Rico Supplemental Rules and (where appropriate) the Herbalife Nutrition Club Rules.

When advertising a Weight Loss Challenge, Members may include their name and phone number in the ad. If the Challenge is to take place at a Nutrition Club, the ad may include the name of the Nutrition Club, name of the Club operator, and the Club's phone number; however, Members may only provide the address for the Challenge through personal interaction, not through the advertisement.

In addition, Weight Loss Challenge ads may not state or imply that persons will receive money for the mere act of participating in a Challenge. Only 4 participants in each Challenge actually receive cash payouts. Ads may state or imply that persons who win the Challenge can earn money for doing so.

**Examples of Acceptable Ad Statements:**

- “Weight Loss Challenge winners can earn dollars for losing pounds!”
- “Challenge winners can earn cash to lose weight!”

**Examples of Unacceptable Ad Statements:**

- “Earn dollars for losing pounds!”
- “We pay you to lose weight!”

**9. Required Participation Agreement**

Every participant must review and sign a Participation Agreement, which must be kept on file by the Member(s) for at least 1 year from signing and produced to Herbalife upon request.

The Participation Agreement form is provided for your use at the end of the Weight Loss Challenge Rules and Agreement.

**10. State of Vermont**

The standard Weight Loss Challenge model, as set forth in this Manual and in these Rules, is prohibited by law in the state of Vermont. If you are interested in using this tool in Vermont, you must contact the Herbalife Distributor Relations department for specific guidance.

**11. Minimum Age**

The minimum age for participation in a Weight Loss Challenge is 14, and persons ages 14 to 17 require written permission from a parent or legal guardian.

## Weight Loss Challenge Participation Agreement

Thank you for your interest in the Weight Loss Challenge! Through the Challenge, Herbalife Independent Distributors (also known as “coaches”) are able to help participants work toward their weight-loss goals and improve their overall wellness. We want you to have a great time as you have fun and meet new friends at our Weight Loss Challenge. Remember that any reasonable diet or weight-management program includes exercise and sensible meals, and it’s always a good idea to consult your primary physician before starting an exercise or weight-management program.

The coach(es) responsible for this Challenge:

Name(s): \_\_\_\_\_

Contact Information: \_\_\_\_\_

Please read this document carefully and sign it to confirm that you understand all of the general terms of the Weight Loss Challenge.

- In return for your Participation Fee of \$35\* and upon signing this document, you are entitled to participate in the Weight Loss Challenge identified below and you will be eligible for the various prizes and/or payouts which are awarded upon its conclusion. You will also attend weekly weigh-ins where you will have the opportunity to ask questions, receive coaching and education.
- This Weight Loss Challenge begins the week of \_\_\_\_\_ / \_\_\_\_\_, 20\_\_\_\_ and ends the week of \_\_\_\_\_ / \_\_\_\_\_, 20\_\_\_\_.
- Coaches are independent businesspersons; they are solely and exclusively responsible for the operation and details of each Weight Loss Challenge.
- The purchase or consumption of Herbalife® products in conjunction with your participation is recommended, but not required.
- The *Participation Fee* of \$35\* covers all prize payouts, plus minimal operational costs.
- The *Weight-Gain Fee* is \$1\* per pound for weight gained since the last recorded weigh-in.
- The *Absence Fee* is \$5\* for each absence. One (1) absence is allowed without penalty.
- The Participation Fee is fully refundable if requested by the participant within the first 48 hours of the Challenge start date.

\*Amount is in U.S. dollars.

- *Weight-Loss Payouts* are paid to the top 3 weight losers as follows:
  - **1st Place:** 50 percent will be paid to the person who has lost the greatest percentage of his/her body weight by the end of the Challenge.
  - **2nd Place:** 30 percent will be paid to the person who has lost the next greatest percentage of his/her body weight by the end of the Challenge.
  - **3rd Place:** 20 percent will be paid to the person who has lost the next greatest percentage of his/her body weight by the end of the Challenge.
- An *Inches Payout* is paid to the participant who loses the most inches and is not also a top 3 weight loser; this winner receives all money collected from Weight-Gain and Absence Fees.
- If, after reading this document, you have any further questions about the Weight Loss Challenge, do not hesitate to ask the coach(es) listed in this Agreement.
- As a participant, you should communicate regularly and fully about your progress and never hesitate to ask questions, so you can receive the appropriate advice and coaching.
- You must be at least 14 years of age to enter a Weight Loss Challenge; if you are 14 to 17 years old, your parent or legal guardian must sign this Agreement on the line provided.

