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**IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

DANA BOSTICK, a California
Resident, ANITA VASKO, a
Pennsylvania resident, JUDI TROTTER,
a Washington resident, BEVERLY
MOLNAR, a Pennsylvania Resident,
CHESTER COTE, a Vermont resident,
on behalf of themselves and all others
similarly situated, and on behalf of the
general public,

PLAINTIFFS,

vs.

HERBALIFE INTERNATIONAL OF
AMERICA, INC., a Nevada
Corporation, HERBALIFE
INTERNATIONAL, INC., a Nevada
Corporation, HERBALIFE, LTD a
Cayman Island Corporation,

DEFENDANTS.

Case No.: 2:13-cv-02488-BRO-RZ

**FIRST AMENDED CLASS
ACTION COMPLAINT**

DEMAND FOR JURY TRIAL

INTRODUCTION TO THE CASE

1. Herbalife told Plaintiffs Dana Bostick, Anita Vasko, Judi Trotter, Beverly Molnar, and Chester Cote that if they “put in the time, effort, and commitment,” they could make money from retail sales and, by recruiting others to become Herbalife distributors, they could make money off them.

2. Plaintiffs all purchased International Business Packs and became distributors. They ordered Herbalife products – enough products that they jumped up the chain and qualified for additional discounts and commissions from potential recruits’ purchases.

3. However, they did not make money as promised. Like the hundreds of thousands of Herbalife distributors before and after, they failed. They failed even though they were committed and put in the time and effort. They failed because they were doomed from the start by an Herbalife marketing plan that systematically rewards recruiting distributors over retail sales of product. A marketing plan in which Herbalife pays a significant portion of every dollar that Plaintiffs and other distributors pay for Herbalife product to others in the form of recruiting rewards, regardless of the distributors’ actual retail sales. A marketing plan that pays millions to those few at the top in recruiting rewards at the expense of the many at the bottom.

4. Accordingly, Plaintiffs, for themselves, all others similarly situated, and the general public, allege:

TYPE OF ACTION

5. Plaintiffs sue for themselves and for all persons who were Herbalife distributors from April 2009 until the present under California’s Endless Chain Scheme Law (California’s Penal Code § 327 and California Civil Code § 1689.2), California’s Unfair Competition Law (Business and Professions Code Section 17200 *et seq.*), and False Advertising Law (Business and Professions Code § 17500), against Herbalife International, Inc., Herbalife International of America,

1 Inc., and Herbalife, Ltd for the operation and promotion of an inherently fraudulent
2 endless chain scheme.

3 **PARTIES**

4 6. Plaintiff Dana Bostick is and at all relevant times was an individual
5 who resides in Los Angeles County, California. Bostick entered into an Agreement
6 of Distribution with Herbalife and became an Herbalife distributor in April of
7 2012.

8 7. Plaintiff Anita Vasko is and at all relevant times was an individual
9 who resides in Chester County, Pennsylvania. Vasko entered into an Agreement of
10 Distribution with Herbalife and became an Herbalife distributor in December of
11 2012.

12 8. Plaintiff Judi Trotter is and at all relevant times was an individual
13 who resides in King County, Washington. Trotter entered into an Agreement of
14 Distribution with Herbalife and became an Herbalife distributor in January of
15 2012.

16 9. Beverly Molnar is and at all relevant times was an individual residing
17 in Allegheny County, Pennsylvania. Molnar entered into an Agreement of
18 Distribution with Herbalife and became an Herbalife distributor in June 2011.
19 Molnar is still registered as an Herbalife distributor although she is not active.

20 10. Plaintiff Chester G. Cote is an individual who resides in Bellows
21 Falls, Vermont. When he became an Herbalife distributor he was a resident of
22 Connecticut. When his Herbalife distributorship expired, he was a resident of
23 Missouri. He became a distributor in 2009.

24 11. Defendant Herbalife International of America, Inc. is and at all
25 material times was a Nevada corporation headquartered in Los Angeles. Defendant
26 Herbalife International of America, Inc. is a wholly-owned subsidiary of Herbalife
27 International, Inc. and an indirectly wholly-owned subsidiary of Herbalife, Ltd,
28 and is employed by those entities to conduct their U.S. operations.

1 Ltd., Herbalife International, Inc., and Herbalife International of America, Inc. are
 2 the principals, agents, affiliates, partners, co-conspirators or alter-egos of each
 3 other, and each acted within the course, scope and authority of such relationships so
 4 that Herbalife Ltd., Herbalife International, Inc., and Herbalife International, Inc.,
 5 are alter egos of one another and are jointly and severally liable for the acts alleged
 6 herein. In Herbalife's dealings with Plaintiffs and the Class, Herbalife generally
 7 does not distinguish between the three corporate entities but instead refers to itself
 8 singularly as "Herbalife." This Complaint, therefore, also refers to Herbalife Ltd.,
 9 Herbalife International, Inc., and Herbalife International of America, Inc.
 10 collectively as "Herbalife."

11 17. Venue is proper in this District under 28 U.S.C. § 1391(b) and (c)
 12 because a substantial number of the acts and transactions that established the
 13 claims of the Plaintiff and the class occurred within this District. Defendants
 14 conducted business and solicited business relating to the illegal scheme in this
 15 district. Defendants transacted their affairs, resided within California and this
 16 judicial district, and Defendants' wrongful acts occurred in this District and have
 17 directly impacted the general public of this district.

18 18. Plaintiffs and the class have also executed an "Agreement of
 19 Distributorship" with Herbalife, which requires claims to be "resolved exclusively
 20 in a judicial proceeding in either the Superior Court or the United States Court,
 21 both located in Los Angeles, California."

22 **FACTS**

23 **SUMMARY OF FACTS**

24 19. From 2009-2013, Herbalife made disclosures of "Statements of
 25 Average Gross Compensation of U.S. Supervisors" that were deceptive and
 26 misleading as to the likelihood that a distributor could reach the level of Supervisor
 27 and earn money from the scheme. Herbalife included these disclosures in the Sales
 28 and Marketing Plan received by Plaintiffs and the class. Herbalife also posted these

disclosures online. None of these disclosures provided any information that would allow a potential or actual distributor to meaningfully evaluate their likelihood of success in the scheme. Copies of the disclosures made from 2009-February 2013 are attached as **Exhibit A** and are referred to as the “**2008-2011 Statements**”

20. As recently disclosed by Herbalife in February 2013 in their Statement of Average Gross Compensation Paid by Herbalife to United States Distributors in 2012 (attached as **Exhibit B**, and referred to as the “**2012 Statement**”) the majority of Herbalife’s U.S. distributors earn nothing from Herbalife. In 2012, Herbalife’s real business opportunity was:

- a. Herbalife paid nothing to over 87.9% of all distributors;
- b. Herbalife paid \$1 to \$1,000 to 8.43% of all distributors;
- c. Herbalife paid \$1,001 to \$5,000 to 2.2% of all distributors;
- d. Herbalife paid \$5,001 to \$10,000 to 0.5% of all distributors;
- e. Herbalife paid \$10,000 to \$25,000 to 0.393% of all distributors;
- f. Herbalife paid \$25,001-\$50,000 to 0.230% of all distributors;
- g. Herbalife paid \$50,000-\$100,000 to 0.109% of all distributors;
- h. Herbalife paid \$100,001-\$250,000 to 0.092% of all distributors; and
- i. Herbalife paid more than \$250,000 to 0.039% of all distributors.

21. These real numbers are in direct contrast to the deceptive earning claims referenced in Herbalife’s promotional materials, including videos on Herbalife’s website, YouTube, and Herbalife distributors’ websites, often featuring prominent distributors and promoters of the Herbalife scheme, and Herbalife’s prior Statements of Average Gross Compensations distributed to Plaintiffs and the class.

22. An undisclosed fact is that there is little to no opportunity for an Herbalife distributor to earn a “retail profit” on the sales of Herbalife products because Herbalife sets the “Suggested Retail Price” (“**SRP**”) at a price so high that few if any Herbalife distributors can earn retail profits.

1 23. Herbalife sets the SRP so high because for every dollar a distributor
2 paid Herbalife for Herbalife product (not including packaging, handling, shipping,
3 and tax) Herbalife paid out \$0.46 to \$0.64 to its top distributors as recruiting
4 bonuses. Herbalife made these payments upline whether or not the distributor sells
5 the product at retail and whether or not the distributor sells the product at SRP.

6 24. Besides setting the SRP at an inflated price, Herbalife charges its
7 distributors a 7% fee for “Packaging and Handling” and a 2.5% to 4% fee for
8 shipping, based solely on the inflated SRP and not on Herbalife’s actual or
9 estimated costs for packaging, handling, and shipping. This makes it even harder
10 for a distributor to make retail profits as it drives their retail price even higher.

11 25. An undisclosed fact (from at least April 2009 to February 2013) is
12 that a large majority of all distributors (approximately 71%) make few if any retail
13 sales and are forced to self-consume the Herbalife products.

14 26. An undisclosed material fact is that the vast majority of participants
15 in Herbalife’s endless chain scheme drop out within one year of becoming
16 Herbalife distributors and have usually lost most, if not all, of their investment and
17 thousands of dollars expended to build their supposed “business opportunity.”

18 27. To avoid being an endless chains scheme, a multi-level marketing
19 plan must have effective provisions to ensure that its distributors sell most
20 products to consumers not a part of the marketing system. Herbalife does or did
21 not employ or enforce such provisions.

22 **THE HERBALIFE SALES AND MARKETING PLAN**

23 28. As a direct-sales company, Herbalife operates a multi-level
24 distribution system – the Herbalife Sales and Marketing Plan – relying on
25 individual distributors to market, promote, and sell its products.

26 29. A copy of the Herbalife “Sales and Marketing Plan and Business
27 Rules” (“**Sales and Marketing Plan**”) purchased by Bostick as part of his
28

1 International Business Pack is attached as **Exhibit C**. The Sales and Marketing
2 Plan is an incredibly complex set of rules and regulations.

3 30. Anyone can become an Herbalife distributor if they purchase an
4 Herbalife International Business Pack (“**IBP**”) or a mini-IBP at a cost of \$95.95 or
5 \$57.75 respectively, apply to become a distributor, and are sponsored by an
6 existing Herbalife distributor.

7 31. Herbalife recruits prospective participants by offering them the
8 opportunity to participate in a “tested proven business plan” “designed to
9 maximize rewards for effort and provide substantial and ongoing income.”

10 32. Herbalife recruits prospective participants by promising them
11 “Immediate Retail Profit,” “Daily Wholesale Profit,” “Monthly Override Income,”
12 “Monthly Production Bonuses,” “Annual Bonuses” for Top Achievers, and
13 “Special Vacations and Training Events” that will “teach you how to meet your
14 goals, increase your earning power and build an international business without
15 leaving the comfort of your own home!”

16 33. Herbalife’s distributors promise recruits and other distributors that
17 they can “be your own boss – take charge of your life,” achieve “financial
18 freedom,” earn “extra income,” “retirement/pension,” and “leave a legacy.”

19 34. Herbalife recruits prospective participants by boasting that the
20 Herbalife Sales and Marketing Plan is “[t]he best Marketing Plan in the industry”
21 and that it pays out up to 73% of product revenues to distributors in “Retail and
22 Wholesale Profits, Royalty and bonus income and incentives.” Herbalife stresses:

23 Each Distributor’s success is dependent on two primary factors: The time,
24 effort and commitment a Distributor puts into their Herbalife business and
25 the product sales made by a Distributor and their downline organization.

26 These two factors raise the importance of a Distributor’s responsibility to
27 train, support and motivate their downline organization.
28

1 35. Herbalife divides the “73% of product revenue” by apportioning 23%
 2 of the SRP to “Royalty, bonus income, and incentives” and 50% to “Retail and
 3 Wholesale Profits.” Herbalife’s 73% payout claim depends on a distributor
 4 reselling the product at 100% of the SRP.

5 36. By basing these “Retail and Wholesale Profits, Royalty and bonus
 6 income and incentives” off the SRP, Herbalife masked that for every dollar the
 7 purchasing distributor spent on Herbalife product, Herbalife paid from \$0.46 to
 8 \$0.64 upline in the form of recruiting rewards.

9 37. Because so much money is paid upline in recruiting bonuses so that
 10 Herbalife can retain its “most active and productive distributors,” Herbalife’s SRP
 11 is an inflated price that bears no relation to the actual market price distributors can
 12 get for Herbalife’s products in sales to retail customers.

13 **BOSTICK IS RECRUITED TO HERBALIFE**

14 **“Position Determines the Pay,” “You Determine Your Position”**

15 38. Dana Bostick responded to an internet advertisement for a “trial
 16 offer.” It offered an “Internet Business Starter Pack” where Bostick paid \$9.95 in
 17 Shipping and Handling and would be charged an additional \$39.95 if he did not
 18 return the package within fourteen days. Interested in earning monthly and residual
 19 income, Bostick signed up for the pack. The Internet Business Starter Pack was
 20 mailed to Bostick sometime between late-March and early-April 2012.

21 39. Bostick reviewed the pack, which is attached as **Exhibit D**, and the
 22 DVD video enclosed in that pack, which revealed the “business” as Herbalife.

23 40. Bostick watched the DVD. A spokeswoman explained that within
 24 Herbalife, “the position determines the pay - meaning, the higher you start the
 25 more money you can make.”

26 41. On the video, Maurice Smith reiterates that “position determines the
 27 pay” and that “you determine your position.” Smith tells viewers that an average
 28 Herbalife distributor earns “between \$100 and \$300 per month – part-time.” And

1 Success Builders “have the opportunity to earn between \$400-\$600 part-time.”
2 Smith encourages recruits to become a “Supervisor,” a level in the Herbalife
3 endless chain that requires a significant purchase of product but where distributors,
4 if they have a downline, can start to earn recruiting rewards:

5 Supervisor is the highest level you can choose to position yourself at
6 today. And, this is very important to know, Supervisor is the gateway
7 to the rest of the levels of the marketing plan. You cannot get to the
8 higher income levels without first becoming a Supervisor.

9 42. The graphics on the video display that Supervisors can earn between
10 \$500-\$1500 a month. Smith explains that a World Team member can earn \$1,500-
11 \$3000 a month, GET Team member can earn \$3,500-\$7,000 a month, Millionaire
12 Team can earn between \$7,500-\$15,000 a month, and President’s Team members
13 typically earn between \$25,000-\$100,000+ a month. Images of Smith’s
14 presentation and representations of potential distributor’s earnings are attached as
15 **Exhibit E**.

16 43. Smith explains why it is so important to become a Supervisor: “It’s
17 the highest paying position that you can start at today. You’ve set yourself up for
18 retail profits of 50% so you’ve doubled your money for the same work you’ve
19 been doing.” A Supervisor is at the “gateway to the rest of the marketing plan,”
20 because Supervisors can begin to get royalties, production bonuses, spontaneous
21 bonuses, 1% annual bonus pool, and paid vacations.

22 44. Bostick viewed this video, Herbalife’s website, and various other
23 Herbalife related websites. Upon viewing these materials, Bostick believed that
24 retailing Herbalife products and recruiting distributors would be a way for him to
25 build a business where he could earn both monthly income and residual income.

26 45. Bostick ordered and paid for an IBP. It was sent to him by Federal
27 Express. The IBP contained the magazine, Live the Good Life! Herbalife (relevant
28 portions of which are attached as **Exhibit F**) and four distributor workbooks:

1 “Your Business Basics” (relevant portions of which are attached as **Exhibit G** to
2 the Complaint); “Using and Retailing Your Products”; “Building Your Business”
3 (relevant portions of which are attached as **Exhibit H** to the Complaint); and the
4 “Sales & Marketing Plan and Business Rules” (**Exhibit C**). Bostick reviewed the
5 IBP and the materials in the IBP.

6 46. On April 6, 2012, Bostick went online and signed an Agreement of
7 Distribution. That agreement is attached as **Exhibit I**.

8 47. Bostick worked hard to build his business. He bought and used
9 products himself so he would know what he was selling. He set up three websites.
10 Two were set up to sell Herbalife products to the public and one was to recruit
11 downline distributors. He paid for “coaching” sessions where the coaches “taught”
12 him how to recruit downline distributors to build a downline. In spite of his hard
13 work, the only recruit he made was a long-time friend.

14 48. On April 6, and 26, 2012, May 21, 2012, June 18, 19, 22, and 27,
15 2012, and July 20, 2012, Plaintiff Bostick ordered products from Herbalife.
16 Besides the purchase price for product, Herbalife added a 7% “Packaging and
17 Handling” fee and a shipping fee of anywhere from 2.5% to 4%, solely based on
18 the SRP of the product and not on the actual or estimated costs.

19 49. On June 22, 2012, he attempted to “pay for his position” by
20 coordinating with his friend. They were supposed to both purchase enough
21 product to become a Supervisor, the “gateway to the rest of the marketing plan.”
22 On June 22, 2012, he made a single order that cost him \$2,133.72. Bostick’s
23 downline did not make the purchase and Bostick did not advance to Supervisor.

24 50. When he tried to resell the product he purchased to qualify as a
25 Supervisor, Bostick learned that there was little opportunity for him to earn
26 monthly income or residual income with Herbalife. The SRP alone was an
27 uncompetitive price in the market, and, when Bostick would add the shipping,
28 handling, and packaging fees to recoup his costs, the retail price was so high that

1 there were virtually no retail purchasers willing to pay the full retail price. And
2 other distributors were selling Herbalife products online on Craigslist and EBay at
3 or below their cost, making retail profits in the amounts promised by Herbalife
4 even more difficult to achieve.

5 51. As to the over \$3,000 (SRP) worth of Herbalife products that Bostick
6 purchased that he has not self-consumed or given away, Plaintiff Bostick has tried
7 to sell it on Craigslist at or around his purchase cost.

8 ANITA VASKO IS RECRUITED TO HERBALIFE

9 The Nutrition Club

10 52. Anita Vasko was looking to reenter the workforce after being a
11 homemaker for some years. With two children in their early teens and with a
12 health-coach certificate, she went to a “nutrition club” operated by another
13 Herbalife distributor in a nearby town.

14 53. She told the owner of the Herbalife nutrition club she was looking for
15 a job. He explained the multi-level-marketing concept to her and she thought it
16 sounded interesting. Late December 2012, Vasko purchased an IBP and signed the
17 distributor agreement.

18 54. She reviewed the IBP and she thought it sounded and looked like a
19 good opportunity. Based on the representations in the IBP, including the
20 Statement of Average Gross Compensation, she thought that she could earn retail
21 profits by reselling Herbalife products and that she could recruit other distributors
22 and earn profits off of their purchases and sales. She wanted a part-time and
23 eventual full-time job and Herbalife sounded like it would provide her with that
24 opportunity.

25 55. She kept “training” at the nutrition club for around four months and
26 became familiar with the products and how to prepare the shakes by consuming
27 them herself.

1 56. In late January/early-February of 2013, Vasko decided to open her
2 own nutrition club. She sub-leased a prime commercial location in Westchester,
3 Pennsylvania. The rent was \$725 a month plus common area maintenance charges
4 plus utilities for seven months. She then entered into a three year lease and from
5 August 2013 until January 2014 she shared the rent, which cost a total of \$1500 a
6 month with another Herbalife distributor to operate the club. When she opened the
7 Nutrition club in the winter of 2013, Vasko became a Supervisor, purchasing
8 enough products to qualify under the one-month qualification.

9 57. The rules for operating the nutrition club made it hard for her to get
10 business. She could only have people come into her club by “invitation,” so she
11 would have to go on the street to invite people into the club. Few people
12 responded to her invitation. Under the rules, there could be no sign indicating she
13 was affiliated with Herbalife. She had to place curtains on the windows of the
14 storefront as well. The logo they initially selected was rejected by Herbalife as
15 being “too similar” to Herbalife’s logo.

16 58. Vasko worked six days a week and sometimes seven, often from
17 eight a.m. to late in the evening. In November of 2013 she had a meeting with her
18 upline distributor and her husband regarding the lack of sales and the lack of
19 interest in the club. Her upline suggested she continue to hand out invites on the
20 street. Later her upline stopped calling her back when she sought additional help.

21 59. When Vasko was actively working on her Herbalife distributorship,
22 she had never seen a copy of the Statement of Average Gross Compensation for
23 2012, Exhibit B. Vasko Last year Vasko calculated a loss of approximately
24 \$12,000 in 2013 on her Herbalife nutrition club, not including the hundreds to
25 thousands of hours spent working at the club. Vasko is also stuck with unopened
26 Herbalife product that cost her over \$2,000 to purchase and that she cannot return
27 to Herbalife because it is past the one-year return policy.

JUDI TROTTER IS RECRUITED TO HERBALIFE**Retirement Gone Wrong**

60. In January of 2012 Judi Trotter saw an advertisement about how to make money at home. She had just retired but her husband was still working. She was bored and looking to earn some extra money so she got in contact with the company, Online Business Systems.

61. The person recruiting her gave her a high pressure sales pitch, telling her that if she did not have the money to join she should call her bank to get a credit card limit raised. On the first call with her upline, Trotter signed up and paid for enough products to immediately qualify as a Supervisor.

62. The product and the IBP were delivered to her. When Trotter reviewed the IBP, including the statement of average gross compensation it contained, she believed the IBP when it said Herbalife provided a full-time or part-time opportunity. After reviewing the IBP, including the representations of income, testimonials, and the Statement of Average Gross Compensation, she thought "I could do this." Based on the representations of the IBP, Trotter thought she would be able to make retail profits and recruit other Herbalife distributors and earn money off of their purchases and sales.

63. She bought leads of prospective recruits from Online Business System. She signed up other recruits. She sent the product that she purchased to the people that she signed up from her leads – they all got a selection of products provided by Trotter and paid for it as part of their sign up, which cost (including the IBP) the leads around \$200. All but one of them cancelled.

64. Trotter reached the level of "World Team" without ever filling out a 10 Customer Form or a 70% Rule Form. She earned "mailbox money," or a Royalty Override check, and she never filled a 10 Customer Form or a 70% Form. Trotter reached the level of World Team without making 10 retail sales.

1 65. Trotter felt uncomfortable following the Online Business System
2 scripts as she felt they were too high pressure. The leads that she purchased were
3 usually very poor quality leads – the leads would be very ignorant about starting a
4 business. By March 2012 she decided she could not in good conscious recruit any
5 more people and that she needed to try to resell product in order to work off the
6 debt she had incurred.

7 66. Sometime in May 2012 she went to a conference sponsored by
8 Herbalife. There were Herbalife ethics people there, and she told them about her
9 concerns with recruiting and her difficulty in retailing. When they asked how she
10 became a Supervisor, she told them that she was following the Online Business
11 System way. The Herbalife representatives told her that they did not condone
12 what Online Business Systems was doing.

13 67. After that conference, Trotter went back and read her IBP to see if
14 Online Business Systems was legitimate. She found language allowing business
15 and methods tools, which she took to mean that Online Business System was not
16 prohibited under the Herbalife rules. She tried for another couple of months to sell
17 the product that she had not personally consumed or provided to her “leads,” and
18 found that it was very difficult to sell. When she ultimately tried to sell her
19 product on Craigslist she found that people were heavily discounting the product.
20 At this point she had lost \$8842.11 in pursuing her Herbalife distributorship for
21 product, leads, booklets to send to leads, websites, and other tools.

22 68. Trotter resigned from her distributorship in the fall of 2012 and
23 returned the product she had leftover to Herbalife. Trotter did not realize that she
24 had a cause of action against Herbalife until she learned of this action.

25 **BEVERLY MOLNAR IS RECRUITED TO HERBALIFE**

26 **The Lead Game**

27 69. In June 2011, Beverly Molnar ordered the \$9.95 Online Business
28 System brochure and DVD. She was looking to make some money on the side.

1 She called the upline and from that call she jumped into the program, buying the
2 IBP and enough volume points to become a Supervisor.

3 70. Molnar reviewed the IBP when it was sent to her. She read the
4 statement of average gross compensation, income projections, and testimonials
5 and thought that she could make money as a Supervisor, both by selling products
6 for retail profit and by recruiting distributors underneath her.

7 71. The first six months she tried hard to sell product to earn back her
8 initial investment. But she had to give purchasers significant discounts off the
9 suggested retail price in order to sell the product. After that first large purchase,
10 Molnar stopped trying to resell product and just consumed it.

11 72. She also purchased leads from Online Business System. Molnar was
12 required to purchase packages to send to the leads, which cost a fee for each lead.
13 Molnar had little success with the leads. Online Business System would handle all
14 the shipping of the lead packages and DVD's, but when the leads would return
15 product and the lead package, Molnar was required to pay for their return. The
16 leads that Molnar purchased were often of low quality, with phone numbers and
17 emails that were frequently wrong. If Molnar did not contact the lead within two
18 weeks she lost the lead. Molnar estimates she spent over \$11,000 on leads and on
19 other bundled services, such as websites, training, and coaching.

20 73. Molnar stopped buying leads over a year ago and is trying to pay-
21 down her credit card debt incurred in chasing the Herbalife opportunity. Molnar
22 did not realize that she had a cause of action against Herbalife until she learned of
23 this action.

24 **CHESTER COTE IS RECRUITED TO HERBALIFE**

25 **“Closet Qualified”**

26 74. In 2009 Chester Cote was laid off. He saw an online opportunity and
27 he called about it. A man from Minnesota returned Cote's call and convinced
28 Chester to join Herbalife as a distributor.

1 75. Cote bought an IBP and reviewed it. He liked what he saw and read.
2 Based on his review of the IBP and the representations contained in it, including
3 the Statement of Average Gross Compensation, Cote thought that Herbalife would
4 be a good way to earn money by selling products and earning retail profits and by
5 recruiting other distributors and earning based on those distributors purchases and
6 sales.

7 76. Cote bought enough Herbalife product in a single purchase to
8 become a Supervisor.

9 77. Cote had trouble recruiting his friends and family into Herbalife.

10 78. Cote went to two training programs – one in Minneapolis, Minnesota
11 and one in Phoenix, Arizona. There, Herbalife representatives gave them pep talks
12 about how much money they could earn being Herbalife distributors.

13 79. Cote wanted to earn the kind of money these people described, so he
14 tried to recruit online. He also sent out fliers, which he purchased from senior
15 members in his upline.

16 80. Cote tried to sell products online, but he found it was difficult
17 because the prices were depressed by other distributors who were selling their
18 products at a significant discount off SRP. Cote still has canisters of Herbalife
19 product that he would like to return but the return period has ended. Cote did not
20 realize he had a cause of action against Herbalife until he learned of this action –
21 he thought his failure as an Herbalife distributor was due to his own shortcomings
22 as an Herbalife distributor.

23 81. All of these Plaintiffs' experience is the same as most Herbalife
24 distributors. As Herbalife's 2012 Statement shows, most Herbalife distributors
25 earn nothing from Herbalife and only 33% of Newly Qualified Supervisors
26 requalify.

27 82. Plaintiffs' failure and the other distributors' failure are not for lack of
28 time, effort, or commitment to Herbalife. These failures are due to a marketing

1 plan that, by its design, systematically rewards recruiting over retailing and
 2 systematically rewards those distributors at the top at the expense of the many
 3 distributors at the bottom.

4 **MECHANICS OF THE SALES AND MARKETING PROGRAM**

5 83. Within the Herbalife endless chain, there are 11 levels of Herbalife
 6 distributors. The bottom four categories are Distributors,¹ Senior Consultants,
 7 Success Builders, and Qualified Producers. Herbalife calls the bottom four
 8 categories “Non-Sales Leaders” (“NSL”). The top seven categories are
 9 Supervisors, World Team, Global Expansion Team, Millionaire’s Team,
 10 President’s Team, Chairman’s Club, and Founders Circle. Herbalife calls these
 11 distributors “Sales Leaders” (“SL”).² Bostick was an NSL and Vasko, Trotter,
 12 Molnar, and Cote were all SLs.

13 84. Herbalife assigns a new distributor to an existing “line of
 14 sponsorship” to which the recruiting distributor already belongs. A line of
 15 sponsorship includes a hierarchy of distributors starting with the newly-recruited
 16 distributor and proceeding by seniority up to a distributor heading the line of
 17 sponsorship. These distributors at the heads of the lines of sponsorship are
 18 Beneficiaries and Promoters.

19 85. Junior (or “downline”) distributors purchase products from more
 20 senior (or “upline”) distributors within their line of sponsorship or from Herbalife
 21 directly. Herbalife pays bonuses upline to distributors based on purchases from
 22 Herbalife by downline distributors. Any distributor at any level may sponsor new
 23 distributors.

24 ¹ The use of a lower-case “distributor” refers to all Herbalife distributors,
 25 regardless of level. The use of a capitalized “Distributor” refers to the first-level
 26 Herbalife distributor.

27 ² Members of the Millionaire’s Team, President’s Team, Chairman’s Club and
 28 Founders Circle are the primary beneficiaries and promoters of the Herbalife
 endless chain (“**Beneficiaries and Promoters**”).

1 86. Herbalife protects its distributors' downlines. A distributor who
 2 wants to change their sponsor must obtain a written, notarized release from their
 3 Sponsor and upline distributors. Herbalife can still deny the request. The
 4 distributor changing sponsors can only keep their downline if their upline agrees.

5 87. To move up the Herbalife endless chain and qualify for higher levels
 6 of compensation, Herbalife requires a distributor to "achieve" (either through their
 7 own purchases of Herbalife products or through their downline's purchases)
 8 specific "Volume" during specified time-periods.

9 88. Herbalife calculates a distributor's Volume by using "**Volume**
 10 **Points.**" Volume Points are point values that Herbalife assigns to each of their
 11 products. In the U.S., Herbalife uses a Volume Point to dollar ratio to assign
 12 Value Points to specific products. It displays a product's Value Points on the price
 13 sheet.

14 89. In 2012 the dollar to Volume Point ratio ranged from approximately
 15 \$1:0.57VP to approximately \$1:0.905VP.

16 90. If a distributor orders products the distributor collects "Personally
 17 Purchased Volume" points³ The Volume Points that a distributor accumulates
 18 either through Personally Purchased Volume or through the Volume Points
 19 purchased by the distributor's downline become the distributor's sales production.
 20 Herbalife uses Volume Points to qualify distributors for higher levels, sales
 21 commissions, royalties, bonuses, and other incentives and benefits. Herbalife
 22 calculates Volume Points monthly.

23
 24
 25
 26 ³ "**Personally Purchased Volume**" is defined as "The volume purchased directly
 27 from Herbalife using your [the distributor's] Herbalife Identification Number." All
 28 defined terms from the Sales and Marketing Plan are found on Exhibit C, pp. 21-
 22.

**NON-SALES LEADERS: DISTRIBUTORS, SENIOR
CONSULTANTS, SUCCESS BUILDERS, & QUALIFIED PRODUCERS**

Distributors (NSL)

91. Herbalife calls its first-level distributors “Distributors.”

92. A Distributor buys Herbalife products at a 25% discount off the SRP whether for personal use or resale. In its promotional materials, Herbalife characterizes the 25% discount as an opportunity for the Distributors to earn 25% in retail profits from reselling the Herbalife products.

93. Prior to the filing of the Complaint in this case, if a Distributor purchased a product with an SRP of \$100, the cost was \$75. Herbalife paid the Distributor’s upline \$48 of the \$75 cost – \$25 upline in “Wholesale Profits” and \$23 in Royalty Overrides, bonuses, and other incentives – even if the Distributor could not resell the product for the \$100 SRP. For a Distributor’s purchase, \$0.64 out of every dollar paid for Herbalife product went upline (\$0.33 in Wholesale Profits and \$0.31 in royalties, bonuses, and incentives).

Senior Consultants (NSL)

94. Herbalife promotes a Distributor to “Senior Consultant” if they buy 500 or more Personally Purchased Volume Points, or, if their recruited distributors provide 500 Volume Points in “Downline Volume.”⁴

95. Senior Consultants buy Herbalife product at a 35% discount off SRP and are eligible for a 10% commission off their downline Distributor’s purchases, so long as that distributor remains a Distributor. Herbalife calls this commission “Wholesale Profit.”

96. A Distributor can also qualify for Senior Consultant if the distributor gets 2,000 Volume Points in a month, either through Personally Purchased

⁴ **“Downline Volume”** is defined as “As a non-Supervisor, Downline volume is based on volume which is placed by your downline Distributors directly from Herbalife or order between 25% to 42% discount.

1 Volume or through Downline Volume. That Senior Consultant gets a 42%
 2 discount off of SRP, both on the qualifying purchase and on purchases in the
 3 qualifying month. The next month their discount is 35% off of SRP.

4 97. A Distributor can become a Senior Consultant without purchasing or
 5 reselling Herbalife product if the Distributor recruits downline distributors and
 6 those distributors purchase the required 500 or 2,000 Volume Points in a month.

7 98. Prior to filing the Complaint in this action, if a Senior Consultant
 8 with a 35% discount purchased a product with an SRP of \$100, the cost was \$65.
 9 Herbalife paid the upline \$38 of the \$65 cost – \$15 in “Wholesale Profits” and \$23
 10 in Royalty Overrides, bonuses, and other incentives – even if the Senior
 11 Consultant does not resell the product. For a Senior Consultant’s purchase with a
 12 35% discount, \$0.58 out of every dollar paid for Herbalife product went upline
 13 (\$0.23 in Wholesale Profits and \$0.35 in royalties, bonuses, and incentives).

14 **Success Builder (NSL)**

15 99. A Distributor or Senior Consultant becomes a “Success Builder” if
 16 the distributor places a single order of 1,000 Personally Purchased Volume Points.
 17 Success Builders get a 42% discount on that order and on other purchases in the
 18 same month they qualify. A Success Builder becomes a Senior Consultant with a
 19 35% discount the next month.

20 100. Herbalife and the Beneficiaries and Promoters encourage Distributors
 21 to become Success Builders to get “higher retail profits” because of the discount.
 22 In the video called “Senior Consultant & Success Builder,” which is hosted at
 23 <http://www.youtube.com/watch?v=8b2pyw3A6FA> and on the official Herbalife
 24 website www.video.herbalife.com, Beneficiaries and Promoters John Tartol and
 25 Leslie Stanford encourage distributors to become Success Builders. Tartol
 26 explains in minutes 5:20-6:18 how a distributor can “qualify right away” for a
 27 35% discount “with just one order” and “enjoy a substantial 42% discount
 28

1 immediately.” He tells distributors that “this will get you the highest discount for
2 the least expenditure.”

3 **Qualified Producer (NSL)**

4 101. A Distributor, Senior Consultant, or Success Builder becomes a
5 “Qualified Producer” if the distributor purchases 2,500 Personally Purchased
6 Volume Points within one to three months, or the distributor can combine up to
7 1,000 Downline Volume (Volume placed by downline distributors) Points and
8 1,500 Personally Purchased Volume Points in a single month.

9 102. A Qualified Producer gets a 42% discount off SRP for a full year and
10 qualifies for up to 7% to 17% of commissions on the Qualified Producer’s
11 downline distributors’ (below the level of Qualified Producer, Success Builder, or
12 Senior Consultant with a 42% discount) purchases.

13 103. Prior to the filing of this action, if a Qualified Producer (or Senior
14 Consultant or Success Builder) with a 42% discount purchased a product with an
15 SRP of \$100, the cost was \$58. Herbalife paid the upline \$31 of the \$58 cost – \$8
16 upline in “Wholesale Profits” and \$23 in Royalty Overrides, bonuses, and other
17 incentives – even if the Qualified Producer does not resell the product. For
18 distributors with a 42% discount, \$0.53 out of every dollar paid for Herbalife
19 product went upline (~\$0.13 in Wholesale Profits and ~\$0.40 in royalties, bonuses,
20 and incentives).

21 104. According to Herbalife’s recently revised 2012 Statement,
22 Distributors, Senior Consultants, Success Builders, and Qualified Producers (all
23 NSLs) and Supervisors without a downline made up 83% of their total distributors
24 in 2012.

25 105. Unless an NSL is participating in the Herbalife Advantage Promotion
26 (an automatic monthly product shipment program) and has orders for 12
27 consecutive months, the NSL must pay an Annual Processing Fee of \$15.00 on
28 their “anniversary date” to remain an Herbalife distributor. Supervisors also must

1 pay an Annual Processing Fee of \$79.99. Herbalife has described this fee as
 2 necessary because “The fee keeps you on our system by letting us know that you
 3 are still enjoying working your Herbalife business. If it is not paid then your
 4 Distributorship is subject to deletion.”

5 106. In Herbalife’s 2004 and 2005 10-Ks to investors, Herbalife disclosed
 6 that for the reporting year, “more than 90% of our distributors that are not
 7 supervisors turned over.” Herbalife stopped disclosing the turnover rate of Non-
 8 Sales Leaders in their 10-Ks and never disclosed turnover rates of its NSL’s to
 9 Plaintiffs and members of the class. Based on the 2004 and 2005 disclosures and
 10 Plaintiff’s own experience with distributors in his own upline and downline,
 11 Plaintiff is informed and believes that the non-Supervisor turnover rate for 2009-
 12 2013 is approximately 90%.

13 **SALES LEADERS: SUPERVISORS, WORLD TEAM, TAB TEAM,**
 14 **PRESIDENT’S TEAM, FOUNDER’S CIRCLE, CHAIRMAN’S CLUB**

15 **Supervisor (SL)**

16 107. Becoming a “Supervisor” means a distributor moves from being a
 17 “Non-Sales Leader” to a “Sales Leader,” or “SL.”

18 108. According to Herbalife’s Statements of Average Compensation
 19 distributed in 2009-2013 (**Exhibit A**), approximately 25% of Herbalife’s
 20 Distributors become Supervisors and above.

21 109. A distributor can qualify to become a Supervisor in one of three
 22 ways:

1 110. **One-Month Qualification** – by “achieving” 4,000 Volume Points in
2 a month. A minimum of 1,000 of these Volume Points must be “Unencumbered
3 Volume”⁵

4 111. **Two-Month Qualification** – by “achieving” 2,500 Volume Points in
5 each of two consecutive months. A minimum of 1,000 of these Volume Points
6 must be “Unencumbered.”

7 112. **Accumulated Qualification** – by buying 5,000 Personally Purchased
8 Volume Points within 12 months or 1,000 Downline Volume Points with 4,000
9 Personally Purchased Volume.

10 113. Under the One and Two Month Qualifications, a distributor can
11 qualify as a Supervisor without purchasing or reselling any Herbalife products if
12 1000 of the downline Volume Points are Unencumbered.

13 114. A distributor can also qualify for Supervisor under any method
14 making no retail sales.

15 115. A distributor who does not become a Supervisor before their
16 downline distributor becomes a Supervisor has one year to become a Supervisor.

17 _____
18 ⁵ **“Unencumbered Volume”** is defined as “all volume produced by anyone in [a
19 distributor’s downline], down to the first qualified Supervisor who achieves less
20 than 2,500 Volume Points in one Volume Month,” plus all of the distributor’s
21 “Personal Volume,” and which is volume that is not used by anyone else for
Supervisor qualification purposes.

22 **“Personal Volume”** is defined as “The volume purchased by you as a Fully
23 Qualified Supervisor and all others in your downline organization, excluding any
24 50% orders by Qualifying Supervisors and Qualified Supervisors.”

25 **“Encumbered Volume”** is all volume produced by any downline distributor
26 qualifying for Supervisor, down to the first qualified Supervisor, who achieves
27 2,500 Volume Points or more at a 25% to 42% discount in one Volume Month.
28 The basic difference between the two forms of volume is that Unencumbered
Volume is volume that no other distributor uses to qualify to become a Supervisor.

1 Otherwise, Herbalife takes away that Supervisor and that Supervisor's downline
2 from the distributor and gives them to the first upline Supervisor.

3 116. Herbalife requires that a Qualifying Supervisor be sponsored by the
4 first upline Supervisor. The Sponsoring Supervisor must match the Qualifying
5 Supervisor's Volume Points in the qualifying month with "Total Volume."⁶

6 117. A Sponsoring Supervisor can sponsor the Qualifying Supervisor
7 without purchasing or reselling any Herbalife products if their downline generates
8 sufficient Total Volume to match the Qualifying Supervisor's Volume Points in
9 that qualifying month.

10 118. If the Supervisor sponsors a distributor who becomes a Supervisor
11 that Supervisor is called a first-level Supervisor. If that first-level Supervisor
12 sponsors a Supervisor that Supervisor becomes the original Supervisor's second-
13 level Supervisor. If that second-level Supervisor sponsors a Supervisor that
14 Supervisor becomes the original Supervisor's third-level Supervisor. Supervisors
15 can earn royalties on all three of these downline level Supervisors' volume.

16 **Benefits for Supervisors**

17 119. A Supervisor can purchase Herbalife's product at a 50% discount off
18 the SRP and can earn from 25% - 15% - 8% in commissions from their
19 downline's purchases. The commissions decrease as the Supervisor's downline
20 distributors' discounts increase – 25% - 35% - 42%.

21 120. Prior to the filing of this action, if a Supervisor purchases a product
22 with an SRP of \$100, the cost was \$50. Herbalife paid the upline \$23 of that \$50
23
24

25 ⁶ **"Total Volume"** is defined as "the combined total of Personal Volume plus
26 Group Volume."

27 **"Group Volume"** is defined as "Orders purchased at a temporary 50% discount,
28 by Qualifying Supervisor(s) in a Supervisor's personal organization."

cost in Royalty Overrides, bonuses, and other incentives – even if the Supervisor does not resell the product.

121. For a Supervisor's purchase, \$0.46 out of every dollar paid for Herbalife product went upline in Royalty Overrides, bonuses, and other incentives.

122. A Supervisor also qualifies for "Royalty Overrides," if that Supervisor has first, or second, or third level Supervisors in their downline.

123. A Royalty Override is a commission that a Supervisor receives on the Volume Points accrued by that Supervisor's downline (the First, Second, and Third Level Supervisors). In its 10-Ks, Herbalife calls Royalty payments "compensation to distributors for services rendered including the development, retention and the improved productivity of their sales organizations."

124. The percentage (1%-5%) of Royalty Overrides that a Supervisor can earn depends on the number of Total Volume Points the Supervisor accumulates in that month. Supervisors can qualify for Royalty Overrides from their three levels of downline Supervisors. In their Sales and Marketing Plan, Exhibit C, p. 13, Herbalife illustrates Royalty Override:

Royalty Override Sliding Scale		Royalty Override Example		
Your Total Volume Points	Royalty Override Earning %	YOU	2,500 Volume Points	= Your Total Royalty Override = 1,500 Royalty Points
0-499	0%			
500-999	1%	First-Level Supervisor	10,000 Volume Points	= 5% = 500 Royalty Points
1,000-1,499	2%			
1,500-1,999	3%	Second-Level Supervisor	10,000 Volume Points	= 5% = 500 Royalty Points
2,000-2,499	4%			
2,500 plus	5%	Third-Level Supervisor	10,000 Volume Points	= 5% = 500 Royalty Points

125. To qualify for Royalty Overrides, a Supervisor must certify that they comply with Herbalife's "10-Retail Customer Rule" and "70% Rule." Under these rules, a Supervisor "must personally make sales to at least 10 separate retail customers each month," and "at least 70% of the total value of Herbalife products

1 a Distributor purchases each Volume Month must be sold or consumed that
2 month.” A copy of the Earnings Certificate form is found on page 48 of Exhibit C.

3 126. Herbalife Supervisors must requalify annually by paying the Annual
4 Processing Fee and by meeting similar volume requirements as the original
5 qualification requirements.

6 127. In Herbalife’s 10-Ks, Herbalife reported that for the years 2012,
7 2011, 2010, and 2009, its Sales Leader retention rate was approximately 51.10%,
8 48.6%, 43.3%, and 42.2%, respectively.

9 **World Team (SL)**

10 128. Herbalife promotes Supervisors to the World Team if they meet one
11 of the three following requirements. They achieve 10,000 Total Volume Points in
12 one month after becoming a Qualifying or a Fully-Qualified Supervisor. Or if they
13 achieve 2,500 Total Volume Points each month for four consecutive months. Or if
14 they are awarded 500 Royalty Override Points in one month. World Team
15 members get special planning and training sessions targeted to accelerate their
16 progress to TAB Team membership and all the benefits of being a Supervisor.

17 129. According to Herbalife’s 2012 Statement, World Team members’
18 average annual earnings are \$6,224 and the median compensation is \$5,659 in
19 payments from Herbalife.

20 **TAB Team (SL)**

21 130. Supervisors are eligible to become members of the “Top Achievers
22 Business Team” (“**TAB Team**”), which includes three steps: Global Expansion
23 Team (“**GET**”), Millionaire Team, and President’s Team.

24 131. TAB team members are eligible for Production Bonuses. The TAB
25 Team Production Bonus is a bonus on the downline Organizational Volume (the
26 volume on which a Supervisor is paid a Royalty Override).

GET Team (SL)

132. Herbalife promotes a Supervisor to the GET Team if that Supervisor accrues 1,000 Royalty Override Points each month for three consecutive months.

133. As a GET Team member, the distributor gets all the benefits of a Supervisor and can earn TAB Team Production Bonuses based on the qualification level, can qualify for vacation and training events and can participate in special advanced trainings and conference calls.

134. A GET Team member can qualify for a monthly 2% TAB Team bonus payment of the downline Organizational Volume, which Herbalife describes as a partial reward for the team member's "undivided loyalty" to the company.

135. According to Herbalife's 2012 Statement, GET Team members have an average annual earnings of \$22,766 and median compensation of \$19,417 in payments from Herbalife.

Millionaire Team (SL)

136. If a Supervisor achieves 4,000 Royalty Override Points each month for three consecutive months, Herbalife promotes that Supervisor to the Millionaire Team the following month and, after a waiting period of two months, that Millionaire Team member can earn a 2-4% monthly TAB Team bonus off the downline's Organizational Volume. Millionaire Team members also get all the benefits of being a Supervisor.

137. According to Herbalife's 2012 Statement, Millionaire Team members earn an average of \$100,195 and median of \$97,303 in payments from Herbalife.

President's Team (SL)

138. Herbalife promotes a Supervisor who accrues 10,000 Royalty Override Points in three consecutive months to the President's Team where, after a waiting period of three months the President's Team member can earn a 2%-6% Production Bonus.

1 139. To qualify for the President's Team, a Supervisor must accrue 20,000
2 to 50,000 Royalty Override Points in three months. The TAB Team bonuses range
3 from 2% to 7%, depending on the number of Royalty Override Points the
4 Supervisor accrues.

5 140. For all TAB Team members, the Production Bonus decreases from
6 the maximum percentage depending on whether there are other TAB Team
7 members in the Tab Team member's downline earning Production Bonuses on the
8 volume.

9 141. According to Herbalife's 2012 Statement, President's Team members
10 (which include the Chairman's Club and Founder's Circle Members) earn an
11 average of \$514,638 and median of \$336,901 in payments from Herbalife.

12 **Chairman's Club (SL)**

13 142. Herbalife promotes a distributor to the Chairman's Club if the
14 distributor has five Fully-Qualified President's Team members in five separate
15 lines of the distributor's downline organization.

16 143. Chairman's Club Members are eligible for a percentage of
17 Herbalife's global sales. This bonus is the "Mark Hughes Bonus Award."

18 144. The Mark Hughes Bonus Award is a bonus pool representing a 1% of
19 Herbalife's *worldwide* product sales (calculated using SRP). Herbalife distributes
20 this bonus annually among the Chairman's Club and Founder's Circle Members.
21 A copy of the 2010 Mark Hughes Bonus Award Qualifications and Rules is
22 attached as **Exhibit J**.

23 145. The rules to qualify for a Mark Hughes Bonus are incredibly
24 complex. They largely depend on a distributor having President's Team Members
25 within their downline who meet certain production requirements, the Royalty
26 Override Points that Herbalife awards the distributor, and their overall
27 organization production. Notably, there are no rules requiring additional retail
28 sales beyond the "10-Retail Customer Rule" and "70% Rule."

1 146. Herbalife can also exercise discretion in awarding the MH Bonus.
 2 Chairman's Club and Founder's Circle members are encouraged to
 3 Demonstrate leadership and Herbalife spirit. ...Support, promotion and
 4 participation in Herbalife efforts, including Company meetings and other
 5 efforts such as conference calls, Herbalife Broadband Network (HBN),
 6 audio/visual recordings, promotions, marketing and sales, projects,
 7 suggestions and working with the Company as it develops strategic plans
 8 and leads the effort to enhance the Company's overall business...
 9 Attendance of the Distributorship at major events.

10 147. Plaintiffs are informed based on information found at
 11 <http://www.herbalife.com/chairmansclub> <visited April 4, 2013> and believe
 12 there were only forty-three Chairman's Club members, worldwide, as of April 4,
 13 2013.

14 **Founders Circle (SL)**

15 148. The pinnacle of the Herbalife endless chain is the Founder's Circle.

16 149. Herbalife promotes a distributor to the Founder's Circle if the
 17 distributor has ten first-line, Fully-Qualified President's Team members in ten
 18 separate lines of that distributor's downline organization.

19 150. Founder's Circle members are also eligible for the "Mark Hughes
 20 Bonus Award."

21 151. Plaintiffs are informed based on information found at
 22 <http://www.herbalife.com/chairmansclub> that as of April 4, 2013, there are only
 23 eight Founder's Circle members, worldwide.

24 **THE ILLEGAL SCHEME**

25 152. Herbalife's compensation structure rewards recruiting of new
 26 participants over retail sales and leads to abuses.

27 153. These abuses include: (1) Herbalife and Beneficiaries and Promoters
 28 making outlandish statements about potential earnings and the business

1 opportunity for potential and actual distributors; (2) distributors focusing on
2 recruiting new distributors rather than on making retail sales of products; (3)
3 distributors purchasing more products than they can feasibly sell to actual retail
4 customers to meet volume requirements (a practice known as “inventory
5 loading”); (4) Herbalife and Beneficiaries and Promoters encouraging other
6 distributors to make “one-time” purchases to jump up the chain to higher levels
7 (“pay determines position” and “position determines pay”); and (5) Herbalife and
8 Beneficiaries and Promoters encouraging their downline distributors to recruit
9 other distributors so they can use those distributors’ purchases to move higher up
10 the chain and get the Royalty Overrides, bonuses, and other incentives.

11 154. Herbalife Ltd.’s 2011 and 2012 10-Ks describes this compensation
12 structure as necessary to keep “its most active and productive distributors” – the
13 Beneficiaries and Promoters:

14 Once a distributor becomes a sales leader, he or she has the
15 opportunity to qualify by earning specified amounts of royalty
16 overrides for the Global Expansion Team, the Millionaire Team or the
17 President’s Team, and thereby receives production bonuses of up to
18 7%. We believe that the opportunity for distributors to earn royalty
19 overrides and production bonuses contributes significantly to our
20 ability to retain our most active and productive distributors.

21 155. In its 2011 10-K, Herbalife Ltd. admits its business depends upon it
22 success in recruiting and retaining distributors:

23 Our ability to remain competitive depends, in significant part, on our
24 success in recruiting and retaining distributors through an attractive
25 compensation plan and other incentives. We believe that our
26 production bonus program, international sponsorship program and
27 other compensation and incentive programs provide our distributors
28 with significant earning potential.

1 In its 2012 10-K, Herbalife changed that to mention its products: “Our ability to
2 remain competitive depends on having relevant products that meet consumer
3 needs, a rewarding compensation plan, and a financially viable company.”

4 156. With the 2004 and 2005 disclosures by Herbalife regarding its NSL
5 turnover of 90% (who make up 83% of its total distributors) and disclosures that
6 of the remaining 17% who are Supervisors and above, 43%-51% of its
7 Supervisors do not requalify, historically, most Herbalife distributors will fail.

8 157. As illustrated best by Exhibit B, Herbalife’s 2012 Statement the
9 Herbalife endless chain scheme makes money for those few at the top– the
10 Beneficiaries and Promoters – and those are the distributors Herbalife tries to
11 retain to remain competitive in the industry – and disappoints the many at the
12 bottom who cannot make retail profits and who give up on the Herbalife “business
13 opportunity” in droves.

14 **Herbalife’s Inducement of New Recruits**

15 158. Herbalife induces new recruits to join the Herbalife program through
16 material false representations that such recruits can re-sell Herbalife products for
17 retail profit and can move up the endless chain and earn commissions, bonuses,
18 and other incentives because of their recruiting activities.

19 159. Besides representations made in the IBP or mini-IBP, Herbalife also
20 promotes the scheme using distributor testimonials. In testimonials Herbalife
21 published on its website, Herbalife tells recruits and distributors:

- 22 a. Natalie and Justin M. say that “‘Now we control our destiny.’ ... ‘We
23 researched different business opportunities,’ ... ‘But Herbalife offered
24 the chance to work from home, coupled with solid earning
25 potential.’”
- 26 b. Scotty M. says that “‘After just two years working the business, I was
27 able to quit my job and become a full-time Distributor.’ ‘I wanted to
28 be my own boss.’ ... ‘I’ve been able to upgrade to a bigger home and

1 nicer car.””

2 c. Wendy W. says “‘I’m the owner of an International business!’ ... ‘If
3 you have little or no business experience, don’t worry; determination
4 can go a long way!’”

5 These statements taken from Herbalife’s website are attached as **Exhibit K**.

6 160. In Herbalife’s IBP and Mini-IBP, Herbalife includes a magazine
7 called *Live the Good Life! HERBALIFE* (**Exhibit F** (excerpts)). There, with
8 images of currency, luxury vehicles, boats, and expensive homes, Herbalife tells
9 recruits that it is a “part-time opportunity,” “[a] full-time Opportunity,” and “[t]he
10 opportunity to earn more than you ever thought possible and make your dreams
11 come true!” Recruits are also told this is “[a] business opportunity for everyone
12 that’s fun, simple and magical!” and that all they need to do is: use the products,
13 wear the button, and talk to people – “Use, Wear, Talk.”

14 161. In *Live the Good Life! Herbalife*, Herbalife provides the following
15 example of potential ways that new recruits can earn income.
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Earn an income several different ways



Direct Sales

- As a Distributor \$25 of every \$100 **25%**
- As a Success Builder \$42 of every \$100 **42%**
- As a Supervisor \$50 of every \$100 **50%**

Downline organization

- Commission checks
- Royalty checks
- Bonus checks

Plus:

- Recognition
- Promotions
- Training

How to earn even more income

Example 1

You = Supervisor (2,500 Volume Points)

You recruit & retain 2 supervisors

- 2 Supervisors each produce 2,500 Organizational Volume Points
- = 5,000 Volume Points R.O. = \$250/month

They each recruit & retain 2 Supervisors

- 4 Supervisors each produce 2,500 Organizational Volume Points
- = 10,000 Volume Points R.O. = \$500/month

They each recruit & retain 2 Supervisors

- 8 Supervisors each produce 2,500 Organizational Volume Points
- = 20,000 Volume Points R.O. = \$1,000/month

Total of 35,000 Volume Points, Your R.O. = \$1,750 Plus Production Bonus of 2% = \$700

Total of Checks \$2,450/mo.

Example 2

You = Supervisor (2,500 Volume Points)

You recruit & retain 3 supervisors

- 3 Supervisors each produce 2,500 Organizational Volume Points
- = 7,500 Volume Points R.O. = \$375/month

They each recruit & retain 3 Supervisors

- 9 Supervisors each produce 2,500 Organizational Volume Points
- = 22,500 Volume Points R.O. = \$1,125/month

They each recruit & retain 3 Supervisors

- 27 Supervisors each produce 2,500 Organizational Volume Points
- = 67,500 Volume Points R.O. = \$3,375/month

Total of 97,500 Volume Points, Your R.O. = \$4,875 Plus Production Bonus of 4% = \$3,900

Total of Checks \$8,775/mo.

Imagine...4 or 5!

*The incomes presented are applicable to the individuals depicted and are not a guarantee of your income, nor are they typical. For the Statement of Average-Gross Compensation for U.S. Supervisors, go to www.Herbalife.com or www.MyHerbalife.com.

41

1 162. Based on Herbalife's 2012 Statement, a distributor receiving checks
2 of \$2,450 a month or \$8,775 a month would be at least in the top 0.23% or
3 0.092% of all U.S. distributors, respectively. Prior to Herbalife's 2012 Statement,
4 a prospective or actual distributor had no way to know how atypical Herbalife's
5 examples were.

6 163. Herbalife also distributes a magazine called *Herbalife Today*.
7 *Herbalife Today* follows a format where Herbalife's CEO and President, Michael
8 Johnson, has a letter to distributors, as well as product advertisements, as well as a
9 section called "Success Stories," featuring a President's Circle member, along
10 with other success stories of TAB Team and GET Team members.

11 164. In the *Herbalife Today* magazine, Issue No.156, which Herbalife
12 distributed in 2012 to Plaintiffs and other members of the class, Michael Johnson
13 writes, "[m]illions of people's lives are being improved through our products and
14 our business opportunity." Selected portions of *Herbalife Today*, Issue No. 156
15 are attached as **Exhibit L**. Plaintiffs reviewed *Herbalife Today*.

16 165. For the "Success Story," *Herbalife Today*, Issue No. 156, p.11-12,
17 features a Chairman's Club member, Paulina Riveros. Herbalife tells a tale of
18 Paulina working part-time using "a proven and surprisingly simple approach to
19 breathe life into her organization: using the products, wearing the button, and
20 talking to people." "This is how Paulina began climbing the Marketing Plan and
21 earning amazing income. ... Today she lives in a spacious ranch in Florida, and
22 has a lifestyle that she couldn't have imagined in her wildest dreams."

23 166. *Herbalife Today*, No 156, also features a section called "Where
24 Inspiration Meets Success: At a crossroads in their lives, these Distributors took
25 the high road, and turned their inspiration into success." There, distributors like
26 Deisy T., advises readers:

27 You only have to put in the hard work along with the dedication, patience
28 and discipline, attributes you can learn at the events. Herbalife is a real

1 opportunity for everyone who is willing to focus and work for his or her
2 goals. Plant a seed every day and you will harvest lifetime success.

3 167. *Herbalife Today* is full of “success” stories of distributors. They
4 boast of: their “successful international business that I managed to build from
5 scratch”; leaving high-paying jobs to join the Herbalife business; enjoying “a
6 lifestyle that they always dreamed of”; replacing “two engineering salaries with
7 Herbalife income”; and “making more money than he could have ever imagined.”
8 Herbalife has published similar testimonials in *Herbalife Today* for the last four
9 years.

10 168. Herbalife also has its own official YouTube channel,
11 <http://www.youtube.com/user/HerbalifeIntl>. There, a video entitled “Why
12 Herbalife, Why Now? Building your Business” (uploaded on December 22, 2008
13 and available through April 9, 2013, <<http://www.youtube.com/watch?v=-990eOlwchw>>) demonstrates the Herbalife “pitch.”

15 169. Herbalife’s Chairman and CEO, Michael Johnson, introduces that
16 video, saying “boy do we have a solution to help you in these tough economic
17 times.” Highlighting the economic uncertainty at the time, the video asks “why
18 Herbalife?” To that question, various distributors respond: “it’s recession proof.”
19 “When everybody else is having troubles, listen – we’re flourishing.” “When the
20 economy is bad our business is fueled.” “I got started in a recession -- this is my
21 fourth recession. I’m more excited about today than ever before.” And “This
22 opportunity can be your answer.”

23 170. In that video, Distributors tell viewers that with Herbalife “you get to
24 be your own boss,” “earn extra money,” “work from home,” “raise your own
25 children,” “make your own hours,” “make part-time or full-time money,” “take
26 your family on vacations,” “give your family all the extras that they deserve,”
27 “change your lifestyle to do whatever you want to do.” When asked again, “why
28 Herbalife, “recruits are told “because you can finally earn what you’re worth.”

1 171. The video ends with the Herbalife's Chairman and CEO exclaiming,
2 "So why are you waiting. Come on -- at Herbalife we've got the answer to these
3 tough economic times. Contact the person who sent you this video and start
4 improving your life right now. Become an Herbalife independent distributor
5 today."

6 172. Herbalife features the Beneficiaries and Promoters on its website
7 www.herbalife.com/chairmansclub (visited April 8, 2013) and at
8 www.video.herbalife.com. There, many of the Beneficiaries and Promoters have
9 videos detailing their expensive lifestyles, lavish homes, luxury cars, and their
10 "rags-to-riches" stories, all purportedly made possible through Herbalife.

11 173. Herbalife also prominently features the Beneficiaries and Promoters
12 in literature, flyers, and public events.

13 174. Herbalife sponsors what it calls an "Herbalife Extravaganza." The
14 Herbalife Extravaganza is annual convention that Herbalife promotes in *Herbalife*
15 *Today*, online and through emails. At the Extravaganza, Herbalife distributors
16 come from around the country for sales and marketing advice and tips from
17 Beneficiaries and Promoters.

18 175. In one video taken from the Herbalife 2010 Extravaganza in Los
19 Angeles, California, Beneficiary and Promoter Geri Cvitanovich, in minutes 1:40-
20 3:00, tells a convention hall filled with distributors that the Herbalife plan "is a
21 confidence plan ... to take you from where you are to wherever you want to go,"
22 grooming them to become multimillionaires:

23 all of us are getting groomed to become multi-millionaires. That is an
24 awesome opportunity. Now you can take advantage of it. Or you only
25 want to make \$60,000, \$100,000, couple \$100,000. But the fact that
26 we are all here getting groomed to become millionaires in today's
27 marketplace to me is an awesome privilege to be a part of. And I just
28 want those of you who are new to know that you are in the right place

1 at the right time. The fastest amount of growth in the shortest amount
2 of time in our history. And we are doing nothing but going up.
3 That video can be found at <http://www.youtube.com/watch?v=PmeLJHHKoDk>
4 (visited April 8, 2013).

5 176. In another video taken at the Herbalife 2011 Extravaganza in Las
6 Vegas found at <http://www.youtube.com/watch?v=cVbd8bw4MIQ> (visited April 8,
7 2013) Beneficiary and Promoter Susan Peterson tells attendees, at minutes 1:03-
8 1:58 that, if they are not getting rich in Herbalife, “it’s wrong” and that they are
9 taking things for granted:

10 A lot of us, we built our organizations not when it was easy but when
11 it was hard. When it was terrible. When it was tough. And to make a
12 fortune in the tough times is really something. But to make it in the
13 easy times you would think everyone would do it and to not do [it] is
14 just to me wrong. I mean if you are not getting rich today in Herbalife,
15 I’m going to be honest, it’s wrong. It’s really wrong. It means you’re
16 taking things for granted.

17 Peterson instructs attendees at minutes 3:00-5:42 that to increase their royalty
18 checks, they should focus on recruiting people looking for opportunity:

19 If you want to recruit somebody who loves the products and who
20 wants to be your discounted customer because they love the products
21 ... I would say keep doing that and it’s wonderful. But you can’t
22 count that in business-building recruiting. If you want to move the
23 check, you need to find other people that want to make money and
24 represent the Herbalife products and Herbalife opportunity. People
25 that are like you that want to be distributors....find those people that
26 are looking for opportunity. That want to change their family’s lives
27 and their financial situation. [Those are the] people you need to work
28 with. [Those are] the people you need to find. And believe me, there

1 has never been an easier time to find people like that, okay, because
 2 our economy is bad in America. But at the same time our opportunity
 3 has never been stronger. Our brand, our product, our company, our
 4 direction. And if you aren't going after this, shame on you. Because
 5 you're going to miss the greatest time-period to literally go here
 6 [gestures with her hand down] to here [gestures with her hand up]
 7 with your royalty check. It doesn't happen often. It has happened two
 8 times in my Herbalife career. This is number three. This is the time to
 9 work. This is the time to recruit. This is the time to build a new
 10 organization. This is the time. There has never been a time this easy.
 11 You've gotta go for this.