I, \_\_\_\_\_, have reviewed and agree to all of the above.  
(PRINT NAME)

Signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_  
(Parent or legal guardian signature required if participant is under the age of 18.)

Address: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Email: \_\_\_\_\_

How did you hear about this Challenge? (please check)

- Prior participant       Referred by a friend (name): \_\_\_\_\_
- Newspaper ad       Postcard (color of postcard or name listed): \_\_\_\_\_
- Other: \_\_\_\_\_

### Introduction

The Herbalife Rules of Conduct are in place as protections of our business. Violations of these rules are considered serious; they may have an adverse affect on the Herbalife business as a whole, and can negatively influence the opinion of regulators, the media, or the public about Herbalife, its products, and Members. Therefore, Herbalife attempts to educate and counsel its Members about appropriate business practices. More severe measures may be required as appropriate. The company's decisions shall not create liability to pay compensation for loss of profits or goodwill.

In order to protect the goodwill and reputation of Herbalife and its Members, Herbalife urges its Members to promptly report alleged violations of the rules to Herbalife, as soon as they become aware. Although Herbalife reserves the right to look into matters that come to our attention at any time, generally we will only act on complaints brought within one (1) year from the date the Member asserting the Claim first knew, or through the exercise of reasonable diligence should have known, that the Claim existed.

### Complaint Procedure

Upon learning of a potential violation of the Rules of Conduct or other rules and regulations, Herbalife urges its Members to promptly report alleged violations of the rules to Herbalife, as soon as they become aware, in writing on an Official Complaint Form which can be obtained through Herbalife's Member Relations Department or by accessing Herbalife's official website [MyHerbalife.com](http://MyHerbalife.com) under "My Office"/ "Policy Documents." The details required will include the nature of the complaint and specific details to support the allegations, such as names, addresses and telephone numbers of all persons involved; dates, times, places, etc. Herbalife is not able to act upon or take action on insinuations or speculation. The Official Complaint Form must be signed and include the Complainant's Herbalife ID number.

**Inquiry:** If Herbalife determines in its sole and absolute discretion there is sufficient information to support the allegation, a Representative will contact the Member who is the subject of the complaint to present relevant information and allow time for the Member to provide a response (a written response may be also be required). All information submitted to the Company as part of the complaint or inquiry process must be substantiated by factual information, and all statements must be truthful and not misleading.

In certain circumstances it may become necessary to place restrictions on a Membership while an inquiry is in process. Those restrictions may includes any or all of the following:

- Suspension or denial of buying privileges
- Suspension or denial of payment for Royalty Overrides
- Suspension or denial of payment for TAB Team Production Bonus
- Suspension or denial of awards or benefits (i.e., vacations, pins, etc.)
- Suspension from Speaking at Corporate Training Seminars or other meetings representing the Company
- Prohibition from attending any Corporate Event, even if Member has qualified for this event
- Suspension of any qualifications that may be in progress
- Suspension of the right to hold one's self out as an Herbalife Member. Herbalife reserves the right to publish the violating Member's name, violation and penalty at its sole and absolute discretion.

Upon the conclusion of the inquiry Herbalife will endeavor to communicate the decision to the Member and impacted parties in writing.

### Sanctions

Violations of these Rules may result in legal or regulatory problems for the Company and endanger the business for all Members. For this reason, the penalties to Members who, directly or indirectly, violate these Rules may be substantial. Herbalife shall have sole and absolute discretion to determine the appropriate penalty based on the nature of the violation and consequence that resulted or could result, including, but not limited to:

- Suspension of all Member rights and privileges
- Monetary sanctions
- Obligation to reimburse Herbalife's legal fees
- Removal from the Speaker Program
- Disqualification from participation in the annual Mark Hughes Bonus
- Permanent loss of lineage
- Termination of Membership (see "Termination or Deletion of a Membership" below)

Important Note: Herbalife may hold the upline(s) of the violator responsible for violations of these Rules if it concludes that the uplines had assisted, encouraged or were party to them.

**Corrective Measures:**

Volume and earnings adjustments (which are a result of corrective measures to properly resolve Dual Membership violations) will not include activity more than two (2) years before the date the respective complaint was received by Herbalife.

**Requests for Reconsideration:**

If a Member would like Herbalife to reconsider a final determination it has made, the Member has 15 days from the date the Member is notified of Herbalife's decision in which to submit additional information and facts they believe should be considered, and must provide all of the evidence they believe may be relevant to Herbalife's decision. However, Members must state why this information was not provided during the inquiry.