12 177. In a video profile of Beneficiary and Promoter Doran Andre found at
 13 <http://www.youtube.com/watch?v=2dYK605bAaU> (visited April 8, 2013) Andre
 14 tells about how, at minutes 1:08-2:00, he went from working for a company at 22
 15 building his own Herbalife distributorship:

16 There [were] people in the company that wanted to mentor us. There
 17 was a support system, an infrastructure, a business model that all we
 18 needed to do is execute. And then before you know it, in four months
 19 working the same amount of hours, two to three hours a week, [our]
 20 income hit \$1,500 a month...and in 90 days our income hit \$10,000 a
 21 month. And our very first calendar year our income hit \$350,000. And
 22 our second year... our income hit a million one.

23 Andre goes on to remark, after a tour of his luxury home and images of his red
 24 Ferrari, at minutes 4:00-4:15:

25 You know it's really amazing. I step out of the Ferrari or Bentley or
 26 whatever and people go 'what does that guy do for a living?' and I
 27 go I'm an Herbalife independent distributor. And people are
 28

1 absolutely amazed at that that's what I do. It's an incredible quality
2 of life.

3 Andre also operates what he calls the "Financial Success System." In a video
4 found at <http://vimeo.com/20317153> (visited April 8, 2013) promoting his system,
5 he shows his \$30,000,000 home, luxury cars and motorcycle and tells his audience:
6 "the big money hasn't even been made in Herbalife.... The biggest money in the
7 shortest period of time is going to be in the next 3-5 years."

8 178. These types of grand overstatements regarding distributors' potential
9 earnings and opportunities are part of a pattern and practice throughout the
10 Herbalife endless chain. One Herbalife distributor's website,
11 <http://www.cwgteam.com/>, (visited April 8, 2013) promises that:

12 how far you take your Herbalife business and the income you require
13 or desire is your decision. However, you may be interested in the
14 following statistics:

- 15 ○ Lottery Win: 1 in 13 million chance of becoming a millionaire
- 16 ○ Herbalife Distributor: 1 in 26,000 chance of becoming a
17 millionaire
- 18 ○ Herbalife Supervisor: 1 in 2,600 chance of becoming a
19 millionaire
- 20 ○ Herbalife World Team member: 1 in 800 chance of becoming a
21 millionaire
- 22 ○ Herbalife Global Expansion Team member: 1 in 80 chance of
23 becoming a millionaire
- 24 ○ Herbalife Millionaire Team member: 1 in 8 chance of becoming
25 a millionaire
- 26 ○ Herbalife President's Team member: becoming a millionaire is
27 a certainty

Herbalife's Deception Regarding Potential Earnings

179. When making statements regarding their wealth and the potential wealth for new recruits, Herbalife and the Beneficiaries and Promoters routinely refer the readers or viewers (with an asterisk and a footnote) to the Herbalife "Statement of Average Gross Compensation of U.S. Supervisors." They disclaim, "Incomes applicable to the individual (or example) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation of U.S. Supervisors at Herbalife.com and MyHerbalife.com."

180. At a meeting with Wall Street analysts in 2007, Herbalife's Chairman and CEO Michael Johnson characterized these Statements of Average Gross Compensation as "transparent" to distributors:

We are transparent with our earnings potential among supervisors.

The staff [*sic.*] on this page which is the average gross compensation of U.S. supervisors is a public document, it is available on our website and is part of our introductory business pack that all new distributors receive. So, every new distributor in this Company knows exactly where they stand and what their opportunity is inside the Company.

181. As Johnson explains, throughout 2009-to the present, Herbalife distributed its "Statements of Average Gross Compensation of U.S. Supervisors," to all of its U.S. distributors both in Book 4, the Sales and Marketing Plan, as well as on the internet.

182. At the bottom of each of its disclosures made from 2009-February 2013 (Exhibit A) Herbalife tells its distributors: "The figures stated above are not a guarantee nor are they a projection of a typical Distributor's earnings or profits. Like any other independent business, the achievement or failure of a Distributor depends upon his or her skill set, commitment and desire to succeed. At Herbalife, the opportunity to earn more is always available to each and every Distributor."

183. From at least 2009 through February 2013, however, Herbalife cherry-picked the data set that they used to create their 2008-2011 Statements. They only reported the incomes of “Supervisors” and above, and further limited that data set to “Active Leaders” – those who “generated at least 2,500 points of volume in” in the year “after becoming Supervisor.”

184. According to their 2011 Statement, “Active Leaders” only make up 39.4% of Herbalife’s “Leaders.” Thus, not only did Herbalife fail to disclose any earnings as to majority of distributors who were NSLs, Herbalife failed to disclose the earnings of 60.6% of SLs in their statements distributed in 2012. See Exhibit A. A portion is below:

STATEMENT OF AVERAGE GROSS COMPENSATION OF U.S. SUPERVISORS

Herbalife offers its Distributors an opportunity to achieve a lifetime of better health through its scientifically advanced weight-management and nutrition products. While many of our Distributors join the Herbalife family simply to enjoy our life-changing products, others want to share their results and take advantage of the many income benefits our business opportunity provides. With Herbalife, you can work part time and earn a supplemental income, or focus solely on your Herbalife Distributorship and increase your financial potential. It's completely up to the individual how much he or she wants to achieve! A Distributor earns profits by buying Herbalife products at wholesale and reselling them at retail. If the Distributor wants to increase his or her involvement in the business and enjoy the possibility of higher levels of income, he or she may sponsor others into the business and develop an organization.

Over 25% of Distributors reach the rank of Supervisor and above (“Leader”), qualifying them for additional compensation, which is paid by Herbalife based upon the sales production of those they have sponsored directly and indirectly. The annual gross compensation paid by Herbalife to all Leaders during 2011 averaged \$2,900. Over 39% of Supervisors are “Active” (defined as those who generated at least 2,500 points of volume in 2011 after becoming Supervisor). The annual gross compensation paid by Herbalife to Active Leaders during 2011 averaged approximately \$7,300.

ACTIVE LEADERS			
Earning Level	% of Total Leaders	% of Active Leaders	Average Earnings (USD)
President's Team	0.2%	0.6%	\$ 515,689
Millionaire Team	0.7%	1.7%	\$ 100,195
GET	2.6%	6.5%	\$ 22,766
World Team	2.9%	7.3%	\$ 6,224
Supervisor	33.1%	83.9%	\$ 901
Total	39.4%	100.0%	\$ 7,348

The amounts above do not include the income Distributors can earn from their retail or wholesale income, so the actual compensation can be somewhat higher, depending upon each Distributor's personal-selling efforts.

The figures stated above are not a guarantee nor are they a projection of a typical Distributor's earnings or profits. Like any other independent business, the achievement or failure of a Distributor depends upon his or her skill set, commitment and desire to succeed. At Herbalife, the opportunity to earn more is always available to each and every Distributor.

185. In February 2013, Herbalife released an updated and extended disclosure. A full copy is available at Exhibit B. A portion is below:

Single-Level Distributors (No Downline)							
Economic Opportunity	Distributors*						
	Number	%					
<ul style="list-style-type: none">• Wholesale price on product purchases• Retail profit on sales to non-Distributors	351,065	71%	The economic rewards for single-level Distributors are the wholesale pricing received on products for consumption by the Distributor and his or her family as well as the opportunity to retail product to non-Distributors. Neither of these rewards are payments made by the company and therefore are excluded from this schedule				
Non-Sales Leaders** With a Downline							
Economic Opportunity	Distributors						
	Number	%					
<ul style="list-style-type: none">• Wholesale price on product purchases• Retail profit on sales to non-Distributors• Wholesale profit on sales to another Distributor	60,333	12%	In addition to the economic rewards of the single-level Distributors above, which are not included in this chart, certain non-sales leaders 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 Distributors earned such payments in 2012. The average total payments to the 2,466 Distributors was \$104.				
Sales Leaders** With a Downline							
Economic Opportunity	Distributors		Average Payments from Herbalife	All Sales Leaders with a Downline			
	Number	%		Number of Distributors	% of Total Grouping	Average Gross Payments	
<ul style="list-style-type: none">• Wholesale price on product purchases• Retail profit on sales to non-Distributors• Wholesale profit on sales to another Distributor• Multi-level compensation on downline sales<ul style="list-style-type: none">• Royalties• Bonuses	82,464	17%	>\$250,000	194	0.2%	\$724,030	This chart does not include amounts earned by Distributors on their sales of Herbalife products to others
			\$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 Distributors are sales leaders without a downline							
** Sales leaders are Distributors that achieved the level of Supervisor or higher. See details on Herbalife's marketing plan at www.myherbalife.com .							

1 186. Plaintiff is informed and believes based on Herbalife's 2012
2 Statement that Herbalife's representation in its 2008-2011 Statements that "[o]ver
3 25% of Distributors reach the level of Supervisor and above" is false and
4 misleading. The 2012 Statement disclosed that 83% of all of its distributors in
5 2012 were NSLs, leaving only 17% as Supervisors and above in 2013. Including
6 the 30,621 distributors who became Supervisors through their own Personally
7 Purchased Volume, brings the percentage of Supervisors to 22.89% of all
8 distributors.

9 187. Herbalife's 2012 Statement discloses that 71% of all U.S.
10 Distributors – 351,065 distributors – are "Single-Level Distributors" with no
11 downline.

12 188. Herbalife's 2012 Statement discloses that there are only 60,333 NSLs
13 with a downline (Senior Consultants and Qualified Producers). Of that number,
14 only 2,466 of those distributors earned "Wholesale Profits." Even then, the
15 average "wholesale profits" of those 2,466 distributors was \$104 for a total
16 payment of \$256,464 paid to NSLs in 2012 in "Wholesale Profits."

17 189. Herbalife's 2012 Statement also discloses that a "majority of those
18 Distributors who earned in excess of \$100,000 in 2012 had reached the level of
19 Herbalife's President's Team. During 2012, 47 U.S. Distributors joined the level
20 of President's Team. They averaged 9 years as an Herbalife Distributor before
21 reaching President's Team, with the longest being 20 years and the shortest being
22 less than three years."

23 190. Similarly, Herbalife's 2012 Statement discloses that besides the
24 82,464 SLs, there are 30,621 SLs who "paid for their position."

25 191. In its 2012, 2011, 2010, and 2009 10-K disclosures, Herbalife makes
26 at least some disclosure to investors and potential investors that it retains 51.1%,
27 48.6%, 43.3%, and 42.2% of its Sales Leaders; until the 2012 Statement;
28 Herbalife, however, failed to disclose this same fact to distributors and potential

1 distributors. Finally, in the 2012 Statement Herbalife provided distributors the
 2 same information that it thinks is important for investors: “51.0% of all sales
 3 leaders as of February 1st, 2011, requalified by February 1st, 2012 (including 33%
 4 of first time sales leaders).”

5 192. All of the information not disclosed in the 2008-2011 Statements are
 6 relevant for: recruits deciding if Herbalife really is the “answer to these tough
 7 economic times”; recruits deciding to become Herbalife distributors; distributors
 8 deciding to purchase Herbalife product; distributors reading glowing profiles on
 9 *Herbalife Today*; distributors evaluating their chances of earning “Wholesale
 10 profits,” distributors deciding whether to purchase product to “pay for position”;
 11 distributors deciding whether to recruit other distributors; and distributors
 12 evaluating Founder’s Circle members telling them they are “groomed to become
 13 multi-millionaires” and that if they are not “getting rich today in Herbalife...It’s
 14 really wrong.”

15 **Herbalife’s Recruiting Rewards Price-Out Products**

16 193. Because Herbalife sends such a large percentage of every dollar
 17 received by it upline as Wholesale Profits, Royalty Overrides, bonuses, and
 18 incentives – \$0.46 to \$0.64 of every dollar paid it for product – Herbalife sets the
 19 SRP at an inflated price well over what Herbalife’s products sell at in the open
 20 marketplace.

21 194. While Herbalife’s “competitive compensation structure” supposedly
 22 pays out up to 73% of product revenues to distributors in “Retail and Wholesale
 23 Profits, Royalty and bonus income and incentives,” it falls on the Herbalife
 24 distributor retailing the product to recoup this 73%.

25 195. This inflated markup necessary for the “competitive compensation
 26 structure” makes Herbalife’s products uncompetitive for retail sale at SRP.
 27
 28

Overcharges on Packaging and Handling

196. On top of this inflated SRP, Herbalife charged a 7% “packaging and handling” fee based on the SRP for products ordered directly from Herbalife. A distributor must add that 7% fee to the SRP to recoup their costs and earn the promised retail profits.

197. Besides this 7% surcharge, Herbalife charged its distributors from 2.5% to 4% of the SRP if they had products shipped to them instead of picking the products up at an Herbalife distribution center (there are only six centers in the U.S.). For a distributor to earn the promised profit on a retail sale, the distributor would need to resell the product at 109.5% to 111% of SRP.

198. Based on Herbalife’s 2008-2011 10-Ks, Herbalife’s average revenue for North America for “packaging and handling” and shipping is 10.33%, 10.50%, 10.59, and 10.7% of its total “Retail Sales” (which it uses the SRP to calculate).

199. In an April 21, 2011 letter to the SEC, Herbalife states “[t]he shipping and handlings costs for 2010, 2009, and 2008 were \$58 million, \$49 million and \$48 million, respectively.” Herbalife’s 2010 and 2009 10-Ks, however, account for Herbalife’s revenues for North America (which includes Canada, Jamaica, and Aruba) from shipping and handling for 2010, 2009, and 2008 as \$102.70 million, \$87.30 million, and \$80.8 million, respectively.

200. Plaintiff is informed and believes based on the discrepancy between these reported numbers that Herbalife overcharged members of the class in 2009 and 2010 by millions of dollars for packaging, shipping, and handling. Because Herbalife has not changed its formula to calculate the “Packaging and Handling” and shipping costs since 2009, Plaintiff is informed and believes that Herbalife has similarly overcharged and profited from Plaintiffs and the class from their supposed “Packaging and Handling” and “Shipping” fees during 2011, 2012, and 2013.

1 201. Plaintiff is further informed and believes that Herbalife uses this
2 surcharge on top of the SRP as a way to avoid having to pay \$0.46 to \$0.64 of the
3 actual revenue it receives from purchases upline. By using a surcharge, Herbalife
4 can increase its profit margin without dramatically raising the SRP on its products
5 (and without having to share those price increases with the Beneficiaries and
6 Promoters).

7 202. Because of the inflated SRP and the packaging, handling, and
8 shipping fees, the prices distributors pay for Herbalife's products are so high that
9 the profit Herbalife promises on retail sales at the Distributor level is almost
10 impossible.

11 203. While there is a retail component to the Herbalife endless chain, the
12 inflated SRP of the products and inflated shipping and handling fees make it
13 unlikely that Herbalife distributors have meaningful opportunities to have retail
14 sales. As Herbalife pays out "Wholesale Profits," royalties, bonuses, and other
15 incentives regardless of whether the downline distributor sells the product at SRP
16 there is a systematic incentive to recruit other distributors.

17 204. Herbalife's system of graduated discounts depending on position
18 exacerbates this problem. Distributors who purchase Herbalife products at a 25%,
19 35%, or 42% discount must compete on price with other distributors higher up the
20 endless chain who can purchase products at greater discount and sell those same
21 products at or around cost.

22 205. Based on Plaintiffs' experience in selling Herbalife products and
23 competing in the marketplace, they are informed and believe that Herbalife's
24 distributors routinely discount Herbalife products on EBay, Craigslist, and on
25 various websites from the SRP, and there is little opportunity for retail profits.

26 206. Because the distributors are Herbalife's actual customers and
27 consumers of its products and those actual customers and consumers are
28 overpaying \$0.46 to \$0.64 on the dollar for product, those distributors drop out at

1 overwhelming numbers, and Herbalife requires an ever expanding network of so-
2 called distributors.

3 **Herbalife's Sales and Marketing Plan Does Not Have or Follow**
4 **Safeguards**

5 207. In *In re Amway Corp.*, 93 F.T.C. 618 (1979) ("*Amway*") the FTC
6 recognized four rules that may help a direct marketer avoid the characteristics of
7 an FTC Act violation: the initial investment rule, the 70% rule, the buyback rule,
8 and the 10 customer rule.

9 208. Under the FTC Act, these rules are designed to deter inventory
10 loading and encourage retail sales. In *Omnitrition*, the Ninth Circuit explained that
11 where "a distribution program appears to meet the *Koscot* definition of a pyramid
12 scheme, there must be evidence that the program's safeguards are enforced and
13 actually serve to deter inventory loading and encourage retail sales." *Omnitrition*,
14 79 F.3d 776 (1996).

15 209. Because Plaintiffs bring their claims under Section 327 of the
16 California Penal Code and not Section 5 of the FTC Act, these rules do not provide
17 a defense to alleged violations of Section 327. *See Omnitrition*, 79 F.3d 776, 787.
18 And even if the *Amway* rules were relevant, Herbalife does not follow or
19 adequately enforce them.

20 210. **The Initial Investment Rule.** The FTC decision noted that illegal
21 schemes require a payment or initial disbursement by a new participant for the
22 right to sell products and the right to earn rewards, in return for recruiting other
23 participants into the program and which are unrelated to sale of product to the
24 ultimate user.

25 211. Herbalife requires each new Herbalife distributor to purchase an IBP
26 or mini-IBP at a cost of \$95.55 or \$57.75, respectively.

27 212. Because Herbalife increases its discount off the SRP on a graduated
28 basis for Distributors, Senior Consultants, Success Builders, Qualified Producers,

1 and Supervisors, however, Herbalife requires an initial investment well beyond the
 2 price of the IBP if a distributor wants to compete in the marketplace for retail
 3 consumers of Herbalife products or move up the Herbalife endless chain to a place
 4 where they can earn commissions, Royalty Overrides, bonuses, and incentives.

5 213. Following the mantra of “pay for your position” and “position
 6 determines the pay,” Herbalife and Beneficiaries and Promoters pressure
 7 distributors to make a significant investment to “buy their discount” and get the
 8 “highest discount for the least expenditure.”

9 214. In the IBC, Booklet 3, Building Your Business (Exhibit H)
 10 Herbalife encourages its distributors on page 18 to invest in product inventory for
 11 customer orders:

12 Here are some areas you may want to consider putting money
 13 towards:

- 14 ● Product Inventory for customer orders
- 15 ● Personal product inventory
- 16 ● Advertising for your business
- 17 ● Training events/seminars
- 18 ● Business costs, such as office supplies
- 19 ● And, most of all, yourself!”

20 215. In explaining why it is important to build an investment inventory,
 21 Herbalife tells distributors on page 19 of Exhibit H:

- 22 ● You can’t sell what you don’t have. Carry enough inventory on
 23 hand to cover all your local sales ...
- 24 ● Many people purchase product on the spot. Carry enough product
 25 on hand to accommodate spur-of-the-moment sales. You don’t want
 26 to make a paying customer wait ...
- 27 ● If you are doing a one-on-one presentation, don’t make the
 28 customer wait for product...”

1 216. **The “70%” Rule:** The 70% rule is as follows: “[t]o ensure that
 2 distributors do not attempt to secure the performance bonus solely on the basis of
 3 purchases, Amway requires that, to receive a performance bonus, distributors
 4 must resell at least 70% of the products they have purchased each month....
 5 Amway enforces the 70% rule.” *Amway*, 93 F.T.C. 618, 646, ¶73.

6 217. Herbalife’s 70% rule, found at page 71 of Exhibit C is:
 7 In order to qualify for and receive Royalty Overrides, Production
 8 Bonuses, and other bonuses paid by Herbalife, at least 70% of the
 9 total value of Herbalife products a Distributor purchases each
 10 Volume Month must be sold or consumed that month. For the
 11 purpose of fulfilling the certification requirements of this Rule, a
 12 Distributor may count any or all of the following:

- 13 • Sales to retail customers;
- 14 • Sales at wholesale to downline Distributors;
- 15 • Product used for personal or family consumption; and
- 16 • *Product consumed at Nutrition Clubs.

17 If the Distributor fails to timely certify to Herbalife that they
 18 have sold or consumed 70% of the product purchases made that
 19 Volume Month, Royalty Overrides, Production Bonuses, and other
 20 bonuses will not be paid to the Distributor.

21 *If a Distributor utilizes Nutrition Club sampling activity
 22 towards compliance, the Distributor shall maintain a log of member
 23 visits for at least two years, setting forth the name of the member,
 24 dates of visits, and contact information, and shall make those records
 25 available for verification purposes if requested by the Company.

26 218. Herbalife’s 70% Rule does not require that Herbalife’s distributors
 27 resell at least 70% of the Herbalife products to resale customers because it allows
 28 “[p]roduct used for personal or family consumption” to satisfy the rule. Self-

1 consumption does not count as a retail sale for purposes of the 70% Rule. *See*
 2 *Omnitrition*, 79 F.3d 776, 783 citing *Koscot*, 86 F.T.C. 1106,1181.

3 219. Herbalife does not require a Supervisor to make *any* retail sales as
 4 the rule allows “[s]ales at wholesale to downline Distributors.” Thus, it does not
 5 meet the 70% Rule.

6 220. Moreover, the 70% Rule is not applied to NSL distributors (or
 7 Supervisors who do not have a First, Second, or Third Level) even though those
 8 distributors can qualify for compensation in promotions up the chain, increased
 9 discounts on purchases, and commissions on downline purchases.

10 221. While Herbalife requires Supervisors and above to “certify” that they
 11 have complied with the 70% rule, Plaintiff is informed and believes based the
 12 Court’s finding of fact in its August 25, 2009 Memorandum & Order Regarding
 13 Cross-Motions for Summary Judgment, *Herbalife International of America, Inc. v.*
 14 *Ford et al.* Case No. 2:07-CV-2529-GAF-FMO (C.D. Cal.), that “Herbalife does
 15 not perform audits to determine compliance with the 70% Rule unless there is an
 16 ongoing ‘ethical investigation’ of a Supervisor suspected of violating Herbalife’s
 17 policies.” *See Memorandum & Order* (Docket No. 374), 8:16-19. Moreover, even
 18 if Herbalife were to perform audits, it does not promote any meaningful change by
 19 its distributors who it finds violates its 70% Rule.

20 222. **The Ten Customer Rule:** The “ten customer rule” provides that
 21 “distributors may not receive a performance bonus unless they prove a sale to each
 22 of ten different retail customers during each month. . . .” *Amway*, 93 F.T.C. 618,
 23 646, ¶74.

24 223. Herbalife’s Rule is: Rule 18-B The 10 Retail Customers Rule
 25 A Distributor must personally make sales to at least ten (10) separate
 26 retail customers in a given Volume Month to qualify for and receive
 27 Royalty Overrides, Production Bonuses, and other bonuses paid by
 28 Herbalife. For the purpose of fulfilling the certification requirements

1 of this Rule, a Distributor may count any or all of the following each
2 Volume Month.

- 3 • A sale to a retail customer;
- 4 • A sale to a first-line Distributor with up to 200 Personally
5 Purchased Volume Points (and no downline Distributors) may be
6 counted as a sale to one (1) retail customer; and
- 7 • *A Nutrition Club member who consumed products during ten
8 (10) visits to a Nutrition Club within one Volume Month may be
9 counted by the Nutrition Club operator as a sale to one (1) retail
10 customer.

11 If the Distributor fails to timely certify to Herbalife that they have
12 sold to at least ten (10) retail customers in a given Volume Month,
13 Royalty Overrides, Production Bonuses, and other bonuses will not
14 be paid to the Distributor.

15 224. Herbalife's Ten Customer Rule does not mandate sales to customers
16 not already Herbalife distributors. Herbalife allows "[a] sale to a first line
17 Distributor with up to 200 personally purchased Volume Points (and no downline
18 Distributors) which may be counted as a sale to one (1) retail customer," to count
19 to satisfy the Retail Customer Rule.

20 225. Distributors can also satisfy this Herbalife's rule by giving away free
21 samples of Herbalife products at their Nutrition Clubs. This does not constitute an
22 "actual sale" under *Omnitrition* or *Koscot*.

23 226. Herbalife does not apply the Ten Customer Rule to NSL distributors
24 and Supervisors (who do not have a First, Second, or Third Level), even though
25 they can obtain performance bonuses in promotions up the chain, increased
26 discounts on purchases, and commissions on downline purchases.

27 227. Herbalife's 10 Customer Rule and 70% Rule are ineffective in
28 ensuring its distributors focus on retailing the products over recruiting. Because

1 only distributors eligible for Royalty Overrides, bonuses, and other incentives
 2 must comply with the rule, to even become a distributor subject to the rules a
 3 distributor must recruit heavily and would be in at least the top 10% of all
 4 Herbalife distributors.

5 228. **The Buy Back Rule.** The buy back rule requires participants to buy
 6 back from any person they recruited any saleable, unsold inventory upon the
 7 recruit's leaving Amway. *Amway*, 93 F.T.C. 618, 716. The purpose of the rule is to
 8 "reduce or eliminate the possibility of inventory loading by insuring that program
 9 participants do not find themselves saddled with thousands of dollars' worth of
 10 unsaleable products." *Omnitrition*, 79 F.3d 776, 784.

11 229. Herbalife has a 30-Day Money Back Guarantee for "retail
 12 customers." When a retail customer returns product, they return the product to the
 13 distributor who sold them the product. That distributor is required, within 30 days
 14 of paying the refund to the customer, to send back the unused portion of the
 15 product or the containers. Then Herbalife exchanges the returned product with an
 16 identical replacement product for the Distributor, regardless of whether that
 17 distributor has another customer who wants to purchase the product or products.

18 230. Herbalife has no such "Money Back Guarantee," for a distributor.

19 231. The distributor can return products *purchased from Herbalife* within
 20 the prior 12 months on the following conditions:

- 21 a. The distributor must resign as an Herbalife Distributor (and forfeit all
 22 of their downline).
- 23 b. Herbalife reimburses a distributor the SRP of a product less that
 24 distributor's discount to purchase the product, less a 10% restocking
 25

1 fee.⁷ A distributor does not receive a reimbursement of the 7%
 2 packaging and handling fee of the SRP or the shipping fee.

3 c. If the distributor has received Royalty Overrides, that distributor
 4 must return all of their records relative to the 70% rule.

5 An “Inventory Repurchase Request Form” is found at page 50 of Exhibit C.

6 232. If a distributor purchases products from distributors in their upline
 7 (and not directly from Herbalife) this return policy does not apply. As NSLs can
 8 purchase product from their sponsor or their first upline Supervisor, unlike
 9 Amway’s rule mandating that participants had to buy back recruit’s product,
 10 Herbalife leaves its NSLs at the mercy of their upline to determine whether they
 11 will accept the return.

12 233. As Herbalife took a 10% restocking fee from 2009 through August
 13 of 2012, Herbalife has not complied with the “buy back rule.”

14 234. As Herbalife does not reimburse the distributor for the inflated
 15 packaging and shipping fees, Herbalife has not complied with the “buy back rule.”

16 235. Herbalife knows of, approves, promotes, and facilitates the
 17 systematic noncompliance with or breach of, the rules that purportedly protect
 18 against the operation of an illegal scheme.

19 **Herbalife is Bound to Operate as an Endless Chain Scheme**

20 236. Herbalife cannot fix itself even if it wants to. In Herbalife’s 2012 10-
 21 K, it explains it is contractually bound to continue implementing and operating
 22 this endless chain scheme:

23 This agreement with our distributors provides that we will not change
 24 certain aspects of our marketing plan without the consent of a specified
 25 percentage of our distributors. For example, our agreement with our
 26

27 ⁷ Plaintiffs are informed and believe that the 10% restocking fee was discontinued
 28 sometime in August of 2012.

distributors provides that we may increase, but not decrease, the discount percentages available to our distributors for the purchase of products or the applicable royalty override percentages, including roll-ups, and production and other bonus percentages available to our distributors at various qualification levels within our distributor hierarchy.

237. As Plaintiffs have not made such an agreement with Herbalife, Plaintiffs are informed and believe that the agreement Herbalife refers to is between Herbalife and Beneficiaries and Promoters and others.

Tolling Applies To Plaintiffs' Claims

238. As explained herein, Herbalife, through its actions and omissions, intended to, and did, conceal from Plaintiffs and other distributors in the class during the relevant period material facts and information relating to Herbalife's endless chain scheme and its deceptive earnings claims. Plaintiffs did not discover, nor had they reason to discover, the information necessary for the causes of action set forth in this Complaint until at least February 7, 2013, when Herbalife disclosed its most recent Statement of Average Gross Compensation, and/or when the original complaint was filed.

239. Herbalife's acts and omissions constitute a "continuing violation" such that any limitations period for Plaintiffs' claims did not begin to accrue until the date of the last wrong or injury that is the subject of this action.

Class Action Allegations

240. Plaintiffs bring this action as a class action under Federal Rule of Civil Procedure 23.

241. Plaintiffs seek to represent a nationwide class defined as follows: "All persons who were Herbalife distributors in the United States from April 2009 until the present."

1 242. Excluded from the class are the Defendants, their employees, family
2 members, and any distributor who has been a member of the President's Circle,
3 Founder's Circle, Chairman's Club, Millionaire Team, or the GET Team.

4 243. Subject to confirmation, clarification and/or modification based on
5 discovery to be conducted in this action, Plaintiffs seek to represent a **subclass** of
6 individuals who signed up to Herbalife under a pre-February 2013 Statement of
7 Average Gross Compensation ("**Pre-February 2013 Statement of Average Gross**
8 **Compensation Subclass**") "All persons who were Herbalife distributors in the
9 United States from April 2009 to February 6, 2013 and who received a pre-
10 February 2013 Statement of Average Gross Compensation in their IBP or mini-
11 IBP."

12 244. Subject to confirmation, clarification and/or modification based on
13 discovery to be conducted in this action, Plaintiffs seek to represent a subclass of
14 individuals who paid "Packaging and Handling" and/or Shipping charges (the
15 "**Packaging & Handling and FedEx Freight Subclass**") defined as follows: "All
16 persons who were Herbalife distributors in the United States from April 2009 to
17 April 14, 2013 and who paid 'Packaging and Handling' and Shipping charges
18 before April 14, 2013."

19 245. Plaintiffs seek relief for themselves and all members of the class who
20 agreed to a choice of law of California under California's Unfair and Deceptive
21 Practices Acts, and California's Fraudulent Advertising Act.

22 246. Plaintiffs seek to pursue a private attorney general action for
23 injunctive relief for themselves and all members of the class who agreed to a
24 choice of law of California, and they satisfy the standing and class action
25 requirements.

26 247. While the exact number of members in the Class and Subclasses are
27 unknown to Plaintiffs at this time and can only be determined by appropriate
28 discovery, membership in the class and subclasses is ascertainable based upon the

1 records maintained by Defendant. It is estimated that the members of the Class are
 2 greater than 400,000 and each subclass easily number in the hundreds of thousands.
 3 Therefore, the Class and Subclasses are so numerous that individual joinder of all
 4 Class and Subclass members is impracticable under Fed. R. Civ. P. 23(a)(1).

5 248. There are questions of law and/or fact common to the class and
 6 subclasses, including but not limited to:

- 7 a. Whether Herbalife is operating an endless chain;
- 8 b. Whether distributors paid money to Herbalife for (1) the right to sell
 9 a product and (2) the right to receive, in return for recruiting others,
 10 rewards which were unrelated to the sale of the product to retail
 11 consumers;
- 12 c. Whether *Amway*'s four rules apply to Section 327 claims;
- 13 d. If the *Amway* rules do apply, are Herbalife's *Amway* rules effective;
- 14 e. If the *Amway* rules do apply, and Herbalife's *Amway* rules are
 15 effective, did Herbalife enforce those rules;
- 16 f. Whether Herbalife or the Beneficiaries and Promoters omitted to
 17 inform Bostick and the plaintiff class that they were entering into an
 18 illegal scheme where an overwhelming number of participants lose
 19 money;
- 20 g. Whether Herbalife's Statements of Average Gross Compensation
 21 distributed from 2009 through 2012 were deceptive and misleading;
- 22 h. Whether Herbalife overcharged for Packaging and Handling;
- 23 i. Whether Herbalife overcharged for shipping;
- 24 j. Whether Herbalife's conduct constitutes an unlawful, unfair and/or
 25 deceptive trade practice under California state law
- 26 k. Whether Herbalife's conduct constitutes unfair competition under
 27 California state law; and
 28

1 255. Section 1689.2 of the California Civil Code provides:

2 A participant in an endless chain scheme, as defined in Section 327 of
3 the Penal Code, may rescind the contract upon which the scheme is
4 based, and may recover all consideration paid pursuant to the scheme,
5 less any amounts paid or consideration provided to the participant
6 pursuant to the scheme.

7 256. Herbalife is operating an endless chain scheme.

8 257. Plaintiffs and the class have suffered an injury in fact and have lost
9 money or property because of Herbalife's operation of an endless chain, business
10 acts, omissions, and practices.

11 258. Plaintiffs and the class are entitled to:

- 12 a. rescind the contract upon which the scheme is based and recover all
- 13 consideration paid under the scheme, less any amounts paid or
- 14 consideration provided to the participant under the scheme;
- 15 b. restitution, compensatory and consequential damages (where not
- 16 inconsistent with their request for rescission or restitution); and
- 17 c. attorneys' fees, costs, pre- and post-judgment interest.

18 **SECOND CLAIM FOR RELIEF**

19 **(Unfair and Deceptive Practices Claims Under**

20 **Cal. Bus, & Prof. Code § 17200, *et seq.*)**

21 **(On Behalf of the Class, the Pre-February 2013 Statement of Average Gross**

22 **Compensation Subclass, and the**

23 **Packaging & Handling and FedEx Freight Subclass)**

24 **Against All Defendants**

25 259. Plaintiffs reallege all allegations.

26 260. All claims brought under this Second Cause of action that refer or
27 relate to the unlawful, fraudulent or unfair "endless chain" of Defendants are
28 brought on behalf of Plaintiffs and the Class.

261. All claims brought under this Second Cause of Action that refer or relate to the unlawful, fraudulent or unfair pre-February 2013 Statements of Average Gross Compensation and the touted Herbalife “business opportunity” are brought on behalf of Plaintiffs and the Pre-February 2013 Statement of Average Gross Compensation Subclass.

262. All claims brought under this Second Cause of Action that refer or relate to the unlawful, fraudulent or unfair “Packaging and Handling” or FedEx freight fees before April 14, 2013 are brought on behalf of Plaintiffs and the Packaging & Handling and “Freight Prepaid” to FedEx Shipping Subclass.

263. Herbalife has engaged in constant and continuous unlawful, fraudulent and unfair business acts or practices, and unfair, deceptive, false and misleading advertising within the meaning of the California Business and Professions Code § 17200, *et seq.* The acts or practices alleged constitute a pattern of behavior, pursued as a wrongful business practice that has victimized and continues to victimize thousands of consumers.

The Herbalife Sales and Marketing Plan Is Unlawful

264. Under California Business and Professions Code § 17200, an “unlawful” business practice is one that violates California law.

265. Herbalife’s business practices are unlawful under § 17200 because they constitute an illegal “endless chain” as defined under, and prohibited by, California Penal Code § 327.

266. Herbalife utilizes its illegal “endless chain” with the intent, directly or indirectly, to dispose of property in Herbalife products and to convince distributors to recruit others to do the same.

267. Herbalife’s business practices are unlawful §17200 because they violate §17500 *et seq.*, as alleged in the Third Cause of Action.

The Herbalife Sales and Marketing Plan Is Fraudulent

1 268. Under California Business and Professions Code § 17200, a
2 “fraudulent” business practice is one that is likely to deceive the public.

3 269. Herbalife’s business practices are fraudulent in four separately
4 actionable ways: (1) Herbalife’s illegal and deceptive “endless chain;” (2) the
5 touted, yet non-existent, Herbalife “business opportunity” for everyone, including
6 but not limited to Herbalife’s massive advertising campaign and the misleading
7 Statements of Average Gross Compensation; (3) the “Packaging and Handling”
8 fees that actually were secret profit generators untied to, and undetermined by,
9 Defendants’ actual packaging and handling related costs; and (4) alleged FedEx
10 freight fees that, in fact, were not a direct pass through of freight charges paid by
11 Herbalife to FedEx but were secretly and substantially marked-up by Herbalife to
12 generate more profits.

13 The Fraudulent “Endless Chain”

14 270. First, as detailed herein, Defendants promoted participation in the
15 Herbalife endless chain, which has a compensation program based on payments to
16 participants for the purchase of product by participants, not the retail sale of
17 products or services.

18 271. Herbalife has made numerous misleading representations about the
19 business opportunity of Herbalife and the income that a recruit or a distributor can
20 realize by becoming a distributor and participating in the scheme.

21 272. Herbalife knew, or should have known, that the representations about
22 the business opportunity of Herbalife were misleading in nature.

23 273. As a direct result of Herbalife’s fraudulent representations and
24 omissions regarding the Herbalife endless chain described herein, Herbalife
25 wrongly acquired money from Plaintiffs and the members of the classes.

26 The Fraudulent “Business Opportunity” and Statements of Average Compensation

27 274. Second, Herbalife touted, in numerous different ways as part of a
28 massive advertising campaign, a “business opportunity,” which Herbalife also

1 repeatedly and in many ways represented, among other things, as being “for
2 everyone” and allowing “full time” or “part time” opportunities.

3 275. The massive advertising campaign included among other things, the
4 IBP or mini-IBP, the magazine *Herbalife Today*, emails, websites, presentations
5 by Herbalife and the Beneficiaries and Promoters, training, word of mouth among
6 distributors, and events.

7 276. As part of this campaign and a further inducement to potential
8 distributors, prior to February 2013, Herbalife made and disseminated Statements
9 of Average Gross Compensation that further misled the public, among other
10 things: (1) by using cryptic and technical terms known to Herbalife but not to the
11 general public or to those exploring the claimed “business opportunity,” (2) by
12 highlighting the “winners,” i.e., those that received compensation from Herbalife,
13 and the average gross compensation paid by Herbalife to those winners, (3) by
14 failing to disclose the actual number of “winners” as compared to the number of
15 distributors who received no compensation from Herbalife (i.e., the “losers”); and
16 (4) by downplaying and omitting the risks and costs involved in starting an
17 Herbalife distributorship and succeeding in such a distributorship.

18 277. In reality, the touted “business opportunity” was only for a select
19 few. As disclosed for the first time in the 2013 Statement, 436,591 distributors (or
20 approximately 87.9% of all distributors) received no payments from Herbalife in
21 2012, and another 39,151 (or approximately 8.4% of all distributors) received an
22 average of only \$292 from Herbalife during the entire year. And these numbers
23 did not include expenses incurred by distributors in the operation or promotion of
24 their businesses, meaning there were likely more net losers who made no profit at
25 all.

26 278. Herbalife knew, or should have known, that the selective information
27 presented to distributors in the 2008-2011 Statements of Average Gross
28 Compensation and its massive advertng campaign during that time frame touting

1 its purported “business opportunity” was likely to mislead the public and did in
2 fact mislead the public into believing there was a legitimate “business
3 opportunity” in which distributors, or a large portion of them, could make money
4 in either a full or part time capacity. In fact, however, there was no such “business
5 opportunity,” except for a very select few.

6 279. As a direct result of Herbalife’s fraudulent representations and
7 omissions regarding the 2008-2011 Statements of Average Gross Compensation
8 and the massive advertng campaign during that time frame and thereafter touting
9 Herbalife’s purported “business opportunity” described herein, Herbalife wrongly
10 acquired money from Plaintiffs and the members of the classes.

11 The Fraudulent “Packaging and Handling” Fees

12 280. Prior to April 14, 2013, Plaintiffs and the class purchased Herbalife
13 products and were charged a 7% “Packaging and Handling” fee based on the SRP
14 of the products purchased.

15 281. Although Herbalife represented to its distributors that the “Packaging
16 and Handling” fees were designed to recover “a great deal of administrative time
17 and labor [related to] . . . processing, handling and marketing,” on information and
18 belief, Herbalife set the fees at 7% of product SRP without first doing any analysis
19 of such costs in relation to product SRPs or revenues from product sales. In other
20 words, Herbalife set the amount of these “Packaging and Handling” fees based on
21 what it believed distributors would pay without objection and not in relation to
22 any study or analysis of its administrative time and labor related to processing,
23 handling and marketing, as represented.

24 282. Plaintiff is informed and believes that Herbalife’s actual “packaging
25 and handling” costs are far lower than the revenues that Herbalife received from
26 its “Packaging and Handling” fees and thus that these fees were secret profit
27 generators as opposed to specific fees tied to, or at least set in relation to, specific
28 costs, as represented.

1 283. Herbalife knew, or should have known, that the misrepresentations
2 and omissions about the “Packaging and Handling” fees were likely to mislead the
3 public and its distributors.

4 284. As a direct result of Herbalife’s fraudulent representations and
5 omissions regarding the purported “Packaging and Handling” fees described
6 herein, Herbalife wrongly acquired money from Plaintiffs and the members of the
7 classes.

8 The Fraudulent FedEx Freight Fees

9 285. Fourth, from April 2009 up to at least April 14, 2013, Plaintiffs
10 purchased Herbalife products and were charged a supposedly FedEx freight fee
11 that was based on the SRP of a product.

12 286. Herbalife told its distributors, among other things, that “[o]rders
13 shipped via Fed Ex, Herbalife’s most popular freight service, are shipped freight
14 prepaid,” that “[a]ll other freight service are shipped freight collect,” and that
15 “[w]hen you request FedEx as the method of shipment on an order, your delivery
16 and freight will be calculated as indicated in the ground chart.”

17 287. “Freight prepaid” is a commonly known and used shipping term that
18 means the seller of goods pays the shipper’s freight charges.

19 288. Also, Herbalife’s various product order forms during this time frame
20 described product shipping as occurring through “FedEx Ground,” “FedEx – 2
21 Day” and “FedEx – 1 Day” and set forth various percentage fees based on which
22 method was chosen.

23 289. Herbalife’s disclosures, in its IBPs and on its various product forms,
24 represented to the public and Herbalife’s distributors that the FedEx freight
25 charges were a direct pass through of the actual freight costs that Herbalife paid to
26 FedEx to deliver goods to distributors.

1 290. Nowhere did Herbalife state or imply that it would be marking-up or
2 otherwise inflating the freight costs it paid to FedEx to ship products to
3 distributors.

4 291. Instead, all of Herbalife's disclosures implied a direct pass through of
5 third party FedEx charges when a distributor chose Herbalife's "freight prepaid"
6 to FedEx method and related charges.

7 292. Because of the representations and omissions of Herbalife, Plaintiffs
8 purchased Herbalife products, chose Herbalife's FedEx method of delivery and
9 were misled into not even exploring their "freight collect" options.

10 293. On information and belief, there were alternative "freight collect"
11 shipping options that would have cost less than Herbalife's FedEx freight fees.

12 294. Furthermore, Plaintiffs are informed and believe that Herbalife's
13 claimed FedEx freight fees were not actually the "freight prepaid" by Herbalife to
14 FedEx and were not even calculated according to the formulas disclosed to
15 distributors on the product order forms.

16 295. Instead, Plaintiffs are informed and believe that Herbalife had
17 different agreements with FedEx for lower freight costs and that the actual FedEx
18 freight costs incurred by Herbalife were substantially less than the revenues
19 Herbalife received from the FedEx freight fees charged to its distributors.

20 296. As a result, Plaintiffs and the class were misled into paying, and did
21 in fact pay, bogus and inflated FedEx freight fees that were a secret profit
22 generator for Herbalife.

23 297. Herbalife knew, or should have known, that its FedEx freight
24 disclosures were untrue and misleading in that they misrepresented the freight fees
25 as directly passing through the actual "freight prepaid" costs of Herbalife to a
26 third party, FedEx, while Plaintiffs and the class were unknowingly being
27 charged, and paying, separate and undisclosed charges to Defendants.
28

1 298. As a direct result of Herbalife's fraudulent representations and
2 omissions regarding the "FedEx freight fees described herein, Herbalife wrongly
3 acquired money from Plaintiffs and the members of the classes.

4 Standing, Reliance and Materiality

5 299. The named Plaintiffs have standing to bring these Section 17200
6 claims under the fraudulent prong and can demonstrate actual reliance on the
7 alleged fraudulent conduct.

8 300. For instance, Plaintiffs received the IBP or mini-IBP, which
9 promoted the Herbalife Scheme and claimed "business opportunity" and
10 contained material false representations regarding the success distributors could
11 achieve through Herbalife by purchasing products and recruiting others to do the
12 same. Because of their receipt of the IBP or mini-IBP, and the representations
13 contained therein, Plaintiffs did not return the IBP for a refund, signed up with
14 Herbalife, purchased Herbalife products, did not immediately return those
15 products, and attempted to and recruited others to do the same.

16 301. The IBP or mini-IBP was sent by Herbalife with the purpose and
17 intent of promoting Herbalife's illegal and deceptive scheme and claimed
18 "business opportunity." Plaintiffs received the IBP or mini-IBP, which promoted
19 the Herbalife "business opportunity." Book 4 of the IBP and mini-IBP the Sales
20 and Marketing Plan contained a "Statement of Average Gross Compensation of
21 U.S. Supervisors," referenced above, which contained deceptive and misleading
22 information regarding the likelihood of success in becoming a Supervisor as well
23 as the average earnings of distributors and the amount of product revenues that are
24 paid out by Herbalife to distributors in the form of Wholesale Profits, Royalty and
25 bonus incomes and incentives. Because of their receipt of the IBP or mini-IBP,
26 and the representations contained in the "Statement of Average Gross
27 Compensation of U.S. Supervisors," Plaintiffs reasonably believed they could
28 succeed in the "business opportunity," did not return the IBP or mini-IBP for a

1 refund, purchased Herbalife products and did not immediately return them, signed
2 up as Herbalife distributors, and attempted to and recruited others to do the same.

3 302. There were other representations made to distributors as part of the
4 massive advertising campaign regarding the claimed “business opportunity,” on
5 which Plaintiffs or some of them, reasonably believed the representations they
6 could succeed in the “business opportunity,” did not return the IBP or mini-IBP for
7 a refund, purchased Herbalife products and did not immediately return them,
8 signed up as Herbalife distributors, and attempted to and recruited others to do the
9 same. These other representations include, but are not limited to the following:

- 10 a. The *Herbalife Today* magazine featuring the “Royalty Achievers”
11 “President’s Team,” “Millionaire Team,” and “Lifetime Achievers,”
12 including members of the Beneficiaries and Promoters, which
13 promoted Herbalife and contained material false representations
14 regarding the “business opportunity” and the success that a
15 distributor could achieve through Herbalife by purchasing products
16 and recruiting others to do the same.
- 17 b. Emails from Herbalife that promoted Herbalife and contained
18 material false representations regarding the success that a distributor
19 could achieve through Herbalife by purchasing products and
20 recruiting others to do the same.
- 21 c. Websites, such as www.herbalife.com,
22 <https://www.myherbalife.com/>, and <http://www.herbalifemail.com/>,
23 which promoted the fraudulent scheme through videos of
24 Beneficiaries and Promoters containing material false representations
25 regarding the “business opportunity” available to distributors and the
26 wealth that a distributor could get by agreeing to become an
27 Herbalife distributor.
28

- d. Presentations by Herbalife distributors, such as the one Bostick received in the Internet Business Starter Pack, which contained material false representations regarding the “business opportunity” and the success that a distributor could get through Herbalife by purchasing products and recruiting others to do the same.
- e. Presentations by Herbalife, including the presentations described in this complaint, which contained material false representations regarding the “business opportunity” and the success that a distributor could get through Herbalife by purchasing products and recruiting others to do the same.
- f. Training and events, such as the Extravaganza as described in this complaint, where Herbalife distributors made material false representations regarding the “business opportunity” and the success that a distributor could get through Herbalife by purchasing products and recruiting others to do the same.

303. Plaintiffs and the class also purchased Herbalife products and were charged 7% “Packaging and Handling” fees that appeared to be designed to recoup “packaging and handling” costs and also were described elsewhere as covering administrative time and labor related to processing, handling and marketing.

Plaintiffs and the class relied upon these representations and paid the “Packaging and Handling” fees without objection, believing the fees were recovering actual costs when in fact they were secretly generating additional profits for Herbalife.

304. Plaintiffs and the class also purchased Herbalife products and were charged FedEx freight fees that implied a direct pass through of shipping costs paid to a third party, FedEx, when in fact they were not direct pass through charges and were instead secret, undisclosed profit generators. The class relied upon these representations and paid the FedEx freight fees without objection, believing they

1 were simply paying the actual shipping costs charged by FedEx, when they were
2 not.

3 305. To the extent proof of reliance is required of Plaintiffs, Herbalife and
4 the Beneficiaries and Promoters knew that Plaintiffs and the class would
5 reasonably rely on their representations and omissions, which would cause the
6 Plaintiffs and the class joining the fraudulent endless chain scheme and purchasing
7 the products, and Plaintiffs did in fact reasonably rely upon such representations
8 and omissions.

9 306. Indeed, had Plaintiffs and the class known that Herbalife and its
10 Beneficiaries and Promoters were promoting an endless chain, they would not
11 have become Herbalife distributors in the first place and, if learned after becoming
12 a distributor, they would not have purchased Herbalife products thereafter.

13 307. Had Plaintiffs and the class known that Herbalife was promoting a
14 “business opportunity” that did not exist except for a select few, they would not
15 have become Herbalife distributors in the first place and, if learned after becoming
16 a distributor, they would not have purchased Herbalife products thereafter.

17 308. And had Plaintiffs and the class known that the “Packaging and
18 Handling” fees were not calculated or set in relation to actual packaging and
19 handling costs and instead were secret profit generators, they would not have
20 become Herbalife distributors in the first place, would not have purchased
21 Herbalife products, or would have contacted Herbalife to object and attempt to
22 avoid paying the fees.

23 309. Regarding the FedEx freight fees, had Plaintiffs and the class known
24 that Herbalife was not directly passing through such fees to the shipper, Fed Ex,
25 they could have and would have explored freight collect options that could have
26 saved them money on shipping, or they could have picked up the products in
27 person, or they could have objected and tried to negotiate the actual shipping fees
28 with Herbalife.

310. Finally, the fraudulent acts, representations and omissions described herein were material not only to Plaintiffs and the class (as described in this complaint), but also to reasonable persons. For instance, regarding the alleged “business opportunity” and representations in, and omissions from, the 2008 to 2011 Statements of Average Gross Compensation, and on information and belief, a large percentage of individuals who signed up as Herbalife distributors during this time frame expected that they could and would receive annual compensation at the approximate level of the “average earnings compensation,” in total, disclosed in the Statements of Average Gross Compensation. Unfortunately, no such large percentage actually could or did earn such an amount.

The Herbalife Sales and Marketing Plan Is Unfair

311. Under California Business and Professions Code § 17200, a business practice is “unfair” if it violates established public policy or if it is immoral, unethical, oppressive or unscrupulous and causes injury which outweighs its benefits.

312. For the reasons set forth herein and above, Herbalife’s promotion and operation of an unlawful and fraudulent endless chain, and its fraudulent representations and omissions regarding its purported “business opportunity,” “Packaging and Handling” fees, and FedEx freight fees are also unethical, oppressive, and unscrupulous in that Herbalife is and has been duping Plaintiffs and the class out of billions, or at least hundreds of millions, of dollars.

313. Herbalife’s actions have few, if any, benefits. Thus, the injury caused to Plaintiffs and the class easily and dramatically outweighs the benefits, if any.

314. Defendants should be made to disgorge all ill-gotten gains and return to Plaintiffs and the class all wrongfully taken amounts.

315. Finally, Defendants’ unlawful, fraudulent and unfair acts and omissions will not be completely and finally stopped without orders of an injunctive nature. Under California Business and Professions Code section 17203,

1 Plaintiffs and the class seek a judicial order of an equitable nature against all
 2 Defendants, including, but not limited to, an order declaring such practices as
 3 complained of to be unlawful, fraudulent and unfair, and enjoining them from
 4 further undertaking any of the unlawful, fraudulent and unfair acts or omissions
 5 described herein.

6 **THIRD CLAIM FOR RELIEF**

7 **False Advertising**

8 **(California Business and Professions Code § 17500, *et seq.*)**

9 **(On Behalf of the Class, the Pre-February 2013 Statement of Average Gross**
 10 **Compensation Subclass, and the Packaging & Handling and FedEx Freight**
 11 **Subclass)**

12 **Against All Defendants**

13 316. Plaintiffs reallege all allegations.

14 317. All claims brought under this Third Claim for Relief that refer or
 15 relate to the false, untrue, fraudulent or misleading endless chain of Defendants
 16 are brought on behalf of Plaintiffs and the Class.

17 318. All claims brought under this Third Cause of Action that refer or
 18 relate to the false, untrue, fraudulent or misleading pre-February 2013 Statements
 19 of Average Gross Compensation and the touted Herbalife “business opportunity”
 20 are brought on behalf of Plaintiffs and the Pre-February 2013 Statement of
 21 Average Gross Compensation Subclass.

22 319. All claims brought under this Third Claim for Relief that refer or
 23 relate to the false, untrue, fraudulent or misleading “Packaging and Handling” or
 24 FedEx freight fees before April 14, 2013 are brought on behalf of Plaintiffs and
 25 the Packaging & Handling and FedEx Freight Subclass.

26 320. Defendants’ business acts, false advertisements and materially
 27 misleading omissions constitute false advertising, in violation of the California
 28 Business and Professions Code § 17500, *et seq.*

1 321. Defendants engaged in false, unfair and misleading business
2 practices, consisting of false advertising and materially misleading omissions
3 regarding the purported “business opportunity,” likely to deceive the public and
4 include, but are not limited to, the items set forth above. Herbalife knew, or should
5 have known, that the representations about the business opportunity of Herbalife
6 were misleading in nature.

7 322. Defendants’ marketing and promotion of the “Packaging and
8 Handling” that appeared to be designed to recoup “packaging and handling” costs,
9 but, in fact, were secret profit generators for Herbalife, as set forth above.
10 Defendants knew or should have known, in exercising reasonable care, that the
11 statements they were making were untrue or misleading and deceived members of
12 the public. Defendants knew or should have known, in exercising reasonable care,
13 that distributors, including Plaintiffs, would rely, and relied on Defendants’
14 misrepresentations and omissions.

15 323. Defendants’ marketing and promotion of the FedEx freight fees that
16 implied a direct pass through of shipping costs paid to a third party, FedEx, when
17 in fact they were not direct pass through charges and were instead secret,
18 undisclosed profit generators, constitutes false advertising likely to deceive the
19 public and include, but are not limited to, the items set forth above. Defendants
20 knew or should have known, in exercising reasonable care, that the statements they
21 were making were untrue or misleading and deceived members of the public.
22 Defendants knew or should have known, in exercising reasonable care, that
23 distributors, including Plaintiffs, would rely, and relied on Defendants’
24 misrepresentations and omissions.

25 324. Because of Defendants’ untrue and/or misleading representations,
26 Defendants wrongfully acquired money from Plaintiffs and the class members to
27 which it was not entitled. The Court should order Defendants to disgorge, for the
28 benefit of Plaintiffs and all other Herbalife distributors in the class who signed a

1 Distributor Agreement with Herbalife governed by California law their profits and
2 compensation and/or make restitution to Plaintiffs and the class.

3 325. Under California Business and Professions Code Section 17535,
4 Plaintiffs and the class seek a judicial order directing Defendants to cease and
5 desist all false advertising related to the Defendants' illegal endless chain scheme,
6 and "Packaging and Handling" fee, and such other injunctive relief as the Court
7 finds just and appropriate.

8 326. Because of Defendants' untrue and/or misleading representations,
9 Defendants wrongfully acquired money from Plaintiffs and the class members to
10 which it was not entitled. The Court should order Defendants to disgorge, for the
11 benefit of Plaintiffs and all other Herbalife distributors in the class who signed a
12 Distributor Agreement with Herbalife governed by California law their profits and
13 compensation and/or make restitution to Plaintiffs and the class.

14 327. Under California Business and Professions Code Section 17535,
15 Plaintiffs and the class seek a judicial order directing Defendants to cease and
16 desist from all false advertising related to the Defendants' illegal e scheme, and
17 "Packaging and Handling" fee, and such other injunctive relief as the Court finds
18 just and appropriate.

19 **PRAYER FOR RELIEF**

20 The named Plaintiffs and the Plaintiff class and subclasses request the
21 following relief:

- 22 a. Certification of the class and subclasses;
- 23 b. A jury trial and judgment against Defendants;
- 24 c. Rescission of the agreements upon which the scheme is based, and
25 recovery of all consideration paid pursuant to the scheme, less any amounts paid or
26 consideration provided to the participant pursuant to the scheme;

d. Damages for the financial losses incurred by Plaintiffs and by the class and subclasses because of the Herbalife Defendants' conduct and for injury to their business and property;

e. Restitution and disgorgement of monies;

f. Temporary and permanent injunctive relief enjoining Herbalife from paying its Distributors recruiting rewards that are unrelated to retail sales to ultimate users and from further unfair, unlawful, fraudulent and/or deceptive acts;

g. The cost of suit including reasonable attorneys' fees under California Code of Civil Procedure § 1021.5, Civil Code §1689.2, and otherwise by law.

h. For damages in an amount yet to be ascertained as allowed by law; and

i. For such other damages, relief and pre- and post-judgment interest as the Court may deem just and proper.

DATED: June 9, 2014

FABIAN & CLENDENIN, P.C.
FOLEY BEZEK BEHLE & CURTIS, LLP

/s/ Philip D. Dracht

Philip D. Dracht
Scott M. Petersen (Admitted *Pro Hac*)
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FOLEY BEZEK BEHLE & CURTIS, LLP

Attorneys for Plaintiffs

DEMAND FOR JURY TRIAL

Plaintiffs demand a jury trial as provided by Rule 38(a) of the Federal Rules of Civil Procedure.

1 DATED: June 9, 2014

FABIAN & CLENDENIN, P.C.
FOLEY BEZEK BEHLE & CURTIS, LLP

2
3
4 /s/ Philip D. Dracht

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8 Thomas G. Foley, Jr.
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Attorneys for Plaintiffs

12 4840-8247-4779, v. 1

EXHIBIT A

EXHIBIT A



STATEMENT OF AVERAGE GROSS COMPENSATION OF U.S. SUPERVISORS – 2011

Herbalife offers its Distributors an opportunity to achieve a lifetime of better health through its scientifically advanced weight management and nutrition products. While many of our Distributors join the Herbalife family simply to enjoy our life-changing products, others want to share their results and take advantage of the many income benefits our business opportunity provides. With Herbalife, you can work part-time and earn a supplemental income, or focus solely on your Herbalife Distributorship and increase your financial potential. It's completely up to the individual how much he or she wants to achieve! A Distributor earns profits by buying Herbalife products at wholesale and reselling them at retail. If the Distributor wants to increase his or her involvement in the business and enjoy the possibility of higher levels of income, he or she may sponsor others into the business and develop an organization.

Over 25% of Distributors reach the rank of Supervisor and above ("Leader"), qualifying them for additional compensation which is paid by Herbalife based upon their activities and those they have sponsored directly and indirectly. The annual gross compensation paid by Herbalife to all Leaders during 2011 averaged \$2,900 (with a median level of \$741). Over 39% of Supervisors are "Active" (defined as those who generated at least 2,500 points of volume in 2011 after becoming Supervisor). The annual gross compensation paid by Herbalife to Active Leaders during 2011 averaged \$7,354 (with a median level of \$637).

ACTIVE LEADERS				
Earning Level	% of Total Leaders	% of Active Leaders	Average Earnings Compensation (USD)	Median Compensation (USD)
President's Team	0.2 %	0.6 %	\$ 514,638	\$ 336,901
Millionaire Team	0.7 %	1.7 %	\$ 100,195	\$ 97,303
Get Team	2.6 %	6.5 %	\$ 22,766	\$ 19,417
World Team	2.9 %	7.3 %	\$ 6,224	\$ 5,659
Supervisor	33.1 %	83.9 %	\$ 901	\$ 475
Total	39.4 %	100 %	\$ 7,354	\$ 637

The amounts above do not include the income Distributors can earn from their retail or wholesale income, so the actual compensation can be somewhat higher, depending upon each Distributor's personal-selling efforts. Also, the figures above are gross, not net income.

The figures stated above are not a guarantee nor are they a projection of a typical Distributor's earnings or profits. Like any other independent business, the achievement or failure of a Distributor depends upon his or her skill set, commitment and desire to succeed. At Herbalife, the opportunity to earn more is always available to each and every Distributor.

Herbalife offers its Distributors an opportunity to achieve a lifetime of better health through its scientifically advanced weight-management and nutrition products. While many of our Distributors join the Herbalife family simply to enjoy our life-changing products, others want to share their results and take advantage of the many income benefits our business opportunity provides. With Herbalife, you can work part time and earn a supplemental income, or focus solely on your Herbalife Distributorship and increase your financial potential. It's completely up to the individual how much he or she wants to achieve! A Distributor earns profits by buying Herbalife products at wholesale and reselling them at retail. If the Distributor wants to increase his or her involvement in the business and enjoy the possibility of higher levels of income, he or she may sponsor others into the business and develop an organization.

Over 25% of Distributors reach the rank of Supervisor and above ("Leader"), qualifying them for additional compensation, which is paid by Herbalife based upon the sales production of those they have sponsored directly and indirectly. The annual gross compensation paid by Herbalife to all Leaders during 2011 averaged \$2,900. Over 39% of Supervisors are "Active" (defined as those who generated at least 2,500 points of volume in 2011 after becoming Supervisor). The annual gross compensation paid by Herbalife to Active Leaders during 2011 averaged approximately \$7,300.

ACTIVE LEADERS

Earning Level	% of Total Leaders	% of Active Leaders	Average Earnings (USD)
President's Team	0.2%	0.6%	\$ 515,689
Millionaire Team	0.7%	1.7%	\$ 100,195
GET	2.6%	6.5%	\$ 22,766
World Team	2.9%	7.3%	\$ 6,224
Supervisor	33.1%	83.9%	\$ 901
Total	39.4%	100.0%	\$ 7,348

The amounts above do not include the income Distributors can earn from their retail or wholesale income, so the actual compensation can be somewhat higher, depending upon each Distributor's personal-selling efforts.

The figures stated above are not a guarantee nor are they a projection of a typical Distributor's earnings or profits. Like any other independent business, the achievement or failure of a Distributor depends upon his or her skill set, commitment and desire to succeed. At Herbalife, the opportunity to earn more is always available to each and every Distributor.





**STATEMENT OF AVERAGE GROSS COMPENSATION
OF U.S. SUPERVISORS – 2010**

Herbalife offers its Distributors an opportunity to achieve a lifetime of better health through its scientifically advanced weight management and nutrition products. While many of our Distributors join the Herbalife family simply to enjoy our life-changing products, others want to share their results and take advantage of the many income benefits our business opportunity provides. With Herbalife, you can work part-time and earn a supplemental income, or focus solely on your Herbalife Distributorship and increase your financial potential. It's completely up to the individual how much he or she wants to achieve! A Distributor earns profits by buying Herbalife products at wholesale and reselling them at retail. If the Distributor wants to increase his or her involvement in the business and enjoy the possibility of higher levels of income, he or she may sponsor others into the business and develop an organization.

Over 25% of Distributors reach the rank of Supervisor and above ("Leader"), qualifying them for additional compensation which is paid by Herbalife based upon the sales production of those they have sponsored directly and indirectly. The annual gross compensation paid by Herbalife to all Leaders during 2010 averaged \$2,700. Over 37% of Supervisors are "Active" (defined as those who generated at least 2,500 points of volume in 2010 after becoming Supervisor). The annual gross compensation paid by Herbalife to Active Leaders during 2010 averaged approximately \$7,100.

Active Leaders			
Earning Level	% of Total Leaders	% of Active Leaders	Average Earnings (USD)
President's Team	0.2%	0.6%	\$ 486,985
Millionaire Team	0.7%	1.8%	\$ 95,484
GET	2.5%	6.7%	\$ 21,343
World Team	2.9%	7.8%	\$ 5,688
Supervisor	31.3%	83.1%	\$ 812
Total	37.6%	100.0%	\$ 7,071

The amounts above are in addition to and do not include profits earned on the resale of products to consumers or other Distributors.