If Herbalife does not receive a written request to reconsider within the allotted period of time, the request will be denied.

**Termination or Deletion of a Membership**

The Company maintains the right to terminate, with or without giving prior notice, any Member of the Company who it has determined has violated the Company Rules of Conduct or other rules and regulations of the Company as adopted or amended from time to time, consistent with Company policies and procedures as published in the Career Book or other Company literature (the "Company Rules").

Termination means the complete cancellation of a Membership and revocation of the Member's right to conduct the Herbalife business. This includes cancellation of their right to receive any further income from the Membership whether accruing before or after the termination date. The termination is effective on the date indicated in the written notification from Herbalife to the Member. Upon termination or deletion of a Membership for any cause pursuant to these rules, the Member will have no claim against Herbalife as a result of the termination or deletion.

**Appealing a Termination**

If a Member wishes to appeal the termination of his or her Membership, Herbalife will allow 15 days from its written decision for the submission of evidence relevant to the termination. Herbalife reserves the right to consider evidence submitted beyond the 15 day time frame at its sole and absolute discretion.

The appeal will thereafter be reviewed by a committee comprised of an appointed representative from each of the Sales Department, the Distributor Services Department and the Legal Department (the "Review Committee"). If a majority of the Review Committee determines that the Membership should not have been terminated, it shall be reinstated, but the Review Committee may recommend an alternative penalty, if any, for the alleged violations. In making a termination decision, however, the Review Committee will consider whether the alleged violation was material.

Herbalife will endeavor to provide written notice of its decisions to the Member and all parties impacted. This decision shall not create liability to pay compensation for loss of profits or goodwill.

## PRIVACY AND DATA PROTECTION

Herbalife collects information on the business you generate, and other information necessary for the performance of your relationship with Herbalife, such as your bank account or credit card number. Your information will be used: (1) to provide services to you (such as taking and processing orders, and calculating the earnings that you and others are entitled to under the Herbalife Sales & Marketing Plan); (2) to support and improve the services you render to your customers; (3) to provide you with additional services; (4) to maintain the proper functioning of the Herbalife Sales & Marketing Plan, and (5) compliance.

In order to fulfill its obligations under the Member relationship, Herbalife needs to share your information, or parts of it, with other Herbalife entities (a list of Herbalife subsidiaries can be found online at [MyHerbalife.com](http://MyHerbalife.com), or at [Herbalife.com](http://Herbalife.com)), with Herbalife's corporate headquarters in the United States, and with your upline. In specific cases we may also be legally required to disclose your information to public authorities, and we may disclose part of your information to service providers (e.g., IT support, accounting, legal advisors, etc.) in the framework of our regular business, internal investigations or business transactions. In all of these cases, Herbalife will take appropriate measures to ensure the confidentiality of your information. Herbalife does not share your information with other third parties.

Some of Herbalife's entities, and possibly your upline, may be established in countries that offer less privacy protection than your country of residence. However, Herbalife is committed to protecting your privacy wherever your information is used. To that effect, Herbalife International of America, Inc. in the United States has certified to the EU-US Safe Harbor Agreement, thereby committing to a level of protection equivalent to that in the European Union.

You have a right to access your personal information and a right to have erroneous information corrected. If you want to exercise those rights, please contact Distributor Relations in your country or check your account information online at [MyHerbalife.com](http://MyHerbalife.com).

Herbalife will provide you with materials about its products and services to assist you in developing your business. In addition, Herbalife may send you additional commercial information about itself or its business partners.

The information collected by Herbalife is necessary to perform the Member Agreement. Refusal to provide this information or refusal to authorize us to use the information in the manner described above means that you will be unable to become or remain a Member. Moreover, when you terminate your Member relationship, Herbalife must keep some of your information for accounting purposes and for the calculation of earnings under the Herbalife Sales & Marketing Plan.

From time to time, you may receive personally identifiable information ("PII"), from Herbalife relating to your downline. You may not use this PII for any other purpose than to develop your Herbalife business relationship with your downline, unless you have received consent from the downline Member to use the PII for other purposes. You will abide by applicable data protection laws at all times, including international data transfer restrictions. You shall be responsible for the use that you make of the PII of your downline once Herbalife has transmitted it to you. You shall also hold the PII you receive from Herbalife on your downline Members at all times in strict confidence.