The figures stated above are not a guarantee nor are they a projection of a typical Distributor's earnings or profits. Like any other independent business, the achievement or failure of a Distributor depends upon his or her skill set, commitment and desire to succeed. At Herbalife, the opportunity to earn more is always available to each and every Distributor.



STATEMENT OF AVERAGE GROSS COMPENSATION OF U.S. SUPERVISORS - 2009

Herbalife offers its Distributors an opportunity to achieve a lifetime of better health through its scientifically advanced weight management and nutrition products. While many of our Distributors join the Herbalife family simply to enjoy our life-changing products, others want to share their results and take advantage of the many income benefits our business opportunity provides. With Herbalife, you can work part-time and earn a supplemental income, or focus solely on your Herbalife Distributorship and increase your financial potential. It's completely up to the individual how much he or she wants to achieve! A Distributor earns profits by buying Herbalife products at wholesale and reselling them at retail. If the Distributor wants to increase his or her involvement in the business and enjoy the possibility of higher levels of income, he or she may sponsor others into the business and develop an organization.

Over 25% of Distributors reach the rank of Supervisor and above ("Leader"), qualifying them for additional compensation which is paid by Herbalife based upon the sales production of those they have sponsored directly and indirectly. The annual gross compensation paid by Herbalife to all Leaders during 2009 averaged \$2,400. Over 46% of Supervisors are "Active" (defined as those who generated at least 2,500 points of volume in 2009 after becoming Supervisor). The annual gross compensation paid by Herbalife to Active Leaders during 2009 averaged approximately \$5,100.

Active Leaders			
Earning Level	% of Total Leaders	% of Active Leaders	Average Earnings (USD)
President's Team	0.2%	0.5%	\$ 449,261
Millionaire Team	0.7%	1.4%	\$ 85,515
GET	2.4%	5.2%	\$ 19,470
World Team	2.6%	5.6%	\$ 5,064
Supervisor	40.9%	87.3%	\$ 478
Total	46.8%	100.0%	\$ 5,120

The amounts above are in addition to and do not include profits earned on the resale of products to consumers or other Distributors.

The figures stated above are not a guarantee nor are they a projection of a typical Distributor's earnings or profits. Like any other independent business, the achievement or failure of a Distributor depends upon his or her skill set, commitment and desire to succeed. At Herbalife, the opportunity to earn more is always available to each and every Distributor.



**Statement of Average Gross Compensation
of U.S. Supervisors in 2008**

Herbalife offers its Distributors an opportunity to achieve a lifetime of better health through its scientifically advanced weight-management and nutrition products. While many of our Distributors join the Herbalife family simply to enjoy our life-changing products, others want to share their results and take advantage of the many income benefits our business opportunity provides. With Herbalife, you can work part-time and earn a supplemental income or focus solely on your Herbalife Distributorship and increase your financial potential. It's completely up to the individual how much he or she wants to achieve! A Distributor earns profits by buying Herbalife products at wholesale and reselling them at retail. If the Distributor wants to increase his or her involvement in the business and enjoy the possibility of higher levels of income, he or she may sponsor others into the business and develop an organization.

Over 25% of Distributors reach the rank of Supervisor and above ("Leader"), qualifying them for additional compensation which is paid by Herbalife based upon the sales production of those they have sponsored directly and indirectly. The annual gross compensation paid by Herbalife to all Leaders during 2008 averaged \$2,200. Over 42% of Supervisors are "Active" (defined as those who generated at least 2,500 points of volume in 2008 after becoming Supervisor). The annual gross compensation paid by Herbalife to Active Leaders during 2008 averaged approximately \$5,200.

ACTIVE LEADERS

Earning Level	% of Total Leaders	% of Active Leaders	Average Earnings (USD)
President's Team	0.2%	0.5%	\$ 475,789
Millionaire Team	0.7%	1.6%	\$ 80,983
GET	2.2%	5.1%	\$ 17,785
World Team	2.7%	6.4%	\$ 4,479
Supervisor	36.4%	86.4%	\$ 440
Total	42.2%	100.0%	\$ 5,245

The amounts above are in addition to and do not include profits earned on the resale of products to consumers or other Distributors.

The figures stated above are not a guarantee nor are they a projection of a typical Distributor's earnings or profits. Like any other independent business, the achievement or failure of a Distributor depends upon his or her skill set, commitment and desire to succeed. At Herbalife, the opportunity to earn more is always available to each and every Distributor.

EXHIBIT B

EXHIBIT B



STATEMENT OF AVERAGE GROSS COMPENSATION PAID BY HERBALIFE TO UNITED STATES DISTRIBUTORS IN 2012

People become Herbalife Distributors for a number of reasons. The majority (73%)⁽¹⁾ 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-International Business Pack (IBP) at \$57.75 or full IBP at \$89.55) and money-back guarantee⁽²⁾. 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 Distributorship is something like a gym membership: results vary with the time, energy and dedication you put into it. Anyone considering an active Distributorship 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 Distributorship. There is no need for a Distributor 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 Distributorship.

The majority of Herbalife's independent Distributors (71%) have not sponsored another Distributor and are therefore "single-level" Distributors. Single-level Distributors 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 Distributors (29%) have decided to sponsor others to become Herbalife Distributors. In that way, they may seek to build and maintain their own downline sales organizations. They are not paid anything for sponsoring new Distributors. They are paid solely based on product sales to their downline Distributors for their own consumption or for retail to others. This multi-level compensation opportunity is detailed in Herbalife's Sales & Marketing Plan, which is available to all Distributors on line at www.myherbalife.com.

For potential Distributors to make an informed decision, we offer the following chart to show the different ranges of average gross compensation that Herbalife pays to its Distributors. The figures below do not include any retail / wholesale profit that a Distributor makes from selling Herbalife's products to others nor do these figures include expenses incurred by a Distributor 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 Distributors in this chart is not necessarily representative of the gross compensation, if any, that any particular Distributor 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.

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

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

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

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

Single-Level Distributors (No Downline)				
Economic Opportunity	Distributors*		The economic rewards for single-level Distributors are the wholesale pricing received on products for consumption by the Distributor and his or her family as well as the opportunity to retail product to non-Distributors. Neither of these rewards are payments made by the company and therefore are excluded from this schedule	
	Number	%		
<ul style="list-style-type: none">Wholesale price on product purchasesRetail profit on sales to non-Distributors	351,065	71%		

Non-Sales Leaders** With a Downline				
Economic Opportunity	Distributors		In addition to the economic rewards of the single-level Distributors above, which are not included in this chart, certain non-sales leaders 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 Distributors earned such payments in 2012. The average total payments to the 2,466 Distributors was \$104.	
	Number	%		
<ul style="list-style-type: none">Wholesale price on product purchasesRetail profit on sales to non-DistributorsWholesale profit on sales to another Distributor	60,333	12%		

Sales Leaders** With a Downline							
Economic Opportunity	Distributors		Average Payments from Herbalife	All Sales Leaders with a Downline			This chart does not include amounts earned by Distributors on their sales of Herbalife products to others
	Number	%		Number of Distributors	% of Total Grouping	Average Gross Payments	
<ul style="list-style-type: none">Wholesale price on product purchasesRetail profit on sales to non-DistributorsWholesale profit on sales to another DistributorMulti-level compensation on downline sales<ul style="list-style-type: none">RoyaltiesBonuses	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 Distributors are sales leaders without a downline

** Sales leaders are Distributors that achieved the level of Supervisor or higher. See details on Herbalife's marketing plan at www.myherbalife.com.

51.0% of all sales leaders as of February 1st, 2011, requalified by February 1st, 2012 (including 33.5% of first time sales leaders)

The majority of those Distributors who earned in excess of \$100,000 in 2012 had reached the level of Herbalife's President's Team. During 2012, 47 U.S. Distributors joined the level of President's Team. They averaged 9 years as an Herbalife Distributor before reaching President's Team, with the longest being 20 years and the shortest being less than three years.

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

EXHIBIT C

EXHIBIT C

HERBALIFE



FUN
SIMPLE
MAGICAL

*"With self-discipline
most anything is
possible."*

Theodore Roosevelt
26th President
of the United States

UNDERSTAND

PLAN

BUILD

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4

Sales & Marketing Plan and Business Rules

Overview

Herbalife's Marketing Plan offers you unique opportunities which can lead to higher levels of success and to great achievement. The plan was developed for Distributors by Herbalife's first Distributor and founder, Mark Hughes. The result is arguably the best Marketing Plan in the industry. Herbalife's Marketing Plan pays out up to 73% of product revenues to 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 opportunity and the Marketing Plan are identical for every Distributor. Each Distributor's success is dependent on two primary factors:

- The time, effort and commitment a Distributor puts into their Herbalife business and
- The product sales made by a Distributor and their downline organization.

These two factors raise the importance of a Distributor'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 Distributors for their efforts and enhance their success.

Becoming a Distributor – The Important First Step

The only required purchase in order to become an Herbalife Independent Distributor is the Herbalife Mini IBP (the smaller version of our official Distributor Kit). The Mini IBP (as well as the larger version) contains the Application for International Distributorship, which you must complete and submit in order to receive an Herbalife Identification Number and purchase products.

Registration

You officially become an Herbalife Distributor 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 buy Herbalife® products from or through your Sponsor, first upline Fully Qualified Supervisor or the Herbalife Sales Order Department 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 a Distributor.

Income Opportunities

The Herbalife 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%

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

Monthly Royalty Override Income

Up to 5% on three levels of downline

As a Supervisor, you earn up to 5% on the Personal Volume 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

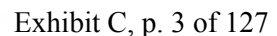
A bonus to Top Achievers in recognition of outstanding performance.

Qualify for Special Vacations and Training Events















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

Plus other special promotions and bonuses throughout the year.

*With a minimum of 3 months required.



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	10 Diamond  Founder's Circle 10 first line, Fully Qualified President's Team members in 10 separate lines of your downline organization
Cartier "Tank" Watch  250,000 Royalty Override Points	Marquis Diamond Ring  500,000 Royalty Override Points	Gold and Diamond Watch  750,000 Royalty Override Points	Diamond Watch  1 Million Royalty Override Points	3 Million Lifetime Achievement Award  3 Million Volume Points	
2 Million Lifetime Achievement Award  2 Million Volume Points		1 Million Lifetime Achievement Award  1 Million Volume Points		Additional Recognition 	

UNDERSTANDING VOLUME

Throughout this manual, we use the term volume extensively. Volume is a key element in the 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 Distributor Kits (IBPs), 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 as a Distributor 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 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 Distributors directly from Herbalife who are ordering between 25% to 42% discount.

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

Downline Volume Example

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

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 Distributors may purchase only from their Sponsor, first upline Supervisor (only if their Sponsor is not a Fully Qualified Supervisor) or directly from Herbalife.

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 Distributors, Senior Consultants, Success Builders and Qualified Producers at 25% to 42% discount – count as your Personal Volume.

Personal Volume Example

	Purchases/ Discount %	Personal Volume
A Supervisor	1,500 Personal Volume Points + B, C & D's Volume	= 3,500 Personal Volume
B Distributor	1,400 Volume Points + C & D's Volume @ 42% Discount	= 2,000 Personal Volume
C Distributor	200 Volume Points + D's Volume @ 35% Discount	= 600 Personal Volume
D Distributor	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
A Supervisor	2,500 Volume Points + B & C's Volume	= 6,500 Personal Volume + 1,000 Group Volume 7,500 Total Volume
B Distributor	1,000 Volume Points @ Temporary 50% Discount + C's Volume	= 5,000 Personal Volume
C Distributor	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 Distributor 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 Distributors.

Matching Volume

Matching Volume is the volume a sponsoring Supervisor must have through personal orders, or by Distributors in their

DISTRIBUTOR BENEFITS

personal organization in a given month, to equal or exceed the volume achieved by their downline Distributor(s) who are qualifying for Supervisor.

Matching Volume is how Herbalife verifies and validates the qualification of new Supervisors. Whenever a Supervisor sponsors a Distributor to the Supervisor position, the sponsoring Supervisor's Total Volume must be at least the same as the Total Volume of their downline Distributor(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 Distributors 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.

Organizational Volume Example

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

Encumbered and Unencumbered Volume

A Supervisor	2,500 Total Volume Points + B & C's Volume	=	2,500 Unencumbered 5,000 Encumbered to A
B Distributor Qualifying Supervisor	1,000 Total Volume Points + C's Volume	=	1,000 Unencumbered 4,000 Encumbered to B
C Distributor Qualifying Supervisor	4,000 Total Volume Points	=	4,000 Unencumbered to C

Matching Volume Example

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

Retail Profit

As a Distributor, you may purchase Herbalife products at a wholesale discount of 25% to 50%. 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, depending on volume. 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	Cost (at 25% discount)	Profit
\$100	\$75	\$25

Wholesale Profit (Commissions)

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

If you sell products directly to your Distributors, you can earn up to 25% Wholesale Profit immediately. If your Distributors 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	Your Cost (at 50%)	Your Distributor's Cost (at 25%)	Your Profit
\$100	\$50	\$75	\$25

Split Commission Example

Total Retail	Discount Level	Your Distributor's Cost	Split Commissions	
			To the Qualified Producer (QP)	To the Supervisor
\$100	25%	\$75	\$17	\$8
\$100	25%	\$75	N/A (no QP)	\$25
\$100	35%	\$65	\$7	\$8
\$100	35%	\$65	N/A (no QP)	\$15

Senior Consultant

Improve Your Profits With the Distributor Discount Scale

As you and your non-Supervisor Downline Distributors 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 retail price, giving you a greater profit margin.

Distributor Discount Scale

Distributors purchase at a 25% discount for all orders until they become eligible for a higher discount. Thereafter, they begin purchasing on the Distributor 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 Distributors 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.

Distributor Level	Monthly Volume	Discount	Eligibility
Distributor	0 – 499 Volume Points	25%	Until you become eligible for a higher discount.
Senior Consultant	Achieve 500 Volume Points	35%	All orders will be placed at 35% discount until you become eligible for a higher discount.
Senior Consultant	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.
Success Builder	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.

Distributor Level	Monthly Volume	Discount	Eligibility
Qualified Producer	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) 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.
Qualifying Supervisor	Achieve 4,000 Volume Points	Temporary 50%	Once 4,000 Volume Points are achieved in one Volume Month, additional orders are purchased at a Temporary 50% discount.
Supervisor	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.)

Note:

All of your Personal Sales Volume, plus your Distributors' Sales Volume, count as your Total Volume. Once you are on the Distributor Discount Scale, your discount will never be less than 35% for as long as you remain an active Distributor. 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.

You may also earn Wholesale Profits on sales to your downline Distributors. For example: One of your Distributors places an order with you. Your discount is 35%, and your Distributor's is 25%. You earn 10% Wholesale Profit on your downline Distributor's order.

Herbalife Advantage Program

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

The Herbalife Advantage Program (HAP) is open to all Distributors. HAP is a monthly automatic shipment program that provides Herbalife Distributors 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 Distributor 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 Distributor.
- 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 Distributor, 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 Distributor, you have the opportunity to place your orders directly with Herbalife and accumulate personally purchased volume that counts towards your Qualified Producer status. When you achieve 2,500 personally purchased volume points within 1-3 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 purchases made by downline Distributors 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 Processing 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



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). Distributors 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. Distributors 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 Distributors 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 Distributor 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 Distributor who has completed a one-month Supervisor Qualification of 4,000 Volume Points 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 4,000 Volume Points were purchased.

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.

Distributors who are qualifying for Supervisor in two consecutive months of 2,500 Volume Points, or accumulative 5,000 personally purchased Volume Points, are not eligible for a temporary 50% discount. They become eligible for a 50% discount on the 1st of the month following completion of their qualification when they are promoted to Fully Qualified Supervisor, providing 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 Distributor(s) are qualifying as Supervisor.

Whenever a Fully Qualified Supervisor sponsors a Distributor(s) to the Supervisor position, the sponsoring Supervisor's Total Volume must be at least the same amount as the Distributor's Volume within that same Volume Month. Supervisors are not permitted to qualify Distributors 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 Distributors who are qualifying for Supervisor.

For example, suppose a Supervisor sponsors a Distributor 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 Distributor 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 Distributor 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 Distributor 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

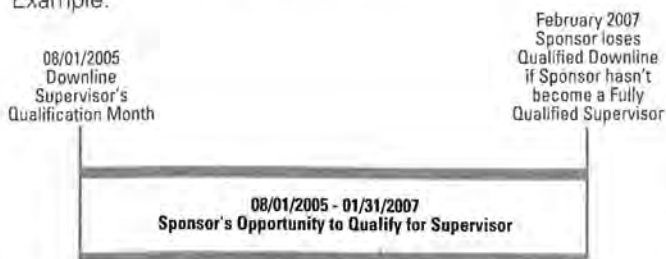
The Supervisor must place the Matching Volume Order once they have received notification to do so from Herbalife to avoid a penalty. If the Supervisor who is short volume, fails to place an order to Match Volume, a Matching Volume Penalty will be assessed. The penalty is that the Supervisor will permanently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

Failure to Qualify as a Supervisor

If a Distributor's sponsored downline becomes a Fully Qualified Supervisor before the Distributor does, the Distributor 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 the Distributor does not become a Fully Qualified Supervisor within the one year following their downline's Supervisor qualification, the Distributor 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 Processing Fee is current and paid. Failure to pay the Annual Processing Fee prior to or within 90 days after requalification will result in suspension of qualification, ordering privileges and earnings until the Annual Processing Fee is paid.

Supervisors who do not complete their Supervisor Requalification by January 31 will be demoted to the position of Senior Consultant, and 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.

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 Distributors 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 around the world. When these Distributors in your First-Level sponsor other Distributors themselves, these new Distributors 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 Distributors 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 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. As a general matter, earnings are calculated on the retail price 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

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

*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.

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 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 Distributor Discount Scale. A Supervisor may not earn more than 5% Royalty Override on any volume.

Royalty Override Roll-Up Example

YOU	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
First-Level Supervisor	2,500 Total Volume Points 5% Royalty Override	=	Earns 5% Royalty Override on Second, Third and Fourth-Level Supervisors
Second-Level Supervisor	2,500 Total Volume Points 5% Royalty Override	=	Earns 5% Royalty Override on Third and Fourth-Level Supervisors
Third-Level Supervisor	500 Total Volume Points 1% Royalty Override	=	Earns 1% Royalty Override on Fourth-Level Supervisor
Fourth-Level Supervisor	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 membership.
- Qualify for special Company qualifications.

TAB Team

Successful Supervisors have the opportunity to proceed to the higher scale of the Herbalife 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 Application and Agreement 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 member, 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 members. It is necessary to submit a completed TAB Team Production Bonus Application and Agreement 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.)

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 Distributors 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 a Distributor receives an award that is defective or otherwise damaged, the Distributor may return the item(s) for free replacement within (6) months of the original qualification date associated with the award. After this (6) month period, the Distributor may return damaged item(s) to be professionally refurbished or repaired which shall be at Distributor's 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



Gold and Diamond Cufflinks and Earrings

To qualify, you must achieve 15,000 Royalty Points for three consecutive months.



One Diamond

Executive President's Team

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

Senior Executive President's Team

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

International Executive President's Team

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

Chief Executive President's Team

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

Chairman's Club

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

Founder's Circle

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). These awards are presented annually at Herbalife's Extravaganza event.



Cartier "Tank" Watch
250,000 Royalty
Override Points



Marquis Diamond Ring
500,000 Royalty
Override Points



Gold and Diamond
Watch 750,000
Royalty Override
Points



Diamond Watch
1,000,000 Royalty
Override Points

Herbalife offers its Distributors an opportunity to achieve a lifetime of better health through its scientifically advanced weight-management and nutrition products. While many of our Distributors join the Herbalife family simply to enjoy our life-changing products, others want to share their results and take advantage of the many income benefits our business opportunity provides. With Herbalife, you can work part time and earn a supplemental income, or focus solely on your Herbalife Distributorship and increase your financial potential. It's completely up to the individual how much he or she wants to achieve! A Distributor earns profits by buying Herbalife products at wholesale and reselling them at retail. If the Distributor wants to increase his or her involvement in the business and enjoy the possibility of higher levels of income, he or she may sponsor others into the business and develop an organization.

Over 25% of Distributors reach the rank of Supervisor and above ("Leader"), qualifying them for additional compensation, which is paid by Herbalife based upon the sales production of those they have sponsored directly and indirectly. The annual gross compensation paid by Herbalife to all Leaders during 2010 averaged \$2,700. Over 37% of Supervisors are "Active" (defined as those who generated at least 2,500 points of volume in 2010 after becoming Supervisor). The annual gross compensation paid by Herbalife to Active Leaders during 2010 averaged approximately \$7,100.

ACTIVE LEADERS

Earning Level	% of Total Leaders	% of Active Leaders	Average Earnings (USD)
President's Team	0.2%	0.6%	\$ 486,985
Millionaire Team	0.7%	1.8%	\$ 95,484
GET	2.5%	6.7%	\$ 21,343
World Team	2.9%	7.8%	\$ 5,688
Supervisor	31.3%	83.1%	\$ 812
Total	37.6%	100.0%	\$ 7,071

The amounts above do not include the income Distributors can earn from their retail or wholesale income, so the actual compensation can be somewhat higher, depending upon each Distributor's personal-selling efforts.

The figures stated above are not a guarantee nor are they a projection of a typical Distributor's earnings or profits. Like any other independent business, the achievement or failure of a Distributor depends upon his or her skill set, commitment and desire to succeed. At Herbalife, the opportunity to earn more is always available to each and every Distributor.



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	Earning 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

TAB TEAM PRODUCTION BONUS PAYOUT GUIDELINES

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

- When a TAB Team member 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 member earns a TAB Team Production Bonus at the 2% level, you will earn 6% on that TAB Team member 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 member.
- When a downline TAB Team member earns a TAB Team Production Bonus at the same % level as you, you will earn on that TAB Team member, but you will be unable to earn a TAB Team Production Bonus on their downline.
- When a downline TAB Team member 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 Application and Agreement 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	1,000	1,000	Eligible to earn 2% TAB Team PB from April to March														
Royalty Points	Royalty Points	Royalty Points	Requalification Period from April to March														

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

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			Waiting Period			Eligible to earn 6% TAB Team PB from July to June											
						Requalification Period from April to March											

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.

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.

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

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

Distributor: Anyone who purchases an official Herbalife Distributor Kit (IBP) and submits to Herbalife a valid and complete Application for Distributorship and whose application has been accepted by Herbalife.

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

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

Earn Base: Base amount assigned to a product on which earnings are calculated.

First-Level Distributor: All Distributors 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 Distributor: A Distributor who activates the regular monthly automatic ordering procedure called Herbalife Advantage Program (HAP).

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

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 Distributor 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 Distributors. Also known as Commission.

Qualified Producer: A Distributor who accumulates 2,500 personally purchased Volume Points within 1-3 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 Distributor achieves the required volume for Supervisor qualification.

Qualifying Supervisor: A Distributor who has achieved 4,000 Volume Points in one calendar 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 Distributor who has qualified to purchase at 35% to 42% discount.

Split Commission: The commission earned from a downline Distributor 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 Distributor who brings another individual into Herbalife as a Distributor.

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

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

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

10 Retail Customers Rule: A Distributor 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 Distributor must sell to retail customers, and/or sell at wholesale to downline Distributors, 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 Distributors directly from Herbalife or 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 Distributor(s) who are qualifying for Supervisor.

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

Volume, Personal: The volume 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 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.

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 customers 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 Distributor, the customer may request a refund from the Distributor 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 Distributor from whom the customer purchased the product. The Distributor must offer the customer a full credit toward the purchase of other Herbalife products or a full refund of the purchase price.

This 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 Distributor must honor the product guarantee quickly and courteously, according to the instructions that follow.

Distributor Must Honor Guarantee

A Distributor 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 Distributor for more products, questions, etc. The Distributor 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 Distributor must complete a "Customer Request for Refund Form," a copy of which is included in the "Sample Forms" section of this book. The Distributor 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 Distributor may then submit the "Customer 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 Distributor as soon as all the required documentation has been received.

The Herbalife money-back guarantee does not apply to products purchased by Distributors, whether or not consumed by them, and this fact must be presented to individuals who become Distributors. However, for Distributors, the company maintains a Distributor repurchase policy, according to the guidelines of the Direct Selling Association, which under certain circumstances may provide for repurchase of Distributor kits and marketable merchandise. (Refer to Rule 10-D "Inventory Repurchase" in the "Rules of Conduct and Distributor Policies" section of this book, or contact Herbalife's Distributor Relations Department toll-free at 866-866-4744 for more information.)

ORDERING PROCEDURES

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 Distributorship, to ensure the maximum fairness and protection for all Distributors. These rules provide consistency, security, integrity and honesty, enabling the Company, 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 Distributor, 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.
- 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. (PST)
Saturday: 6:00 a.m. - 2:00 p.m. (PST)
EOM: 9:00 a.m. - 12:00 a.m. (PST)
Holidays: 9:00 a.m. - 2:00 p.m. (PST) or Closed
Closed Sunday

TTY Assistance

TTY User: 800-503-6180
Monday - Friday: 9:00 a.m. - 6:00 p.m. (PST)
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 or Tracy, CA; Memphis, TN; Dallas, TX; Phoenix, AZ; Des Plaines, IL; or Bronx, 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)

930 E. 233rd Street
Carson, CA 90745
Telephone: 310-952-0100
Monday - Friday: 9:00 a.m. - 7:00 p.m. (PST)
Saturday: 9:00 a.m. - 5:00 p.m. (PST)
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. (CST)
Closed Saturday and Sunday

Dallas Sales Center

8105 North Beltline Road, Suite 100
Irving, TX 75063
Telephone: 214-441-3333
Monday - Friday: 10:00 a.m. - 7:00 p.m. (CST)
Saturday: 10:00 a.m. - 3:00 p.m. (CST)
Closed Sunday

Phoenix Sales Center

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

Des Plaines Sales 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. (CST)
Tuesday and Thursday: Noon - 8:00 p.m. (CST)
Saturday: 10:00 a.m. - 3:00 p.m. (CST)
Closed Sunday

Bronx Sales Center

2359 Hollers Avenue
Bronx, NY 10475
Telephone: 718-708-7020
Monday, Wednesday and Friday: 10:00 a.m. - 6:00 p.m. (EST)
Tuesday and Thursday: Noon - 8:00 p.m. (EST)
Saturday: 10:00 a.m. - 3:00 p.m. (EST)
Closed Sunday

Tracy Sales Center

470 West Larch Road, Suite 10
Tracy, CA 95304
Telephone: 209-832-4110
Monday and Wednesday: Noon - 8:00 p.m. (PST)
Tuesday, Thursday and Friday: 10:00 a.m. - 6:00 p.m. (PST)
Saturday: 10:00 a.m. - 3:00 p.m. (PST)
Closed Sunday

Houston Sales 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. (CST)

Tuesday and Thursday: Noon - 8:00 p.m. (CST)

Saturday: 10:00 a.m. - 3:00 p.m. (CST)

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 Distributor 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

- Distributors 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 and verified by the bank's report by 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 takes typically three to five (3 to 5) working days 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 ground chart on the following page.

FedEx 2 and 1 Day Delivery

FedEx - 2 Day 6% - \$8 minimum

FedEx - 1 Day 10% - \$16 minimum

All Other Shipping Methods COD

Rate	times (X)	Retail Value
2.50%		\$1,000 and Up
3%		\$700 - \$999
3.50%		\$400 - \$699
4%		\$125 - \$399
\$6.00	Minimum	\$0 - \$124

Examples:

A) \$400 retail value x 3.5% = \$14.00 freight cost

B) \$130 retail value x 4% = \$5.20 freight cost

C) \$124 retail value - add \$6.00 minimum freight cost

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

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. (PST)

Saturday: 8:00 a.m. - 2:00 p.m. (PST)

EOM: 9:00 a.m. - 12:00 a.m. (PST)

Holidays: 9:00 a.m. - 2:00 p.m. (PST) or Closed

Closed Sunday

2. TTY Assistance: TTY User: 800-503-6180
Monday - Friday: 9:00 a.m. - 6:00 p.m. (PST)
Closed Saturday and Sunday

3. Los Angeles Distribution Center (LADC):
Monday - Friday: 9:00 a.m. - 7:00 p.m. (PST)
Saturday: 9:00 a.m. - 5:00 p.m. (PST)
Closed Sunday

4. Memphis Distribution Center:
Monday - Friday: 8:00 a.m. - 7:00 p.m. (CST)
Closed Saturday and Sunday

5. Dallas Sales Center:
Monday - Friday: 10:00 a.m. - 7:00 p.m. (CST)
Saturday: 10:00 a.m. - 3:00 p.m. (CST)
Closed Sunday

6. Phoenix Sales Center:
Monday - Friday: 10:00 a.m. - 7:00 p.m. (PST)
Saturday: 10:00 a.m. - 3:00 p.m. (PST)
Closed Sunday

7. Des Plaines Sales Center:
Monday, Wednesday and Friday:
10:00 a.m. - 6:00 p.m. (CST)
Tuesday and Thursday: Noon - 8:00 p.m. (CST)
Saturday: 10:00 a.m. - 3:00 p.m. (CST)
Closed Sunday

8. Bronx Sales Center:
Monday, Wednesday and Friday:
10:00 a.m. - 6:00 p.m. (EST)
Tuesday and Thursday: Noon - 8:00 p.m. (EST)
Saturday: 10:00 a.m. - 3:00 p.m. (EST)
Closed Sunday

9. Tracy Sales Center:
Monday and Wednesday: Noon - 8:00 p.m. (PST)
Tuesday, Thursday and Friday: 10:00 a.m. - 6:00 p.m. (PST)
Saturday: 10:00 a.m. - 3:00 p.m. (PST)
Closed Sunday

10. Houston Sales Center:
Monday, Wednesday and Friday:
10:00 a.m. - 6:00 p.m. (CST)
Tuesday and Thursday: Noon - 8:00 p.m. (CST)
Saturday: 10:00 a.m. - 3:00 p.m. (CST)
Closed Sunday

B. Business Numbers/Addresses

1. Operations World Home Office

a. Toll-Free Number (Distributor Relations in English and Spanish): 866-866-4744

b. TTY Assistance: TTY User: 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.
930 E. 233rd Street
Carson, CA 90745

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 100
Irving, TX 95603

5. Phoenix Sales Center
(Walk-In and Pickup Service)

1606 E. University #109
Phoenix, AZ 85034

6. Des Plaines Sales Center
(Walk-In and Pickup Service)

200 Howard Avenue, Suite 232
Des Plaines, IL 60018-5910

7. Bronx Sales Center
(Walk-In and Pickup Service)

2359 Hollers Avenue
Bronx, NY 10475

8. Tracy Sales Center
(Walk-In and Pickup Service)

470 West Larch Road, Suite 10
Tracy, CA 95304

9. Houston Sales Center
(Walk-In and Pickup Service)

4702 N. Sam Houston Pkwy. W., Suite 130
Houston, TX 77086

For additional information on products, qualifications,
Marketing Plan, etc., please contact the Distributor Relations
Department English and Spanish Lines:
Monday - Friday: 9:00 a.m. - 6:00 p.m. (PST)
EOM: 9:00 a.m. - 6:00 p.m. (PST)
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.
- Fax orders (where applicable) must be placed and received with appropriate payment by midnight on each country's EOM day. (It is strongly recommended that you keep copies of all fax confirmations.)
- 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 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.
- Distributors 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, Distributors are responsible for specifying the order month they wish the Volume of the order to count towards.
- International orders must be placed on or before the shipping country's End-of-Month date.

Tax Information

The following notes highlight key points of interest for Herbalife Distributors. These notes are not intended to cover all aspects of registration or taxation that may affect your Distributorship, so we recommend that Distributors 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. Distributors 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. Distributors 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 Distributor 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 Distributors 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 Distributor'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 Distributor 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 Distributors 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 Distributors in which they will report the amount of earnings paid and the amount of U.S. tax withheld. Depending on the Distributor's situation and the laws of the Distributor's resident country, a refund from the IRS may be requested or relief from double taxation is often available. Affected Distributors 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. Distributors 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 Distributors and, thus, reduce the Distributors' 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, Distributors may obtain from the state and submit to Herbalife a resale/exemption certificate. By doing so, the Distributor 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 Distributors register their business when starting their business activity. We recommend that U.S. Distributors contact their local government offices for information about these requirements.

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

All Herbalife Distributors 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.

Frequently Asked Questions

Do I have to wait for my Distributor 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 from your Sponsor, first upline Fully Qualified Supervisor or the Herbalife Sales Order Department (at the applicable discount) utilizing the Herbalife ID number on the Registration Card contained in your International Distributor Kit (IBP).

How do I place an order?

It's easy! You may place orders through your Sponsor, upline Supervisor, or Herbalife directly. 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.

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 IBO/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 (3 to 5) working days. Distributors 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. We also add a 7% packaging and handling charge to the full retail of all products, giftables and promotional orders. Taxes, of course, are based on the tax rates of your shipping destination.

Why do I have to pay a 7% packaging and handling charge?

A great deal of administrative time and labor goes into processing, handling and marketing. Charging by products ordered is the fairest way to cover these costs.

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 Distributors with an effortless, flexible and convenient method for selecting and automatically shipping the products they use the most. HAP also provides Herbalife Distributors who activate their HAP orders with exclusive added benefits, including free activation no Annual Processing Fee for non-Supervisors with active HAP orders; 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 Distributor Activation and Order Form in this book. You may download the form from 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. Distributors may only bring products approved for a specific country within that country. Distributors 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, you can access training and business-building tools 24/7. Some of our websites include:

Herbalife.com

Herbalife's official website establishes Herbalife as the leading weight loss, targeted nutrition and outer nutrition site for information, education and retail/business opportunity lead captures.

MyHerbalife.com

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

HerbalifeCentral.com

An administrative website dedicated to Herbalife Distributors worldwide.

LivingHerbalifeLean.com

A lifestyle management program dedicated to helping people break the emotional-eating habit.

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 member you must strictly adhere to Herbalife's 10 Retail Customers/70% Rule. (Please refer to Rules No. 18-B and No. 18-C in the "Rules of Conduct and Distributor Policies" 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. Distributors are solely responsible for the proper reporting of their income and payment of their taxes. Any questions should be referred to the individual Distributor'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 and Distributor Policies USA IMPORTANT NOTICE!

Following are the answers to some of the most commonly asked questions by new Distributors regarding Herbalife's Rules of Conduct and Distributor Policies. Please carefully review the "Rules of Conduct and Distributor Policies" section in this book, which will provide you with the full details.

These Rules of Conduct and Distributor Policies have been established for your protection. They represent the code of ethics by which all Herbalife Distributors 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 Distributor. We believe Herbalife® products and Sales & Marketing Plan are the best in the industry. We also believe in our Distributors 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 Distributors.

What are the age requirements for becoming a Distributor?

An Applicant must be at least 18 years of age to become an Herbalife Distributor 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 Distributorship, under certain conditions. (Please refer to Section 3 in the "Rules of Conduct and Distributor Policies" section for full details.)

May my spouse and I have separate Distributorships?

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

May I submit my Distributor 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 Distributor Applications in the name of individuals. (Please refer to Section 6 in the "Rules of Conduct and Distributor Policies" section of this book for full details.)

What is the relationship with my Sponsor?

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

May I sell Herbalife products anywhere in the world?

As an Herbalife Independent Distributor, you may sponsor Distributors, train and build your downline business in any of the countries where Herbalife is officially open. Please note, Distributors 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 Distributorship. (Please refer to Section 9 of the "Rules of Conduct and Distributor Policies" 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. Distributors must respond quickly and courteously when the retail customer requests this guarantee be honored. The Distributor 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 Distributor must honor the retail customer's choice. (Please refer to page 23 of the "Sales & Marketing Plan" section and Section 17 in the "Rules of Conduct and Distributor Policies" 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.

Distributors may produce their own ads or flyers, provided they follow all of Herbalife's rules for advertising. It is the Distributor'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 and Distributor Policies" 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 Distributors 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, 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
Hours: Monday - Friday: 8:30 a.m. - 5:30 p.m. (PST)
Closed Saturday and Sunday

Herbalife International of America, Inc.

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

Sales Order Department

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

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

Distributor Relations Department

Hours: Monday - Friday: 9:00 a.m. - 6:00 p.m. (PST)
EOM: 9:00 a.m. - 6:00 p.m. (PST)
Closed Holidays, Saturday and Sunday

Distributor Relations: 866-866-4744

Distributor Relations Fax: 310-258-7019

TTY Assistance

TTY User: 800-503-6180

Hours: Monday - Friday: 9:00 a.m. - 6:00 p.m. (PST)
Closed Saturday and Sunday

Los Angeles Distribution Center (LADC)

930 E. 233rd St., Carson, CA 90745

Hours: Monday - Friday: 9:00 a.m. - 7:00 p.m. (PST)
Saturday: 9:00 a.m. - 5:00 p.m. (PST)
Closed Sunday

Main Number: 310-952-0100

Main Fax: 310-952-0111

Memphis Distribution Center

5025 Crumpler Road
Memphis, TN 38141

Hours: Monday - Friday: 8:00 a.m. - 7:00 p.m. (CST)
Closed Saturday and Sunday

Main Number: 901-795-5056

Main Fax: 901-547-2105

Dallas Sales Center

8105 North Beltline Road, Suite 100
Irving, TX 75063

Hours: Monday - Friday: 10:00 a.m. - 7:00 p.m. (CST)
Saturday: 10:00 a.m. - 3:00 p.m. (CST)
Closed Sunday

Main Number: 214-441-3333

Main Fax: 214-441-3338

Phoenix Sales Center

1606 E. University #109
Phoenix, AZ 85034

Hours: Monday - Friday: 10:00 a.m. - 7:00 p.m. (PST)
Saturday: 10:00 a.m. - 3:00 p.m. (PST)
Closed Sunday

Main Number: 602-358-2066

Main Fax: 602-384-2180

Des Plaines Sales Center

200 Howard Avenue, Suite 232
Des Plaines, IL 60018-5910

Hours: Monday, Wednesday and Friday:
10:00 a.m. - 6:00 p.m. (CST)
Tuesday and Thursday: Noon - 8:00 p.m. (CST)
Saturday: 10:00 a.m. - 3:00 p.m. (CST)
Closed Sunday

Main Number: 847-298-9533

Main Fax: 847-298-9710

Bronx Sales Center

2359 Hollers Avenue

Bronx, NY 10475

Hours: Monday, Wednesday and Friday:

10:00 a.m. - 6:00 p.m. (EST)

Tuesday and Thursday: Noon - 8:00 p.m. (EST)

Saturday: 10:00 a.m. - 3:00 p.m. (EST)

Closed Sunday

Main Number: 718-708-7020

Main Fax: 718-708-7023

Tracy Sales Center

470 West Larch Road, Suite 10

Tracy, CA 95304

Hours: Monday and Wednesday:

Noon - 8:00 p.m. (PST)

Tuesday, Thursday and Friday:

10:00 a.m. - 6:00 p.m. (PST)

Saturday: 10:00 a.m. - 3:00 p.m. (PST)

Closed Sunday

Main Number: 209-832-4110

Main Fax: 209-833-3650

Houston Sales Center

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

Houston, TX 77086

Hours: Monday, Wednesday and Friday:

10:00 a.m. - 6:00 p.m. (CST)

Tuesday and Thursday: Noon - 8:00 p.m. (CST)

Saturday: 10:00 a.m. - 3:00 p.m. (CST)

Closed Sunday

Main Number: 281-895-8193

SAMPLE FORMS

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 by clicking "Distributor Documents" in the "My Office" area on the home page. Then select "USA" from the drop-down menu.

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**HERBALIFE ADVANTAGE PROGRAM
ORDER AND ACTIVATION FORM**

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 – Herbalife Advantage Program (HAP) Toll-Free
(800) 503-6180 – Herbalife Advantage Program (HAP) TTY Users

☐ New Activation
☐ Amended Order

Monday - Friday: 9:00 a.m. - 6:00 p.m. (PST) **Saturday:** 6:00 a.m. - 2:00 p.m. (PST) **EOM:** 9:00 a.m. - 12:00 a.m. (PST) **Holidays:** 9:00 a.m. - 2:00 p.m. (PST) or closed

[illegible]

- Now you can have two (2) HAP orders; one for personal use, and another with products for resale.
- Minimum 100 Volume Points/Maximum 1,000 Volume Points for personal use orders
- Minimum discount 35%
- If you require additional lines to complete your order, please attach a separate sheet of paper.

Ship To	2																				
Name: _____																					
Address: _____ _____																					
Telephone: _____ Fax: _____																					
Email Address: _____																					
Monthly Order Close Date – Please Select One																					
4																					
There are three Herbalife Advantage Program (HAP) order close and ship dates each month. Please select one of the two (2) dates below for your order to close for processing and shipping each month.																					
<input type="checkbox"/> 11th of the month	<input type="checkbox"/> 18th of the month																				
Method of Payment – Please Select One																					
5																					
Since your HAP order is an automatic monthly shipment program, you must select one of the two (2) automatic payment options below for Herbalife to process your order.																					
Option A – Complete for Credit Card Payment																					
<input type="checkbox"/> Visa <input type="checkbox"/> Mastercard <input type="checkbox"/> AMEX <input type="checkbox"/> Discover	Exp. Date: ____ / ____																				
Credit Card Number:	<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table>																				
Authorized Signature: _____	Date: ____ / ____ / ____																				
Option B – Complete for Supervisors with APS _____ Pin Number:																					
<table border="1" style="display: inline-table; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table>																					
Authorized Signature: _____	Date: ____ / ____ / ____																				

[illegible]

*Freight is taxable in the following states: Arkansas, Georgia, Indiana, Kansas, Minnesota, Mississippi, Nebraska, Nevada, New Jersey, New York, North Carolina, North Dakota, Pennsylvania, South Dakota, Texas, Utah, Vermont, Washington, West Virginia and Wisconsin. If a state is not mentioned, it is NOT taxable.

*Arizona, Florida, Illinois, Pennsylvania, and Washington tax may vary in these states

Totals	A	B	C	
	Packaging & Handling (7% x Total of B)		D	+
	*FedEx Ground Shipping (3% x Total of B) \$100 to \$124, \$5 Minimum		E	+
	Subtotal		F	=
	Tax (____ % x Subtotal de F)		G	+
	Total Amount Due (Add F + G)		H	=



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) 503-6160

IDENTIFICATION NUMBER

The number above is your Herbalife ID Number once your Application is accepted.

APPLICATION FOR INTERNATIONAL DISTRIBUTORSHIP

Application must be completed accurately and in its entirety in order to be considered by Herbalife International

APPLICANT INFORMATION

Last Name										First Name										Middle Initial																			
Street Address (P.O. Box/Rural Route Number) If P.O. Box indicated, Legal/Fiscal Residence Address must be completed below.																																							
City										State										ZIP Code																			
Country Code										Area Code					Day Phone					Area Code					Evening Phone					Area Code					Fax				
Area Code										Mobile Phone										What is your preferred language for certain communications when available?: English <input type="checkbox"/> Spanish <input type="checkbox"/>																			
Email Address (if applicable) Your email address must be unique and not shared by another Distributor. By providing your email address, you have consented to receive business-related email communications from Herbalife.																																							
Date of Birth (month - spelled out)										(day)					(year)					(age)					Applicant's Social Security Number or Individual Taxpayer Identification Number														
Spouse's Last Name										First Name										Middle Initial																			
c/o - "In Care Of" Name (if applicable). If completed, Legal/Fiscal Residence Address must be completed below.																																							

LEGAL/FISCAL RESIDENCE ADDRESS (IF DIFFERENT FROM ABOVE)

Street Address (cannot be a P.O. Box)																													
City										State										ZIP Code									
Country										Country Code					Area Code					Phone Number									

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																													

AGREEMENT OF DISTRIBUTORSHIP

- I apply to become an independent Distributor of Herbalife products on the terms and conditions set forth below and on the back of this form, as well as the documents which are expressly incorporated into this Agreement of Distributorship. I will become a Distributor only when this Application for Distributorship is accepted by entering it into Herbalife's records at Herbalife's Home Office in Los Angeles, California, in its sole and absolute discretion. Until then, I am granted a provisional license to buy and sell Herbalife products.
- If my spouse or I have previously owned or assisted in an Herbalife Distributorship, I will fill out the following:
Distributorship ID /Name/Application Date ____/____/____. Date of last activity in connection with that Distributorship ____/____/____. I acknowledge that the Rules of Conduct and Distributor Policies require a one-year period of inactivity following:
(a) non-payment of the Annual Processing Fee or (b) resignation of any prior Distributorship, and I represent and warrant to Herbalife that such period has passed.
I also acknowledge that my spouse and I may not operate an Herbalife Distributorship other than this Distributorship for which we are applying. Failure to observe the period of inactivity may result in reactivation of the prior Distributorship and/or extension of the waiting period required prior to becoming eligible to sign an Application under a new Sponsor.
Additionally, any Application processed prior to the completion of the waiting period may be deemed an invalid Distributorship. The corrective measure applied to protect the lines of sponsorship can cause significant lineage and monetary adjustments or fines, as well as the termination of the invalid Distributorship, all within the sole and absolute discretion of Herbalife.
- I hereby represent, warrant and agree that I:
a. Have received and have reviewed thoroughly the contents of a previously unopened Herbalife International Business Pack ("IBP") or Mini IBP. The Mini IBP is the basic package containing only explanatory materials and forms and product sample packages. The IBP includes Herbalife products in addition to the materials and forms in the Mini IBP.
b. Am not relying upon any representations as to the financial results I might achieve.
c. Am aware that the only required purchase to become, succeed or advance as an Herbalife Independent Distributor is the Mini IBP.
d. Although a Distributorship is not employment, I confirm that I am authorized to work in the United States.
e. Have received and reviewed the Statement of Average Gross Compensation of U.S. Supervisors and the Policy Statement on Business Methods, both of which are contained in the Mini IBP and the IBP and which are available on www.MyHerbalife.com or upon request from my Sponsor or the Distributor Relations Department.

(For additional important terms and conditions, see the back of this form.)

Applicant's Signature: _____
I hereby agree to be bound by the terms set forth above and on the back of this form.

Month _____ Day _____ Year _____

AGREEMENT OF DISTRIBUTORSHIP (CONTINUED)

4. The Herbalife International Business Pack ("IBP"), contains (among other things) the Rules of Conduct and Distributor Policies, the Sales and Marketing Plan, Ordering Procedures and Sample Forms. Those documents and such other rules and policies as Herbalife has published, or in the future may publish, together with such modifications and amendments as Herbalife shall make from time to time in its sole and absolute discretion (collectively, the "Rules"), are each hereby incorporated into this Agreement of Distributorship (each in its then most recently published form).
5. The term of my Distributorship will be annual, renewable from year to year thereafter, subject to procedures, requirements and processing fees as Herbalife shall determine in its sole and absolute discretion. I may cancel the Distributorship at any time by notifying Herbalife in writing that I wish to do so. Following termination of my Distributorship, I have the right to resell to Herbalife unused and resalable products purchased from Herbalife and unused and resalable portions of the IBP, subject to the limitations, terms and conditions set forth in the Rules.
Montana Residents: A Montana resident may cancel his or her Distributor Agreement within 15 days from the date of enrollment, and may return his or her Distributor Kit (IBP) for a full refund within such time period.
6. Herbalife may terminate my Distributorship if it determines I have violated this Agreement (including without limitation the Rules or applicable law), it may suspend or take other action regarding my Distributorship, in its sole and absolute discretion subject only to the limitations explicitly set forth in the Rules.
7. As an Herbalife Independent Distributor:
 - a. I will use my best efforts to promote the sale of Herbalife products to consumers in a manner that enhances the reputation of Herbalife. My success will only come from my sales of Herbalife product for consumption and those of persons I have sponsored, directly or indirectly.
 - b. I will not engage in any deceptive, unfair or illegal practice. I must comply with all local, state and federal laws and regulations that apply to the 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 I live but also to any country where I conduct the business as a result of taking advantage of Herbalife's International Sponsoring. I will indemnify, defend and hold harmless Herbalife from any cost or liability relating to any breach of this Agreement or violation of applicable law. Herbalife may offset against amounts which would otherwise be due to me reasonable amounts to cover such indemnity.
 - c. I will comply with Herbalife's Rules of Conduct & Distributor Policies published in the countries I operate.
 - d. I will conduct my Herbalife business as 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 as an employee, agent, franchisee, securities holder, joint venturer, fiduciary or beneficiary of Herbalife or any other Distributor. I will not be treated as an employee with respect to such services for federal or state tax purposes or any other purpose, and will assert no position to the contrary.
 - e. If I sponsor others to become Distributors, I will do so in an ethical and lawful manner, and I will thereafter continue to sell and promote the sale of Herbalife products for consumption, will use my best efforts to train, assist and support those I sponsor to do the same and will communicate and lead by example. I will make no representations about Herbalife's products or income opportunity except in compliance with Herbalife's Rules and applicable law. I may not order product primarily to qualify to earn compensation, as opposed to purchases for my own consumption and amounts I consider reasonable to service my customers.
 - f. Herbalife International of America, Inc., P.O. Box 80210, Los Angeles, CA 90080, collects certain personal identifiable information about its Distributors. It does so to fulfill its obligations under the Distributor relationship and to provide its Distributors with the products and services requested. I understand my information may be used to send me materials about Herbalife products and services, or other commercial information, including information on products of Herbalife's business partners.
8. During the term of my Distributorship:
 - a. 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 Distributors or customers), and any other information of commercial value relating to other Distributors or customers, provided by Herbalife or which I develop or obtain while a Distributor, and I will not use them, directly or indirectly, for any purpose other than the conduct of my Herbalife Distributorship.
 - b. And, for one (1) year thereafter, neither my spouse nor I will, directly or indirectly (through or by means of any person, entity or artifice), solicit, promote, sponsor or recruit any Herbalife Distributor or any customer of Herbalife of whom I became aware in the course of my Herbalife Distributorship, to join, promote, sell or purchase products of, or participate (as a salesperson or otherwise) in any multi-level marketing or direct sales company and I will not encourage anyone to do what I have agreed not to do.
 - c. And, in perpetuity thereafter, I will use Herbalife's trade name, logo, trademarks and intellectual property only if and to the extent expressly permitted by Herbalife in writing.
9. Neither this Distributorship nor any interest therein may be assigned or transferred, voluntarily or involuntarily, except as provided in the Rules and then only with the prior written consent of Herbalife, given (and if so, on such terms and conditions specified by Herbalife) or withheld by Herbalife in its sole and absolute discretion.
10. Herbalife is a family-oriented business that expects its Distributors 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 or violence to others.
11. PRIVATE STATUTE OF LIMITATIONS AND CHOICE OF LAW AND FORUM. Despite any law or equitable doctrine or authority to the contrary, any Claim must 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, that the Claim existed. Any Claim shall be resolved exclusively in a judicial proceeding in either the Superior Court or the United States District Court, both located in Los Angeles, California. 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.
Louisiana Residents: Notwithstanding the foregoing, a Louisiana resident may bring an action against the Company with jurisdiction and venue as provided by Louisiana law.
12. MISCELLANEOUS LEGAL PROVISIONS:
 - a. 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.
 - b. This Agreement (including documents incorporated herein, in their then published form) constitutes the entire Agreement between Herbalife and me.
 - c. 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.
 - d. This Agreement shall be binding upon and inure to the benefit of the parties, their heirs and permitted successors in interest.

#:2312

WHOLESALE PRODUCT ORDER FORM

Rev 07/11

#:2313

UNITED STATES DISTRIBUTOR

Monday - Friday: 9:00 a.m. - 6:00 p.m. (PST) **Saturday:** 6:00 a.m. - 2:00 p.m. (PST) **EOM:** 9:00 a.m. - 12:00 a.m. (PST) **Holidays:** 9:00 a.m. - 2:00 p.m. (PST) or closed

[illegible]

Shipping Instructions		Totals	A	B	C
<input type="checkbox"/> STD FedEx Prepaid <input type="checkbox"/> Express (please see box below) <input type="checkbox"/> Pick up			Retail Total		D
			Packaging & Handling (7% x Total of B)		E +
*Order Shipping Via FedEx Home Delivery Ground Policy		6	Order Shipping Charge (____% x B) Orders less than \$125, \$6 minimum		F +
Retail Total			Walk-In and Will Call/Pick Up Only - Logistics Charge of (3.5% x Total of B)		G =
\$1,000 and up	2.5%		Subtotal (Add C+D+E; add F, if applicable)		H +
\$700 - \$999	3%		*Tax (____% x Total of B)		I =
\$400 - \$699	3.5%		Total Amount Due (Add H + I)		J
\$125 - \$399	4%				
Total retail less than \$125.00	\$6.00 minimum charge				
Other Shipping Methods		7	*New Single-Unit Order Shipping Policy for USA effective September 18, 2000.		
FedEx – 2 Day	6% - \$8.00 minimum				
FedEx – 1 Day	10% - \$16.00 minimum				
All Other Shipping Methods	COD				



HERBALIFE.

RETAIL ORDER FORM

Date: _____

HERBALIFE INDEPENDENT DISTRIBUTOR

Name: _____

Address: _____

City, State, Zip Code: _____

Telephone: _____ Cell Phone: _____

E-mail Address: _____

CUSTOMER

Name: _____

Address: _____

City, State, Zip Code: _____

Telephone: _____ Cell Phone: _____

E-mail Address: _____

Quantity _____ Description of Goods _____ Unit _____ Price _____

Customer Signature: _____
I understand that this order may be considered as an invitation to call upon me from time to time, with the understanding that I will be under no obligation to buy.

Important Notice

You, 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" on the reverse of this form for an explanation of this right. After the 3-day cancellation period provided above, you are still protected by the HERBALIFE REFUND POLICY as set forth.

Distribution: White - For your records. Yellow and Pink - To customer.

5001-US-04 Rev. 09/07

Herbalife Refund Policy

Herbalife offers an exchange or a full refund. Simply request a refund from your Distributor within thirty (30) days from your receipt of the product, and return the unused portion with the product containers to the Distributor named on the reverse side.

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

Notice of Cancellation

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 Distributor: _____

Address: _____

City: _____ State: _____ Zip Code: _____

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

I HEREBY CANCEL THIS TRANSACTION:

Day/Month/Year _____ Buyer's Signature _____

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HERBALIFE.

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

Case 2:13-cv-02488-BRO-SH Document 78-3 Filed 07/07/14 Page 43 of 60 Page ID
#:2315
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 Distributor's qualifying orders. Please attach copies of the original Distributor Applications for each of the Distributors qualifying in your organization.

Please mark the appropriate box(es) below

Qualifying Month/Year:

*One-Month Qualification <input type="checkbox"/>	Two-Month Qualification <input type="checkbox"/>	Qualifying With Organization <input type="checkbox"/>
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 Distributor to qualify).	FIRST MONTH OF A TWO-MONTH QUALIFICATION: <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. SECOND CONSECUTIVE MONTH OF A TWO-MONTH QUALIFICATION: <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. When completing a two-month qualification, an application must be turned in separately each month. *50% status applies on the 1st of the month following the completion of your two-month qualification.	Did your downline qualify with their organization? Please list below the names, Herbalife ID numbers and Unencumbered Volume Points of the Distributors qualifying in this organization. Each Distributor must have a minimum of 1,000 Volume Points that are not being used by another Distributor becoming a Supervisor (Unencumbered Volume Points). The bottom Distributor 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.

If there are more Distributors qualifying in this organization, please add to the chart as appropriate, and attach additional Distributor 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

1ST LEVEL

- 1-Month ☐
1st Month ☐
2nd Month ☐

2ND LEVEL

- 1-Month ☐
1st Month ☐
2nd Month ☐

3RD LEVEL

- 1-Month ☐
1st Month ☐
2nd Month ☐

4TH LEVEL

- 1-Month ☐
1st Month ☐
2nd Month ☐

Please check one box for each Distributor 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 Distributor qualifying in your organization.

1st Level:

Distributor Name

Herbalife ID Number

Unencumbered Volume Points

2nd Level:

Distributor Name

Herbalife ID Number

Unencumbered Volume Points

3rd Level:

Distributor Name

Herbalife ID Number

Unencumbered Volume Points

4th Level:

Distributor Name

Herbalife ID Number

Unencumbered Volume Points

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

**TAB TEAM PRODUCTION BONUS
APPLICATION AND AGREEMENT**

Herbalife International of America, Inc.
950 West 190th Street, Torrance, CA 90502-1001
P.O. Box 80210 Los Angeles, CA 90080-0210
Distributor Relations: (866) 866-4744
TTY User: (800) 503-6180

Please carefully review and complete this Application and Agreement in order to be eligible for consideration to compete for TAB Team Production Bonuses and, on the following terms, to earn the right to other payments from Herbalife International of America, Inc.

Your Application must be received and approved by Herbalife International of America, Inc., in its discretion, before any TAB Team Production Bonuses are earned. The TAB Team Production Bonus is only available to Fully Qualified TAB Team Members who continue to comply with all of the terms and conditions contained in this Agreement.

Mail this form using the information above. Attention: Records Administration Department.

Personal Information (please print)

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Herbalife ID Number

[illegible]

Distributor's Last Name

Distributor's First Name

[illegible]

Spouse's Last Name

Spouse's First Name

[illegible]**Current Mailing Address**[illegible]

City

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State

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Zip Code

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Country Code Area Code / Day Phone

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Area Code / Evening Phone

Area Code / Fax

Agreement

In consideration for and as a condition of the opportunity to qualify to receive the TAB Team Production Bonus, and to protect the integrity and loyalty of the Herbalife business, I agree that:

- A. I have been and will remain in full compliance with all Herbalife's then current rules and the laws of those countries in which I do business. Specifically, I pledge not to make medical claims or to misrepresent Herbalife's products or earnings opportunity, and to abide by all tax requirements.
- B. Participation in the TAB Team Production Bonus Program ("Program") is a privilege and not a right. Among other things, it rests upon the responsibility of leadership to train and teach the Herbalife business and philosophy.
- C. I represent and warrant that I am not, directly or indirectly through any person, entity, or artifice, participating in or promoting the products, services or earnings opportunity associated with any other multi-level marketing or direct sales company. I agree that I will not do so while I am participating in the Program. Without limiting the generality of the foregoing, I agree: while I am an Herbalife Distributor, I may not, directly or indirectly, solicit, promote, sponsor or recruit any Herbalife Distributor to join, or participate in any way with, any other multi-level marketing or direct sales company, and; that these prohibitions apply to my spouse and myself, acting through any company or entity which my spouse or I may control or in which either of us have an economic interest.
- D. All aspects of my relationship with Herbalife, including but not limited to those relating to the Program, are and shall remain subject to modification by Herbalife in its discretion from time to time, such modifications to take effect upon the publication by Herbalife or upon such other date as such publication shall indicate.
- E. I am an independent contractor selling Herbalife products and sharing its earnings opportunities with others. Nothing in this Agreement or in any other aspect of my relationship with Herbalife shall give rise to any of the following legal relationships between Herbalife and myself: employee, agent, partner or joint venturer. Specifically, I am not an employee of Herbalife for Federal tax purposes, or for any other State or Federal tax or non-tax purpose.
- F. I may not conduct business in any country in which Herbalife has not yet officially opened for business.
- G. If, in connection with the conduct of my Herbalife business, I violate applicable laws or Herbalife rules, including those rules mentioned or referred to above, Herbalife shall have the right not to pay me the TAB Team Production Bonus ("Bonus") and not to pay me any other monies for which I may be otherwise qualified, and that Herbalife may terminate my Herbalife Distributorship, in its sole discretion and without any further liability or obligation to me.
- H. Herbalife, at its sole discretion may disqualify a Distributor from receiving the TAB Team Production Bonus.
- I. A condition of receiving the TAB Team Production Bonus is accepting responsibility for the methods by which members of my downline are recruited and the development of my downline according to applicable law and by Herbalife's rules. As a part of that responsibility, I understand that any request by my downline for Herbalife to repurchase products - in any Herbalife country- will result in a loss to me of any applicable Commission, Royalty Override, Production Bonus or TAB Team status associated with the volume that is repurchased. If I lose my TAB Team qualification as a result of these deductions, I will return to Herbalife any TAB Team pins earned previously by me for that team status.
- J. Any dispute between Herbalife and me arising from or relating to this Agreement or any other aspect of my relationships with Herbalife, shall be adjudicated solely and exclusively in the State or Federal Court sitting in Los Angeles, California, and shall be construed under and governed by the domestic law of the State of California.

Agreed:

Distributor's Signature: _____ Date: ____/____/____

Date _____

Distribution: Send original to Herballife. Keep a copy for your records.

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FOR OFFICE USE ONLY

Rev. 02/08



HERBALIFE®

Automatic Payment Service (APS) Authorization Agreement & Application

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.

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

()

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 Distributor 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 Distributor) _____ 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

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Rev. 07/08

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HERBALIFE.

Distributor Relations

TTY User: (800) 503-6108

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Previous Legal/Fiscal Mailing Address

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New Legal/Fiscal Mailing Address

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**HERBALIFE.**

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

Los Angeles Distribution Center
 930 E. 233rd Street
 Carson, CA 90745

CUSTOMER REQUEST FOR REFUND FORM

Memphis Distribution Centers
 5025 Crumpler Road
 Memphis, TN 38141

HERBALIFE DISTRIBUTOR

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		
Distributor's Name		
Distributor's Address		
City	State	Zip Code
Phone		

Please indicate the shipping address for your replacement product.

☐ Same as Distributor'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 Customer Guarantee in the Career Book for detailed requirements.)

Distributor'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 Distributor, 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

Within 30 days following the Distributor'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 Distributor.

Returns Clerk Signature: _____ Date: ____/____/____

Description of Return	Shipped By	Pick up
-----------------------	------------	---------



HERBALIFE®

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] [Distributor 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 line Distributor with up to 200 personally purchased Volume Points (and no downline Distributors) which may be counted as a sale to one (1) retail customer; and

* A Nutrition Club member 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 downline Distributors; consumption may include Nutrition Club activities.

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 member visits inclusive of member 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: _____

The opportunity to be an Herbalife Distributor is entirely voluntary. A resigning Distributor may return unused products or sales materials, which are unopened and in resalable condition, for repurchase by Herbalife under certain terms and conditions, if the products were purchased from Herbalife within the last 12 months and the resigning Distributor provides proof of purchase. If the conditions are fulfilled, the Distributor will then be directed to return the products to Herbalife, along with, if appropriate, their records relative to the 70% Rule. Reimbursement to the Distributor will be issued for the full amount paid for the returned product by the Distributor, less a 10% restocking fee, if all terms and conditions have been met. Logistics, shipping, package and handling fees paid on the original order or in returning those items to Herbalife will not be reimbursed.

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 Distributors, and adjust qualifications as necessary.

Distributors 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 and Distributor Policies, as amended from time to time, a Distributor may have the right to have Herbalife repurchase resalable inventory that was purchased from Herbalife, 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 formal request for resignation.
- 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, we extend the opportunity for you to return your inventory to any of the following Distribution Centers of your choice:

Herbalife International of America, Inc.

Los Angeles Distribution Center

930 E. 233rd Street
Carson, CA 90745
310-952-0100, extension 45817

or

Herbalife International of America, Inc.

Memphis Distribution Center

5025 Crumpler Road
Memphis, TN 38141
901-795-5056

- 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).
 - Herbalife highly recommends that you insure your shipment.
- Once Herbalife has processed the return, the payment due will be issued.
- If you wish to hand deliver your inventory to the warehouse, please contact them directly for hours of operation.
- 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 24650.



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 further processing of your request.

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

- I have permanently resigned my Herbalife Distributorship.
- I have already provided Herbalife with a letter of resignation, or in lieu of a resignation letter, I hereby resign as a Distributor.
- I understand that only unopened and resalable products or sales materials which were purchased from Herbalife within the last 12 months* are eligible for resale to Herbalife, and in all other respects in accordance with Rule 10-D "Inventory Repurchase" of the Herbalife Rules of Conduct and Distributor Policies.
- I understand my reimbursement will be 90% of the amount I paid for the products, less any appropriate offsets. I understand that any logistics, shipping, package and handling fees paid on the original order or in returning those items to Herbalife will not be reimbursed.
- 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 a complete inventory list of the items I would like repurchased. The items which I seek to return were purchased within the last 12 months.
- I have included proof of purchase for this merchandise (copies of credit card statements, money orders or cancelled checks).
- I have included my sales records for all the products I sold from this/these order(s) (to retail customers, or my downline) as specified in Rule 18-E "Maintenance of Records" and 10-D (in Herbalife's Career Book, under the "Rules of Conduct and Distributor Policies" section).

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

 (Name - Please Print)

 (Herbalife Identification Number)

 (Signature)

 (Date)

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


HERBALIFE.

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

Product I Wish to Return

(In addition to the **Inventory Repurchase Request Form**, complete this form if your return includes Herbalife product inventory).

Name: _____

Herbalife Identification Number: _____

I understand that only unopened and resalable products which were purchased from Herbalife within the last 12 months* are eligible for resale to Herbalife, and in all other respects in accordance with Rule 10-D "Inventory Repurchase" of the Herbalife Rules of Conduct and Distributor Policies. I represent and warrant that the products which are listed below and which I wish to return to Herbalife meet these standards.

- I also understand, Herbalife reserves the right to determine which products and quantities fall within the limits of Herbalife's repurchase of inventory policy, and that I may return only those items, that are unopened and in resalable condition, that were purchased from Herbalife within the last 12 months and which comply with Rule 10-D. I understand that Herbalife will have no responsibility for items returned which it determines fall outside Rule 10-D and the guidelines provided.

Stock #	Product Description	# of Cases	or # of Units	Office Use Only

(Signature)

(Date)

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



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

Literature/Promotional Items I Wish to Return

(In addition to the **Inventory Repurchase Request Form**, complete this form if your return includes Herbalife literature/promotional items.)

Name: _____

Herbalife Identification Number: _____

I understand that only resalable sales materials which were purchased from Herbalife within the last 12 months* are eligible for resale to Herbalife, and in all other respects in accordance with Rule 10-D "Inventory Repurchase" of the Herbalife Rules of Conduct and Distributor Policies. I represent and warrant that the sales materials which are listed below and which I wish to return to Herbalife meet these standards.

- I also understand, Herbalife reserves the right to determine which products and quantities fall within the limits of Herbalife's repurchase of inventory policy, and that I may 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 which it determines fall outside Rule 10-D and the guidelines provided.

Stock #	Literature / Promotional Items	# of Sets	or # of Units	Office Use Only

(Signature)

(Date)

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

These Rules of Conduct and Distributor Policies have been established for your protection. They represent the code of ethics and standards by which all Herbalife Independent Distributors (hereinafter referred to as "Distributors") must operate. Herbalife has the sole and absolute discretion to amend (on a prospective basis) the Rules of Conduct and Distributor Policies 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 and Distributor Policies so you are fully aware of your rights and obligations as an Herbalife Distributor. We believe Herbalife's products and Marketing Plan are the best in the industry. We also believe in our Distributors 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 Distributors. In its sole and absolute discretion, Herbalife may impose any remedy or sanction it determines best addresses any breach of the Rules of Conduct and Distributor Policies. 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 Distributor and the Distributor Agreement

Rule 1-A Becoming a Distributor

To become an Herbalife Distributor, an Applicant must be sponsored by an Herbalife Distributor in good standing, and Herbalife must receive the Applicant's completed Application for Distributorship. The Application for Distributorship is available with the purchase of Herbalife's official International Business Pack (IBP) from the sponsoring Distributor or online at MyHerbalife.com.

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

It is the responsibility of the Sponsor to make the official Herbalife Distributor Kit (IBP) available and to assure the Application for Distributorship is completed fully and accurately and is immediately submitted to Herbalife International.

In the case of an online Application, the official Herbalife Distributor Kit (IBP) will be mailed to the Applicant directly from the Company. No Application for Distributorship should be submitted unless the Applicant has purchased a Distributor Kit (IBP).

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 Distributor when their Application for Distributorship 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 Distributors

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

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 Distributorship. (Refer to Rule 7-D "Period of Inactivity" in this section for complete details on the requirements and rules that apply to these individuals.)

Section 2 Requirements of Applicant

Rule 2-A Restrictions on Purchase Requirements

The only cost that can be required of an Applicant for Distributorship is the purchase of an unaltered official Mini International Business Pack (IBP) or at the Applicant's election, the full Herbalife IBP. No other requirements may be made of either prospective or existing Distributors, including, but not limited to, the following:

- Maintain any minimum stock levels of products or materials.
- Purchase any amount of materials, products or services, either those produced by Herbalife or by a party other than Herbalife, except for the official Herbalife Distributor Kit (IBP).
- Purchase admission tickets to attend any seminars, meetings or other events. (Refer to Business Methods, Rule 1-C "No Required Purchase Other Than International Business Pack" in the "Supplemental Rules" section.)

Rule 2-B Payment for Information

Except as provided in Business Methods, Rule 1-C "No Required Purchase Other Than International Business Pack" (in the "Supplemental Rules" section), a Distributor 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 Distributor. Distributors 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 Distributor

Rule 3-A Applicant Must Be 18 Years of Age

An Applicant must be at least 18 years of age to become an Herbalife Distributor 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.

Rule 3-B Minor Distributorships

A minor who is above the age of 14 may submit an Application for a minor Distributorship under certain conditions. This rule as written here applies only to the United States and varies from country to country. For consideration to become a minor age Distributor, the Applicant must provide the following:

A written approval from the parent(s) or legal guardian(s) is required. The parent(s) or guardian(s) must accept responsibility for the actions of the minor.

If the parent(s) or guardian(s) is an Herbalife Distributor, then they must provide written, authorization from their own

Sponsor and upline Distributors, up to and including, their first three active upline Supervisors, for the minor to become a Distributor, regardless of who is sponsoring the minor.

Additionally, the parent(s) or guardian(s) who is a Distributor must provide a written statement that they will not help or participate in the development of the minor's Distributorship in any way that is a detriment to the parents'/guardians' own Sponsor or violates the Rules of Conduct that apply to the responsibility of their own Distributorship.

The Application must be submitted with all necessary supporting documentation to Herbalife's Distributor Relations Department. Herbalife may request any additional authorizations or information it deems necessary to making a final decision on the acceptance of this Application.

Herbalife has sole and absolute discretion to accept the request for a minor Distributorship, if there is no apparent intent or evidence of Marketing Plan manipulation, or other potential policy violations without providing a reason for that rejection or acceptance. Herbalife will notify the Applicant in writing of the outcome of the Application.

Section 4 Individuals Limited to One Distributorship

Rule 4-A One Distributorship Per Person

An individual may have and participate in only one Herbalife Distributorship under one Sponsor. A Distributor is not permitted to retail, recruit, promote, train, educate or otherwise assist in the development of the Herbalife business, for any Distributorship other than their own, except to assist their downline organization, as is appropriate for a Sponsor. This policy applies to both the Distributor and their spouse.

Rule 4-B Applicant/Spouse or Individual Assisting in the Distributorship Is a Former Distributor

If an individual applying to become a Distributor, their spouse or other individual assisting in a Distributorship was formerly an Herbalife Distributor, 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 Distributorship

If there is another person who assists in the operation of a Distributorship, who appears at Herbalife functions with the Distributor, or who presents themselves as assisting in that Distributorship, 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 Distributorship, then the Distributor who submitted the Application for Distributorship is responsible for

ensuring that the other individual assisting in the Distributorship follows all Distributor rules and regulations. Herbalife has sole and absolute discretion as to the determination and application of this policy.

Rule 4-D Determination and Penalty for Dual Distributorships

If an individual, their spouse or other individual participating in a Distributorship completes and signs more than one Application for Distributorship, the first time the Applicant enters into a Distributor Agreement that is accepted by Herbalife is considered the valid Distributorship. If Herbalife determines that an individual or their spouse has signed an Application for Distributorship, or has worked or assisted in the development of another Distributorship while involved with or in a prior Distributorship, Herbalife shall have sole and absolute discretion to determine the disposition of both Distributorships, including but not limited to decisions whether to terminate or place conditions on one or both of those Distributorships, and whether to impose penalties or sanctions upon the Distributorships 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 and Distributor Policies" section.)

Section 5 Distributors Who Are Married

Rule 5-A Married Couples May Have Only One Distributorship

Married couples may have or participate in only one Distributorship, unless their circumstances fall under the guidelines of Rule 5-D "Two Distributors Who Marry" or Rule 14-D "Rights to Continue a Distributorship Under the Same Sponsor" (in the "Rules of Conduct and Distributor Policies" section).

Rule 5-B Couples Becoming Distributors Together

Married couples wishing to become Distributors together must complete and sign a single Application for Distributorship, thereby having only one Sponsor. They may not be under separate Sponsors nor can they sponsor each other.

Rule 5-C A Distributor Who Marries

If a Distributor marries and the spouse wishes to become a Distributor, the spouse must conduct business in the existing Distributorship. They may request to have the spouse's name added to Herbalife's records for event attendance purposes.

Rule 5-D Two Distributors Who Marry

If two separate Distributors marry each other, then the couple must relinquish one of their Distributorships and become partners in the other. However, if both Distributors are Supervisors at the time of marriage and they choose to continue operating their own separate Distributorships, each spouse must conduct their Herbalife business activities separately, remaining in their original lines of sponsorship. Rules for remaining a Distributor still apply.

Rule 5-E Liability of Married Distributorship

The liability of two married Distributors who operate a Distributorship together shall be joint so that both such Distributors shall be responsible, and shall accept liability for, and shall be bound by, any act or omission of either Distributor and any payment by Herbalife to one such Distributor shall be deemed as payment to both such Distributors.

Rule 5-F Resignation of Spouse

In the event that one spouse of a Distributorship resigns their Distributorship, then Herbalife reserves the right to terminate the Distributorship whether or not the spouse was a joint Distributor, if the activities of the resigned Distributor diminish, damage or weaken the reputation of Herbalife or its products.

Rule 5-G Responsibility of Married Distributor

A Distributorship shall be responsible for the activities of a spouse, whether or not the spouse participated in the Distributorship. For example, if a Distributorship may not engage in an activity (such as conduct which violates Rule 5-A "Married Couples May Have Only One Distributorship" [in the "Rules of Conduct and Distributor Policies" section] or which diminishes, damages or weakens the reputation of Herbalife or its products) and the spouse engages in that activity, the Distributorship 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 Distributorships Must Be Individuals

Herbalife only accepts Applications for Distributorship in the name of individuals. Applications in the names of corporations or partnerships will not be accepted. Distributors 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 Distributorship will remain in the name of the individual, and the earnings of the Distributorship will be reported in the name and tax identification number of the individual Distributor.

Section 7 Remaining a Distributor

Rule 7-A Annual Processing Fee

Herbalife agrees to provide computer processing services for Distributors for which an Annual Processing 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 Processing Fee

Herbalife has absolute discretion to refuse any Processing Fee from any Distributor, without having to provide a reason for such refusal. In the event that Herbalife does refuse to accept a Processing Fee when due, the Distributorship will be deleted, the Distributor losing all rights and privileges of a Distributor. If a payment has been made, it will be refunded, unless applied to an outstanding debt of the Distributor, 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 Processing Fee

In the event that a Distributor does not submit payment for the Annual Processing Fee by the date due, then Herbalife reserves the right to cease maintaining such computer records. Additionally, in the event that a Distributor does not submit payment, the Distributor will be deemed to relinquish their Distributor status and thereby all rights and interests in their lineage and Royalty Override or bonus entitlement.

Rule 7-D Period of Inactivity

Any Distributor who resigns or who relinquishes their Distributorship due to non-payment of the Annual Processing Fee, or anyone who ceases participating in a Distributorship, must wait a minimum of one year before becoming a Distributor again under another Sponsor, or participating in another Herbalife Distributorship, unless the Distributor, 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 Distributorship (also known as the "period of inactivity").

The period of inactivity for the Distributor must be complete and absolute for consideration to re-join the Company as a Distributor or to participate in any Distributorship. This means that during the one-year waiting period, the Distributor, their spouse, and any other individual assisting in a Distributorship 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 Distributor.
- Participate in any way in promotion, assisting or supporting any Herbalife Distributorship.

Failure to observe the period of inactivity may result in the reactivation of the Distributorship and/or extension of the waiting period. The period of inactivity is calculated as follows:

Example 1: Distributor Resigns

- Prior application date is December 5, 2003.
- Resignation effective as of August 28, 2004.
- The period of inactivity for this Distributorship would be from August 28, 2004 through August 27, 2005.
- This Distributor would be eligible to sign a new Distributor Application under a different Sponsor as of August 28, 2005.

If a Distributor has not paid their Annual Processing Fee by their anniversary date and has not submitted a letter of resignation Herbalife will conclude that the Distributorship has been relinquished on the anniversary date of the Distributorship. The Distributor remains responsible for maintaining the period of inactivity.

Example 2: Distributor Does Not Officially Resign and/or Fails to Pay Annual Processing Fee

- Prior application date is December 5, 2003.
- Annual Processing Fee is due on December 5, 2004 (anniversary date).
- If the Fee is not paid, the period of inactivity for this Distributorship would be from December 5, 2004 through December 4, 2005.
- This Distributor would be eligible to sign a new Distributor Application under a different Sponsor as of December 5, 2005.

An individual who was formerly a Distributor or who participated in a Distributorship and is applying or re-applying to become a Distributor under a different Sponsor is required to advise Herbalife of the former Distributorship they were involved in and the conditions under which they ceased to be a Distributor or ceased participation in that Distributorship. Herbalife maintains the right to terminate any Distributorship where the Distributor failed to inform Herbalife of a prior Distributorship or makes misrepresentations regarding it.

If the Distributor, their spouse, or other individual assisting wishes to initiate a new Distributorship 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 Distributor Kit (IBP) and complete and submit a new Application for Distributorship.

Rule 7-E Annual Processing Fee Is the Responsibility of the Distributor

Herbalife endeavors to remind Distributors by mail, at their last address listed with the Company, when the date for Annual Processing Fee is near. However, the responsibility lies with the Distributor to assure this Processing Fee is paid each year on the anniversary of their original application date.

Section 8 Distributor Conduct

Rule 8-A Inducement to Sell Other Products or Services

During the course of a Distributorship and for one year thereafter, neither the Distributor nor their spouse, nor any other person assisting in a Distributorship will, directly or indirectly (through or by means of any person, entity or artifice), solicit, promote, sponsor or recruit any Herbalife Distributor, or any Herbalife customer they became aware of in the course of their Herbalife Distributorship, to join, promote, sell or purchase products of, or participate in as a salesperson or otherwise, any multi-level 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 Distributorship.

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 Distributors, or selling products or offering the business opportunity, Distributors are not permitted to promote, discuss or offer, any company, organization or individual other than Herbalife, its staff and its Distributors. Likewise, Distributors 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. All 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

Distributors 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 Distributor lives but also to any country where the Distributor conducts their business as a result of taking advantage of Herbalife's International Sponsoring. (Refer to Business Methods, Rule 1-S "Limit on Sales of Business Methods" in the "Supplemental Rules" section of this book.)

Rule 8-E Independent Distributors

Distributors 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 Distributor. They are not employees of Herbalife for federal or state tax purposes or any other purpose, and will not assert any position to the contrary.

For example, a Distributor 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 Distributor shall submit false or misleading information to the Company.

Rule 8-G Maintaining Reputation and Image of the Company

No Distributor shall do anything (whether or not in the course of their Distributorship) which Herbalife determines, in its sole and absolute discretion, is or could be detrimental to the reputation or image of the Company, its products, Distributors, 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, Distributors 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 Distributorship. Herbalife shall have no liability to any Distributor in respect of any cost, loss, damage or expense suffered by any Distributor directly or indirectly as a result of any act, omission, representation or statement of any other Distributor.

Rule 8-I Choice of Law, Damages

All aspects of a Distributor'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 Distributor shall be liable for any incidental or consequential damages caused by breach, termination or suspension of the Distributor 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 Distributor in any dispute against the other except as authorized by California statute.

Louisiana Residents: Notwithstanding the foregoing, a Louisiana resident may bring an action against the Company with jurisdiction and venue as provided by Louisiana law.

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 Distributorship.

Rule 8-K Reporting Violations of Rules of Conduct

In order to protect the goodwill and reputation of Herbalife and its Distributors, Herbalife urges its Distributors 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 Distributor Relations Department, or through Herbalife's official website, MyHerbalife.com. Refer to "Complaint Procedure" 1-B in the "Enforcement Procedures" section of this book.

Rule 8-L Marketing Plan Manipulation and Improper Enrollment Practices

In all of their dealings, Distributors must comply with the letter and spirit of Herbalife's Rules of Conduct and Distributor Policies and the Herbalife Marketing and Compensation Plan as set forth in official Herbalife literature.

Proper enrollment of Applicants to become Distributors is required by the Rules and is essential for the proper operation of the Marketing Plan:

- To become an Herbalife Distributor, an Applicant must be sponsored by an Herbalife Distributor.
- 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 Distributor 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 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 Distributor.

Other illustrations of Marketing Plan manipulation are:

- Purchasing products in another Distributor's name, other than as expressly allowed in the Rules.
- Purchasing products primarily as an attempt to benefit under the Marketing Plan, as contrasted with the purchase of products for the purpose of sales to customers within a reasonable period.
- Discouraging a downline Distributor from placing orders, as a means for the upline to benefit under the Marketing Plan.
- Submitting false information to Herbalife.
- The Marketing Plan allows Distributors to utilize their downline Distributors' 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 Distributors 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 Marketing Plan.
- Teaching or encouragement of another person to violate the Rules or manipulate the Marketing Plan.

Improper enrollment practices and other attempts to manipulate the 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 Distributorships 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

Distributors, 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 Distributor should be approached with a request for an interview or statement, they must advise the reporter to contact Herbalife. Likewise, Distributors 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.

Section 9 Export

Rule 9-A Activities in Countries or Territories Which Herbalife Has Not Announced as Officially Open for Business

Whether or not the name "Herbalife[™]" is used, Distributors may not engage in any business activity (including "preparatory" activity) relating to Herbalife in these countries or territories, including but not limited to efforts or attempts to:

- Register or license Herbalife names or products or its Marketing Plan;
- Sell or distribute Herbalife products;
- Promote Herbalife products or the business opportunity (including, but not limited to, wearing the button, or advertising using any media); or
- Hold meetings (large or small) or sponsor or recruit persons who reside in these countries.

This prohibited activity includes activity which occurs physically outside of an unopen country, but which has the purpose or effect of causing any of the results prohibited by subparagraph 1 above.

Rule 9-B Herbalife-Related Activities in Open Countries (Other Than China)

Herbalife products are intended for sale and distribution only within the specific countries for which those products are approved and produced.

- The sale of these products in any other country is prohibited.
- Distributors may not ship or arrange the shipment (directly or indirectly) of products from one country to another, whether or not it is for personal consumption.
- A Distributor may personally, physically pick up product from Herbalife in one country and take it to another country, BUT only a "reasonable amount of product" for the purpose of their own personal consumption or gift, not for resale. A "reasonable amount of product" means an up to two- (2-) month supply for an individual (or a one- [1-] month supply for two [2] individuals) of a reasonable assortment of products, not to exceed in any one 30-day period 1,000 Volume Points in total for all such products.
- The Distributor 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.
- No Distributor is authorized or permitted to approach government authorities in any country regarding the importation or distribution of Herbalife products or registration of the Herbalife trademarks. Only Herbalife International, Inc. is responsible for assuring that Herbalife's products and Marketing Plan fully comply with local laws and regulations.

The Company reserves the right in its sole and absolute discretion to act against practices which it believes violate the letter or spirit of the foregoing or which appear to do so.

Herbalife-Related Activities in China

- Non-Chinese nationals may not do business in China.
- No one may ship (or arrange for shipment) or bring any Herbalife product into China, whether or not the product is for personal use, consumption or gift.
- Distributors 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.

Rule 9-C Penalties for Violations

Any violation of these Rules may result in legal or regulatory problems for the Company and endanger the business for all Distributors. For this reason, the penalties to Distributors who, directly or indirectly, violate these Rules will be severe. Herbalife shall have sole and absolute discretion to determine the appropriate penalty based on the severity of the violation

and damage that resulted or could result, including, but not limited to:

- Suspension of all Distributor 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 Distributorship

Important Note: Herbalife may hold the upline(s) of the violator responsible for violations of these Rules if investigations find they have knowledge of them or were a party to them.

Section 10 Resignation of a Distributor

Rule 10-A Conditions of Resignation

A Distributor may resign their Distributorship 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 Distributor is still deemed to be a Distributor until deleted by Herbalife.

Rule 10-B Resigning Within 90 Days

If within 90 days after the acceptance of their Application for Distributorship in Herbalife's records, a Distributor decides not to continue as a Distributor, they shall submit a written resignation to Herbalife; they may then return the official Distributor Kit (IBP) to their Sponsor or Herbalife if they purchased an on-line IBP who shall provide them a pro rata refund, i.e., a refund only for those unused Distributor Kit (IBP) contents that are still in good and resalable condition (less a 10% handling charge or as determined by Herbalife).

For transactions occurring in Wyoming, the refund period may exceed 90 days provided the returned IBP contents are currently marketable and unopened.

Montana Residents: A Montana resident may cancel his or her Distributor Agreement within 15 days from the date of enrollment, and may return his or her starter kit for a full refund within such time period.

Rule 10-C Liability for Unpaid Debts

A Distributor 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 Distributors.

Rule 10-D Inventory Repurchase

A Distributor leaving the business may return unused products or sales materials which are unopened and in resalable condition, for repurchase under certain terms and conditions, if the products were purchased from Herbalife within the last 12 months and the resigning Distributor provides proof of purchase. If the conditions are fulfilled, the Distributor will then be directed to return the products to Herbalife along with, if appropriate, their records relative to the 70% Rule. Reimbursement to the Distributor will be issued for the full amount paid for the returned product by the Distributor, less a 10% restocking fee, if all terms and conditions have been met. Logistics, shipping, package and handling fees paid on the original order or in returning those items to Herbalife will not be reimbursed.

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 Distributors, and adjust qualifications as necessary.

Distributors residing in Wyoming may exceed the 12-month repurchase period provided all the above criteria has been met.

Section 11 Sponsoring and Leadership**Rule 11-A Provide a Distributor Kit (IBP)**

A Sponsor must provide all Distributors they sponsor with an unaltered official Herbalife Distributor Kit (IBP).

In the event such sponsored Distributor wishes to return the official Herbalife Distributor Kit (IBP) within 90 days of the acceptance of their Application for Distributorship into Herbalife's records, the Sponsor must promptly refund the value of products (pro rata) returned in a salable condition.

For transactions occurring in Wyoming, the refund period may exceed 90 days provided the returned IBP contents are currently marketable and unopened.

Rule 11-B Ensure Product Supply

A Distributor may purchase Herbalife products from their Sponsor, their first upline Supervisor (if their Sponsor is not a Fully Qualified Supervisor), or directly from Herbalife. The Sponsor or upline Supervisor must deliver products purchased from them by their customers and downline Distributors within a reasonable amount of time.

Rule 11-C Training

One of the Sponsor's roles is to stay informed of Herbalife's Policies so they can properly advise and train their downline Distributors 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 literature and sales aids.

A Sponsor may seek assistance from their upline Supervisor or TAB Team member, but the primary responsibility for training is their own.

No Sponsor may require payment from a personally sponsored Distributor for training or training facilities, unless they fully explain that the Distributor may choose whether or not they want to participate in such training and state in advance the cost for such training. If the Distributor declines to participate in such paid training, the Sponsor is obligated to provide the basic training necessary to learning the business.

Rule 11-D Independent Relationship

A Sponsor must maintain and uphold the independent relationship between themselves and their Distributors. 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 Distributors, and may not suggest or develop an employee/employer relationship between themselves and their downline.

Rule 11-E Support Company-Sponsored Events

A Sponsor shall keep informed of Company-sponsored events and when appropriate, encourage their personally sponsored Distributors to attend Herbalife-sponsored meetings and trainings, and to participate and support all Company-sponsored events.

Rule 11-F Maintain Permanent Address

A Distributor 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-G Ensure Proper Preparation of Distributor Documents

A Sponsor must ensure the proper preparation of Applications for Distributorships and Supervisor Qualification Forms, and require each Sponsor to send the appropriate copy to Herbalife immediately.

Rule 11-H Ensure Understanding and Compliance With Customer Refund Policy

A Distributor must ensure that the Herbalife customer refund policy is thoroughly and properly understood and applied, and intervene in any disputes between customers and Distributors 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 Distributor/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 Distributor may interfere with the relationship between another Distributor and their Sponsor in any way. A Distributor may not offer, entice, encourage, solicit, or otherwise influence or attempt to persuade another Distributor to change their Sponsor or line of sponsorship, either directly or indirectly.

Rule 12-C Applying for Change of Sponsorship

A Distributor who wishes to pursue changing Sponsors must obtain a written, notarized release from their Sponsor and all upline Distributors, up to and including their active President's Team member earning 7%. 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 Distributorship 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 such a request for change of sponsorship should be approved, the Distributor will not be permitted to bring any of their downline organization with them as part of the transfer.

If the request for a change of sponsorship is denied and the Distributor is determined to change their Sponsor, the only remaining alternative is to resign their Distributorship, forfeiting current and future rights to their downline organization, and both the Distributor and their spouse, or other individual assisting in a Distributorship, must remain completely inactive as a Distributor for one year after the effective date of resignation before re-applying as a Distributor. (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 Distributor and their spouse, or other individual assisting in a Distributorship, have met the conditions of inactivity when either of them reapply as a Distributor. Herbalife does not guarantee that a Distributor who resigns will be accepted again as a Distributor.

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 Distributorship from a former Distributor at any time in the future if evidence is provided that shows the former Distributor, their spouse or other individual assisting in a Distributorship was not completely inactive the full one-year waiting period after resignation or non-payment of the Annual Processing Fee; failed to advise Herbalife of a prior Distributorship; 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 Distributor 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 Distributors in the new Distributorship to the original Sponsor's organization, financial penalties, suspension and possible termination of the Distributor in violation of these rules.

Section 13 Assignment, Sale or Transfer of Distributorship

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 Distributor. The sale, assignment or transfer of any right or interest in a Distributorship is not permitted without prior written consent by the Legal Department of Herbalife's World Home Office in Los Angeles, California. Such requests should be forwarded to Herbalife's Distributor Relations Department that will then submit the requests to the Legal Department, on behalf of the Distributor, when all necessary documentation is received.

Rule 13-B May Only Be Assigned or Transferred to a Non-Herbalife Distributor

A Distributorship can only be assigned or transferred to an individual who is not an Herbalife Distributor. If the individual wishing to assume responsibility for the Distributorship

was formerly an Herbalife Distributor, or participated in another Herbalife Distributorship, then they must meet all requirements of a former Distributor to rejoin the Company.

Rule 13-C Retention of Status and Benefits

The achievements of a Distributor are personal to the individual, and as such, if an assignment or transfer should be authorized, the status and benefits achieved by the Distributor are not necessarily transferred with the Distributorship. 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 Distributor.

Rule 13-D Rule for Rejoining the Company

If the Distributor transferring or assigning the Distributorship wishes to become a Distributor 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 Distributorship. Herbalife reserves the right to reject this reapplication, without having to provide justification for such rejection.

Section 14 Distributors Who Divorce or Separate

Herbalife requires Distributors to build a business that is separate from the original Distributorship 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 Distributorship (hereinafter referred to as "individual Distributorship"). This is especially important because Herbalife cannot dismantle the original Distributorship by transferring its downline to either party. Therefore, supporting the original downline organization is a shared responsibility.

Whenever a Distributor is in the process of a separation, divorce, or dissolution of a marriage (hereinafter referred to as "divorce"), the Distributor must ensure that the interests of the Distributorship and the Sponsor are protected.

Rule 14-A Establishing a New Distributorship

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 Distributorship in his or her own name, sponsored by the original Distributorship's Sponsor (application available through Distributor Relations)
- a newly completed TAB Team Production Bonus Application and Agreement, reflecting the Distributor ID number of the individual Distributorship (TAB Team level Distributorships only).

Rule 14-B Removal of Spouse's Name/Transfer Due to Divorce

If a Distributor wishes to remove the name of the spouse from the Distributorship 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 or through Distributor Relations.)

If the spouses mutually agree to transfer the Distributorship, 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.

Rule 14-C Joining Under a Different Sponsor/ Participating in Another Distributorship

During the divorce, neither parties may develop nor assist in developing (either alone, with, or on behalf of someone else) any other Herbalife Distributorship except under their original Sponsor.

It is not permitted for either spouse to sign an Application for Distributorship 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 Distributor is in compliance with all other rules and regulations.

Rule 14-D Rights to Continue a Distributorship Under the Same Sponsor

Distributors who have divorced (or married Distributors 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 Distributorship," Herbalife will deactivate the buying privileges of the original Distributorship, and each party must continue the business

by sponsoring and placing orders using their individual Distributor ID number. The individual Distributorships will each receive the current status of the original Distributorship – Supervisor, World Team, or TAB Team (TAB Team Distributors will be required to submit a new TAB Team Production Bonus Application and Agreement).

Each person may only sponsor Distributors and place orders under their individual Distributor ID number, and must ensure that the downline organization of the original Distributorship receives sufficient support as detailed in Section 11 "Sponsoring and Leadership."

Changes to the original Distributor ID number will not be allowed through the Internet.

Rule 14-E Requirements to Earn, Recognition, and Events

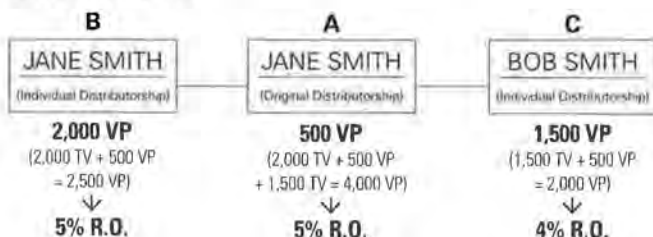
Total Volume: Each individual Distributorship will be allocated Volume Points from their individual Distributorship plus Volume Points of the Original Distributorship. This will determine the eligibility to receive Royalty earnings, qualifications, requalifications and/or Production Bonus.

For the purpose of Royalty Overrides percentage eligibility, the original Distributorship will combine volume with each of the individual Distributorships, plus its own Volume. Production Bonus eligibility for the original Distributorship will be determined based on the achievement of the highest individual Distributorship (see example below).

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 Distributorships must comply with the 10 Retail Customers Rule and the 70% Rule and any other requirements to earn Royalty Overrides. Each individual Distributorship 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 Distributorship will be temporarily granted to accommodate any Matching Volume requirements for its downline qualifiers.

Recognition: Each Distributor will be recognized for their own accomplishments under the Sales and Marketing Plan. The original Distributorship will not receive recognition.

If the original and an individual Distributorship reach the level of President's Team, only one diamond will be awarded to the upline President's Team member, which remains consistent with the diamond allocation for Distributorships that are not part of a divorce. If the individual Distributorship qualifies for a diamond, only that Distributorship will advance within the diamond status(es).

As applicable to the country, if the original Distributorship has achieved Retirement status, each individual Distributorship will be updated to that status. In the event of transfer or relinquishment of the original Distributorship, the Retirement status of each individual Distributorship will expire based on the qualification period of the original Distributorship, and each Distributorship must individually re-qualify for Retirement.

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 Processing Fee and Requalification of Status

Each Distributor is responsible for the payment of the Annual Processing Fee for their individual Distributorship. The original Distributorship is exempt from payment of the Annual Processing Fee.

Each Distributor is individually responsible for meeting the annual Supervisor re-qualification volume requirements, the original Distributorship will requalify as long as one of the individual Distributorships requalifies; however, they may each use the Royalty Points of the original Distributorship in combination with their own, to meet TAB Team re-qualification requirements.

Rule 14-G Requests to Modify Earnings Distribution of the Original Distributorship and Other Changes

Herbalife will only accept written, notarized requests to make changes to the original Distributorship, and all requests must be mutual.

Herbalife will continue to pay the earnings of the original Distributorship 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 Distributor. Each Distributor 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 Distributorship 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 Distributorship Under the Same Sponsor" or 14-C "Joining Under a Different Sponsor/Participating in Another Distributorship," and any other Herbalife rule or regulation, in no way supersedes the dictates of any court of law as to the disposition of the Distributorship and/or the rights, benefits or obligations of either party to the Distributorship.

Rule 14-I Impact of Policy Violations

If Herbalife determines that a Distributor's conduct violates any Rule, Herbalife shall have sole and absolute discretion to determine the disposition of each associated Distributorship, including but not limited to decisions whether to terminate, impose penalties or sanctions, or place conditions on any of the Distributorships.

Rule 14-J Transfers

If the Distributorship is awarded to a spouse or if a Distributor relinquishes their entire interest in the original Distributorship and decides to establish a new Distributorship, the following will apply:

- The Sponsor of the original Distributorship must sponsor the new Distributorship, OR the Distributor 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 and Marketing Plan and will result in termination of the Distributorship in question.

- The new Distributorship will be wholly independent from the original.
- If Herbalife receives the new Application for Distributorship within one year of the transfer, the status of the new Distributorship will be equal to the status of the original at the time of the transfer. Otherwise, it will be at Distributor status, with 25% discount buying privileges.
- Advancement within the Sales and Marketing Plan, royalty earnings, and/or other bonuses are based on the volume achievements of the new Distributorship 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 Distributorships. The first time Herbalife is notified about a divorce, the result will be the establishment of two new Distributorships that will be associated to the original Distributorship as described in Rule 14-D "Rights to Continue a Distributorship Under the Same Sponsor." In the event that one Distributor remarries, their spouse can be added to their individual Distributorship.

The policy for multiple divorces is best understood by the following example:



If Bob remarries, the three Distributorships are still associated and the new marriage does not affect the divorce setup. The situation becomes this:



Section 15 Disposition of a Distributorship

Rule 15-A Inheritance

Upon the death of a Distributor, the deceased's Distributorship 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 Distributor to own and operate a maximum of three Distributorships – their own, plus up to two others acquired by inheritance from a *qualified family member. An inherited Distributorship may be transferred to the heir directly, or in the case of a Distributorship that is President's Team status, to a Corporation owned by the heir.

*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.

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 Distributorship and the inherited Distributorship(s) must be vertical (in the same line).
2. The inherited Distributorship 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 Distributorship.

Inherited Distributorships will be considered as separate entities, each subject to fulfilling the business activities, sales Volume and compensation terms as set forth in Herbalife's Marketing Plan, with the exception of Lifetime Volume achievements, which allow for the combination of the heir's own total volume with the inherited Distributorship's total volume. The heir will be responsible for payment of fees, fines (if/when applicable), and subscriptions for each Distributorship maintained, including the Annual Processing Fee, and BizWorks (as applicable).

The heir must abide by all Rules of Conduct and Sales & Marketing Plan, not only for their personal Distributorship, but also for any Distributorship inherited.

For transfer consideration or to request the cancellation of a deceased's Distributorship, please contact your local Distributor Services team in order to receive instructions and paperwork about initiating either process.

The final disposition of the Distributorship 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 Distributors may purchase Herbalife products only from their Sponsor, their first upline Supervisor (only if their Sponsor is not a Fully Qualified Supervisor) or directly from Herbalife.

Products purchased directly from Herbalife by non-Supervisor Distributors (at discount of less than 50%) are credited to the first upline Fully Qualified Supervisor's Personal Volume.

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 Distributor.

Rule 16-C Buying and Selling Products Outside Proper Line of Sponsorship

A Distributor is prohibited from buying products from any Distributor other than as authorized in Rules 16-A "Proper Purchasing" and 16-B "Orders purchased at 50% Discount." Likewise, a Distributor is prohibited from selling to any Distributor 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 Distributors" 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 Distributor 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.

Distributors may not provide payment for product orders in another Distributor'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 Distributor's name could be interpreted as attempts to improperly advance in the Marketing Plan.

Rule 16-E Unacceptable Forms of Payment

Distributors may not use the credit cards, personal checks or any other form of payment from their Distributors, retail customers or other individuals to pay for orders purchased from Herbalife.

Section 17 Customer Retail Receipts and the Customer Refund Policy

Rule 17-A Providing Retail Receipts to Customer

A Distributor 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 Distributor and the customer. Distributors 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 Distributor.

Rule 17-B Customer Refund Policy

The 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 Distributor 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 Distributor must honor the customer's choice. (Refer to the procedures on page 23 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, Distributors 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, Distributors 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 Distributors, or used for Distributors' and their immediate families' own personal consumption. The purchase of products primarily as an attempt to qualify for advancement in the 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 Distributorship.

Rule 18-B The 10 Retail Customers Rule

A Distributor 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 Distributor may count any or all of the following each Volume Month.

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

- *A Nutrition Club member 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 Distributor 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 Distributor purchases each Volume Month must be sold or consumed that month. For the purpose of fulfilling the certification requirements of this Rule, a Distributor may count any or all of the following:

- Sales to retail customers;
- Sales at wholesale to downline Distributors;
- Product used for personal or family consumption; and
- *Product consumed at Nutrition Clubs.

If the Distributor 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 Distributor.

Rule 18-D Commission Payments for Downline Distributors

On orders purchased directly from Herbalife, the Wholesale Profit or Commissions earned by downline Distributors 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 Distributors by the end of the month the Commission payment is received.

Rule 18-E Maintenance of Records

Distributors 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 Distributor 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 Distributors to confirm these transactions and the level of service provided by the Distributor.

*If a Distributor utilizes Nutrition Club sampling activity towards compliance, the Distributor shall maintain a log of member visits for at least two years, setting forth the name of the member, dates of visits, and contact information, and shall make those records available for verification purposes if requested by the Company.

Rule 18-F Debts Owed to Herbalife

If a Distributor 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 Distributors 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 Processing Fees, Herbalife reserves the right to deduct the amount owed from any sum payable to the Distributor, or to withhold payment of monies owed until such time as all amounts owing by the Distributor 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.

Rule 18-G TAB Team Production Bonus

This bonus is paid to TAB Team members who complete all the qualification requirements and who demonstrate leadership both within their organization and to all other Distributors. Any TAB Team member who is in violation of any of the Rules of Conduct, Distributor Policies 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 Distributor's eligibility to participate in this bonus.

Section 19 Activities and Locations

The fundamental business of an Herbalife Distributor 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 Distributor and the customer.

Rule 19-A Retail Establishments

No Distributor 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 Distributor's Private Offices

A Distributor 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 passersby to purchase product, and may not indicate to a passersby 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, healthcare or other professionals who are also Distributors 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 counter top 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

Distributors 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 passerby 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 are available for download from MyHerbalife.com, Assets Library. (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

Distributors 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
Distributor's Private Offices	Yes ¹	Yes	No	Yes ²	Yes	Yes
Doctor's or Other Professional Offices	No	Yes	No	No	Yes	Yes
Nutrition Clubs (Non-Residential Locations)	Yes ¹	Yes	No	Yes ²	Yes	Yes
Nutrition Clubs (Home Locations)	Yes ¹	Yes	No	No	Yes	Yes
Service Establishments	No	Yes	No	No	Yes	Yes
Trade Fairs, Athletic & Community Events	Yes	No	No	Yes ³	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 Distributor may represent or imply 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 Distributor must:

- Clearly indicate that the principle activity of a Distributor 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 Distributor can benefit solely by the sponsoring of other Distributors.
- Not imply that a Distributor is under any obligation to sponsor others to become Distributors.
- 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 Distributorship may only be achieved through the continuing sales of Herbalife products to retail customers by themselves and their sponsored Distributors, 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 Distributor Kit (IBP), 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 Distributors" in the "Rules of Conduct and Distributor Policies" 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 Distributors" in the "Rules of Conduct and Distributor Policies" section.)

Section 21 Selling Practices

Rule 21-A Undesirable Selling Practices

A Distributor 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-Distributors for Resale

No Distributor may sell Herbalife products to persons who are not Herbalife Distributors and whose intention it is to resell those products.

Rule 21-C Modifications to Labels and Materials

A Distributor may not delete, add, modify or alter any labels, literature, material or packaging for any Herbalife product or literature, including the official Herbalife Distributor Kit (IBP).

In addition, products or samples packaged for daily use may not be resold individually.

Rule 21-D Directions for Use

Distributor shall explain the directions for use and cautions, if any, specified on product labels when selling, or providing samples of the products.

Rule 21-E Product Storage

Distributors 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 Distributors (but not as the rendering of legal advice), Herbalife may post updates of this Rule, updated disclaimers, and updated Average Gross Compensation of U.S. Supervisors at MyHerbalife.com. Distributors are required to visit the website and review these advisories or Rule changes with care.

Rule 22-A Audio and Visual Presentations

In addition to the Rules that follow, there are specific requirements for including appropriate disclaimers (described below) on audio and visual presentations whether they are branded or unbranded.

The disclaimers must appear at the beginning and the end of the presentations, long enough for anyone to read (in the case of visual), or hear (in the case of an oral presentation).

Rule 22-B Weight-Loss Claims

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 the claims appear:

An extensive questionnaire generated responses from more than 200 U.S. Herbalife Independent Distributors 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

Distributors 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, placed adjacent to the claims, and in a minimum of 10-point type on every page on which the claims appear:

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

Distributors must not:

- Make any oral or written medical, therapeutic or curative claims about Herbalife products. If a customer is under a physician's care, Distributors are advised to recommend the customer consult with a physician before undertaking any changes in diet. Any person with heart, liver or kidney disorders, 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

Distributors 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: If an income claim is made in advertising copy or other materials that 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 branded income claims require a disclaimer as follows:

Income applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation for U.S. Supervisors at Herbalife.com and MyHerbalife.com.

Alternate Disclaimer: When describing the results achieved by the top 1% of Herbalife Distributors, the following disclaimer is also acceptable (with the same font and placement requirement):

The incomes presented are those of persons within the top 1% of Herbalife Distributors.

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 unbranded income claims require a disclaimer as follows:

Income applicable to the individuals (or examples) depicted and not average.

The disclaimer must be displayed in a font size no less than 10-point type or 75% of the size of the income claim, whichever is larger. Under the following limited circumstances, alternate disclaimers are acceptable on unbranded materials as follows (same font and placement requirement):

1. When describing the results achieved by the top 1% of Herbalife Distributors:

The incomes presented are those of persons within the top 1% of all participants.

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, Distributors may not misrepresent the extent to which the activities of a Distributor can be conducted solely in the home.

Rule 22-G Claims Regarding Relationship Between Herbalife and Herbalife Distributors

The Herbalife income opportunity is a potential career for Distributors, but under no circumstances is it a job, as that term is commonly understood. Distributors 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, Distributors may not use the terms "job," "salary," "employment," or "paid vacations" (or any similar terms) in promoting the income opportunity, nor may Distributors 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 Distributor 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

Distributors 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 Distributor 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 Distributors to use those trademarks, trade names and logos which Herbalife makes available for downloading from MyHerbalife.com's Assets Library.

- 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 Independent Distributor, and removal of this wording is strictly prohibited. Failure to do so can cause confusion in the marketplace.
- Distributors 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 "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 and Distributor Policies, the Supplemental Rules of Conduct, and the Nutrition Club Rules) all of which can be accessed on MyHerbalife.com.

Herbalife, or any of its subsidiaries, reserves the right to withdraw its consent at any time at its sole and absolute discretion.

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

Distributors 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. Distributors may only identify or list themselves as Herbalife Distributor or Herbalife Independent Distributor.

Rule 23-F For Use Only With Herbalife Business

Distributors 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 Distributor, as their own.

Section 24 Advertising and Promotion

Herbalife endeavors to produce and make available effective promotional literature and sales tools for Distributors' use in advertising or promoting their business.

Rule 24-A Approved Advertisements and Promotional Materials

Distributors 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, Distributors 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 Distributor to determine what these may be and how they apply to their business.

Rule 24-C Price Advertising

Herbalife Distributors 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 Distributor placing the advertisement).

Distributors 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 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 Distributor, that indicate Herbalife's suggested retail prices may not be provided or shown to persons who have not had prior personal contact with the Distributor in connection with the Herbalife product or opportunity. In addition, Distributors 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:

Independent Distributors 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 Distributor 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.

Distributors 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 Distributor'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 Distributor.

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

Distributors may list themselves in the telephone directory under the heading "Herbalife Distributor." The only information that may follow this is the Distributor'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 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."

Distributors may use display ads as long as the advertisement is within the guidelines for print advertising.

Rule 24-E Business Cards, Stationery, Letterhead and Checkbooks

For your convenience, Herbalife provides professionally designed artwork for stationary and business cards, which can be downloaded from MyHerbalife.com/Assets Library. Personalization is restricted to the, Distributor's name, and contact information and an optional headshot photo.

Section 25 Posting Advertising Materials

Herbalife periodically updates, publishes, and makes available a wide variety of advertising templates for Distributor's use. Distributors 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, or may be requested from Herbalife's Distributor Relations Department at 866-866-4744.

Distributors may only use these templates as allowed by the rules.

Rule 25-A Posting Locations

Private Property:

Distributors 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 Distributors may download and use at 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:

Distributors 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 and Distributor Policies, 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 of commercial notices.

Rule 25-C General Rules

Distributors 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 Distributor 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 Distributor 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. Distributors are required to check for updates to this Rule by visiting 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 Distributorships. 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 Distributor. 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

Distributors 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 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. In the case of a Distributor marketing the Shapeworks® brand, "Shapeworks® Independent Distributor" may be used. 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

Distributors 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), or email address. However, the Herbalife name and product names may 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. This shall be in addition to Herbalife's other rights and remedies.

Rule 26-C Hyperlinking and Associations

Distributors 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. Independent Distributors 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 Independent Distributors.

Distributors 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

Distributors 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 Distributors;
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 Distributors 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 Distributors (but not as the rendering of legal advice), Herbalife may post periodic legal updates at MyHerbalife.com. Distributors are expected to visit the website and review these advisories with care, but nevertheless, Distributors are solely responsible for compliance with all applicable laws. Herbalife strongly recommends that Distributors pay regular visits to the Federal Trade Commission website, 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 Distributors who promote the sale of Herbalife products or the earnings opportunity by sending email, regardless of whether the Distributor 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 Distributors who transmit commercial email messages to promote Herbalife products or the earnings opportunity:

- a. Distributors are prohibited from sending messages unless the Distributor 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 Distributor 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 Distributor. "Affirmative consent" means that the recipient has expressly consented to receive the message, either in response to the Distributor'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. Distributors 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. Distributors 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 Distributor 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 Distributor.
- h. Any Distributor 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 Distributor'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. Distributors are prohibited from selling, leasing, exchanging, or otherwise transferring or releasing the email address of a person from whom the Distributor has received an opt-out request.
- j. Distributors 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. Distributors 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 Distributors are prohibited from selling leads; however, they may recommend a third-party lead providers services to other Distributors, but a Distributor may NOT earn any compensation (directly or indirectly) for referrals leading to sales of leads or other sales aids. Some Distributors 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 Distributor is acting in good faith. It is the Distributor'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 Distributor must investigate the Lead providers 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 Distributor has received written proof that a service's methods are in compliance with the law, Distributors may not purchase or use leads supplied by that service. The Distributor 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 Distributorship 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 and Distributor Policies, all other Herbalife Rules, and applicable law.

Rule 26-F Discontinuance of Emailing

Distributors must immediately discontinue email activity if they receive any inquiry or notice of action from a governmental authority regarding their email practices. Distributors must report all such notices or inquiries immediately to Herbalife's Operations World Home Office. Herbalife retains the option to suspend, terminate and take other disciplinary or legal action against any Distributorship 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 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.

Distributors are permitted to advertise the Herbalife® product line and 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 Distributors 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. These lists will be updated from time-to-time. Distributors 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

Distributors 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

Distributors 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 Distributors must develop with their customers, as well as the Herbalife brand and the image which Herbalife wants to establish for its products. Therefore, Distributors 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

Distributors conducting or seeking to conduct business in international markets via their own or other websites must comply with Herbalife's Rules of Conduct and Distributor Policies, 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

Distributor 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. Distributors 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

Distributors 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 Distributor must immediately honor such request.

Rule 26-N Standard of Personal Conduct

Distributors 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

Distributors may not interfere or take any action that results in interference with or disruption of Herbalife.com, MyHerbalife.com or other websites maintained by Herbalife or its Distributors, 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 Distributor 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 Distributor, 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 Distributor 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 Independent Distributor
Call Me for products or opportunity
(Distributor 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 Distributor 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 Independent Distributors, 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

- Distributors 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.
- Distributors must fact-check materials they intend to post online to ensure the information is truthful and accurate.
- Distributors using social media outlets as part of their Herbalife business must clearly and conspicuously identify themselves (by both name and as an 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 Distributors. However, social media sites may not be used as a forum to conduct sales transactions. Online sales may only be transacted from an Independent Distributor's Herbalife website.

Rule 27-C Deceptive Postings and Claims

Distributors 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 Distributors 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 Independent Distributors 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.

Distributors must include this disclosure 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 Distributors (but not as providing legal advice), Herbalife may post updates of this Rule and updated Average Gross Compensation of U.S. Supervisors at MyHerbalife.com. Distributors are required to visit the website and review these advisories or Rule changes with care.

Rule 27-D Use of Third-Party Intellectual Property

Distributors 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 Distributors 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**

Distributors may only use Herbalife's trade name in a manner that clearly distinguishes themselves as 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 below, may be downloaded in multiple file formats from the "Assets Library" in MyHerbalife.com).



HERBALIFE
Independent Distributor

However, the use of these logos and assets is subject to the restrictions defined below:

- Logos & assets may not be obtained from any source other than Herbalife.
- Distributors may not use logos without conspicuously and clearly identifying themselves as "Herbalife Independent Distributor". Removal of the "Independent Distributor" wording is prohibited.
- Logos & assets may not be altered in any way, except resizing to fit tools & materials created.

Rule 27-F Respecting Privacy

Always respect the privacy of others in your postings, and be mindful of Herbalife's Rules of Conduct & Distributor Policies, Rule 8-G "Maintaining Reputation and Image of the Company," which states: No Distributor shall do anything (whether or not in the course of their Distributorship) which Herbalife determines, in its sole and absolute discretion, is or could be detrimental to the reputation or image of the Company, its products, Distributors, trademarks, trade names or goodwill.

Rule 27-G Photos, Video/Audio Recordings

Distributors may post audio/video material on YouTube and similar social media sites, provided the content complies with Herbalife's Rules of Distributor 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 and Distributor Policies, including disclaimer requirements. Herbalife reserves the right to request the removal of such images or recordings.

At all times, Distributors must comply with all privacy laws and social media policies when using images or recordings of other individuals.

Distributor's Personal Meetings	Corporate Events
<p>Still Photos: Distributors may not post still photos from their personal meetings or trainings on social media websites. Such photos may be posted on Herbalife Independent Distributor's website provided they are behind a password-protected page.</p>	<p>Still photos: Still photos taken by Distributors at Company-sponsored meetings or events may be used on Herbalife Independent Distributor websites and social media websites. Herbalife provides a variety of professional photos that are available for Distributors to download from Assets Library in MyHerbalife.com. These photos are approved for Distributor's use and may also be used on both personal and social media websites.</p>
Distributor's Personal Meetings	Corporate Events
<p>Audio/Video Recordings: Distributors 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 Independent Distributor websites provided they are behind a password-protected page.</p>	<p>Audio/Video Recordings: Distributors 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 professional video and audio recordings of Company-sponsored events that are available for Distributors to download from MyHerbalife.com (or any site Herbalife makes available for that purpose). Recordings provided by Herbalife are acceptable for posting on social media websites and Herbalife Independent Distributor websites.</p>

Rule 27-H Prohibited Postings

Distributors 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

Distributors should not respond to those who place negative posts about them, other independent Distributors, or Herbalife, as this may trigger discussions that potentially damage the Distributor's or Herbalife's reputation and goodwill. If you see such negative posts, please email us at DistributorEthics&ComplianceUSDSComplaints@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 Distributorship 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 Independent Distributors must conspicuously disclose that they are no longer Herbalife Independent Distributors in future postings, and must appropriately update their profile information.

Rule 27-K Sports Sponsorships

When promoting Herbalife-sponsored teams and athletes,

- Distributors 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.

Logos and Assets

- Distributors 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.

Describing the Relationship for Major League Soccer (MLS)

- There are many specific and useful ways permitted to describe Herbalife's relationship with LA Galaxy and FC Barcelona therefore, Distributors 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 Distributorships.

The following statements, as they are worded below, are accurate, permissible and encouraged; they may be used individually and in combination:

LA GALAXY

Herbalife is the Official Presenting Sponsor of the LA Galaxy team.

Herbalife is the Official Nutrition Company of the LA Galaxy team.

Dr. Luigi Gratton is a Nutrition Advisor to the LA Galaxy team.

Herbalife is an Official Sponsor of LA Galaxy players Chris Klein, Donovan Ricketts, and Omar Gonzalez.

FC BARCELONA

Herbalife is the Official Nutritional Supplement Sponsor of FC Barcelona.

Herbalife is the Official Nutrition Sponsor of FC Barcelona.

Herbalife is the Official Weight Management Sponsor of FC Barcelona.

Herbalife-sponsored athlete.

Herbalife is the Official Nutrition Sponsor of Leo Messi. The Leo Messi Foundation and Herbalife join in supporting children around the world.

Media Coverage for Major League Soccer (MLS)

- Distributors may review or refer to LA Galaxy, or FC Barcelona media coverage with their organization, their customers, or when presenting the business opportunity.

- Distributors may not reproduce, reprint, or post (on their Herbalife Independent Distributor 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, or FC Barcelona media coverage, but such links must be accompanied by the following disclaimer: "By clicking on this link, you will exit this Herbalife Independent Distributor website and visit a website that is not formally associated with Herbalife or its Independent Distributors."

Section 28 Marketing by Means of "Telemarketing"

INTRODUCTION

Telemarketing

The following discussion and Rules on telemarketing are generally applicable to all activities of Distributors related to their Herbalife business. They are in addition to federal, state and local legal requirements. Since the law in this area is relatively new and constantly evolving, and as an accommodation to its Distributors (but not as the rendering of legal advice), Herbalife may post updates at MyHerbalife.com. Distributors should pay regular visits to the website and review these advisories or Rule changes with care, but nevertheless, Distributors are solely responsible for compliance with all applicable laws. Moreover, Herbalife strongly recommends that Distributors pay regular visits to the Federal Trade Commission and Federal Communications Commission websites (ftc.gov, fcc.gov) in order to learn about the most recent developments in this area.

"Telemarketing" (as that term is used in this document) is the marketing of products or services utilizing telephonic devices (to place outgoing calls), including fax machines, automated telephone equipment, and pre-recorded or artificial voice recordings.

Federal and state laws prohibit or severely restrict telemarketing operations utilizing the methods cited above, 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 Distributors must comply.

As independent businesspersons, Distributors 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 business. When purchasing or using the telemarketing services of unrelated or unaffiliated vendors, Distributors must use due diligence to confirm that the services comply with all applicable laws.

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 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.

Established Business Relationship (EBR)

A prior existing relationship formed by a voluntary two-way communication between a Distributor 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 Distributor 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 Distributor 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 Distributor.

Personal Relationship

A family member, friend or acquaintance of the Distributor making the call.

Predictive Dialer

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.

Prior Express Consent/Prior Express Permission

Consent or permission evidenced by a written agreement or email between the Distributor and the consumer in which the consumer clearly states that they agree to be contacted by the Distributor regarding the Herbalife products or opportunity, and specifies the telephone or fax number to which calls may be placed.

Rules

The following restrictions and prohibitions apply to the use of unsolicited fax solicitations, prerecorded/artificial voice solicitations, and autodialers. They are applicable to all telemarketing activities of Distributors. When purchasing or using the telemarketing services of unrelated or unaffiliated vendors, Distributors must use due diligence to confirm that the services comply with these Rules.

Rule 28-A Autodialers

Distributors may not use autodialers or predictive dialers to offer Herbalife products or the earnings opportunity.

Rule 28-B Prerecorded or Artificial Voice Messages

Distributors may not use prerecorded or artificial voice messages to offer Herbalife products, or the earnings opportunity.

Rule 28-C Unsolicited Faxes

Distributors may not use a "blast fax" or similar program or service to send messages by fax. Distributors only may send fax messages to individuals with whom the Distributor has an established business relationship ("EBR"), and to any individuals that have provided their prior express permission to receive fax messages from the Distributor.

All faxes sent to those with whom the Distributor has an EBR are subject to the following rules:

- The Distributor 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 Distributor ("Do-Not-Fax request").
- 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 Distributor, such as a website address, email address or toll-free number.
- Distributors 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 Distributor's personal or company name); and
 - The telephone number of the sending fax machine and of the Distributor

Distributors must comply with Rule 28-A "Autodialers" and with any other applicable federal, state or local laws and regulations that govern faxing.

Rule 28-D Do-Not-Call Lists

Distributors must understand that the Rules, as well as federal and state laws, cover calls made from standard telephones by live operators as well as those which are made using fax machines, etc. Distributors are responsible for complying with all applicable federal, state or local laws that govern telemarketing, including an obligation to review and honor the Do-Not-Call rules maintained by the Federal Trade Commission (FTC) and the Federal Communications Commission (FCC); this requirement applies to live calls made from standard telephones as well as all other forms of telemarketing.

Distributors 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 one of the FTC or FCC exemptions is applicable. The FTC and FCC exempt subscribers that have provided their prior express consent to be called, that have an established business relationship with the Distributor, or that have a personal relationship with the Distributor.

- Distributors engaged in telemarketing must purchase and review the Do-Not-Call lists maintained by the federal government and any state in which they do business. Distributors 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 Distributor must set up their own business account with the Do-Not-Call Registry. Distributors will be required to provide identifying information including name and address, contact person, and contact person's name and address. Distributors must use their personal or company name as Seller identification and may not identify Herbalife as the "Seller" or "Client." Distributors are responsible for any fees associated with accessing a Do-Not-Call database.
- Distributors 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.
- Distributors must maintain a written policy governing Do-Not-Call and other telemarketing requirements, and all personnel engaged in telephone solicitation on a Distributor's behalf must be trained in the existence and use of this policy.
- Distributors may not use any telephone number supplied by a third-party vendor or Lead Generation Service for use in 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 Distributor's own Do-Not-Call list.
- Additional or other requirements may apply if a Distributor is calling within the same state. It is the Distributor's responsibility to determine the requirements of federal and

any state laws relating to Do-Not-Call lists and to comply with those requirements.

Rule 28-E Lead Generators

"Lead Generators" use marketing techniques to locate potential customers for their clients. Some Herbalife Distributors buy these "leads" to see if they might be interested in purchasing Herbalife products or the Herbalife income opportunity. Some Lead Generators use techniques that may violate laws that restrict telemarketing, including the transmission of unsolicited fax advertisements or "blast faxing," the sending of commercial email, the use of "autodialers" and pre-recorded messages. 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 Distributor is acting in good faith. It is the Distributor's responsibility to know and abide by the law and to determine that those with whom they do business do so as well. Distributors must investigate the lead techniques that the service employs and confirm to a certainty their compliance with applicable laws. For example, federal law requires that Lead Generators using faxes have prior consent, evidenced by a writing signed by the fax recipient, indicating their agreement to receive faxes from the Lead Generator and stating the number at which faxes will be received. Until a Distributor has received written proof that a service's methods are in compliance with the law, Distributors may not purchase or use leads supplied by that service. The Distributor must keep in mind their own activities and once they have acquired the lead must comply with applicable telemarketing laws (such as Do-Not-Call lists) 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 Distributorship 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 and Distributor Policies, any other Herbalife Rules, and the law on this subject matter. (Refer to the Business Methods, Rule 1-O "Lead Sales Prohibited," in the "Supplemental Rules" section).

Rule 28-F Compliance With Herbalife's Rules and the Law

Distributors must immediately discontinue telemarketing activity if they receive any inquiry or notice of action from a governmental authority regarding their telemarketing practices. Distributors must report all such notices or inquiries immediately to Herbalife's Operations World Home Office. Herbalife retains the option to suspend, terminate and take other disciplinary action against any Distributorship that is not in compliance with this Rule, Herbalife's Rules of Conduct and Distributor Policies, any other Herbalife Rules, and the law. This is in addition to Herbalife's other rights and remedies.

U.S. SUPPLEMENTAL RULES OF CONDUCT: #2360
CERTAIN WAYS OF DOING THE BUSINESS

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Introduction

Every Herbalife Independent Distributor (hereinafter referred to as “Distributor”) is a self-employed, independent business person engaged in the sale of Herbalife products for consumption and, if the Distributor desires, in the promotion of the Herbalife income opportunity. The relationship between Herbalife and its Distributors begins with, and is defined by, the Application for International Distributorship and Agreement of Distributorship. That relationship incorporates those Rules published by Herbalife from time to time in its discretion, defining the rights and responsibilities of Herbalife Distributors, each in their most recent form. Those Rules include, but are not limited to, Herbalife’s Rules of Conduct and Distributor Policies, 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 Distributors. The following “Business Methods” Rules apply specifically to the promotion of Herbalife products and the Herbalife income opportunity in the United States of America:

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Definition of Business Methods

Some Distributors 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-1 Presale Legal Review and Registration of Business Methods

Distributors may sell Business Methods, provided those Business Methods have been registered with Herbalife and that registration is current. As a condition of registration, there must be a full review and approval by the owner's or principal seller's legal counsel. The legal review must include content, method of operation, advertising and promotion, and terms of sale and use. The legal counsel must be competent in laws applicable to Multi-level Marketing (MLM) and must provide a letter addressed to Herbalife that specifically identifies the materials reviewed and represents that, based upon the legal counsel's review, if the Business Method is operated as reflected in his/her review:

(a) The Business Methods comply with Herbalife's policies and procedures, based upon his review of Herbalife's then-current policies and procedures which would also be specifically identified in the letter); and

(b) 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 must be submitted to Herbalife annually and also before material changes are made,

Legal Counsel's Letter:

1. May include a caveat that the letter is not a formal legal opinion nor is it a representation that there are no statutes, rules or regulations that exist in the United States which might be violated by the Business Method, and that the firm cannot predict whether various federal, state and local enforcement agencies might change their interpretation of applicable rules and regulations;
2. Will confirm that the Business Method client has agreed to a limited waiver of the attorney-client privilege to allow counsel to discuss with Herbalife counsel, on a confidential basis, any questions the latter may have regarding the Business Methods reviewed, and advice/recommendations given to the Business Method client regarding those materials; and
3. Will confirm that counsel has reviewed with the Business Method client any documents that Herbalife may require to be signed by the client in connection with the Business Methods.

Registration Form

Distributors must submit a registration form to Herbalife in addition to the legal review and opinion letter. Registration is for tracking purposes only. No Business Method and no Distributor shall claim or represent that Herbalife (whether or not a Business Method has been registered with Herbalife) has reviewed, approved, endorsed, guaranteed or assumed any responsibility or obligation with regard to a Business Method.

Registration forms are available at MyHerbalife.com or by calling Herbalife's Distributor Relations Department at 866-866-4744. A new form must be submitted with each change to the Business Method. To determine whether a Business Method is currently registered, Distributors may go to MyHerbalife.com or contact Distributor Relations.

The legal opinion and registration form must be provided to Herbalife's Home Office/Legal Department by either of the following methods:

By mail to: Herbalife International of America, Inc.,
Attention: Legal Department
P.O. Box 80210
Los Angeles, CA 90080-0210

or

Via email: busmethodlawyersletter@herbalife.com to be followed by the original letter using the address above.

Herbalife shall have the right to suspend, terminate or take other disciplinary action against any Distributor who sells an unregistered Business Method, or who provides false or incomplete information on the Business Methods Registration Form or to their legal counsel.

1-A-2 Compliance of Business Methods With the Law and Herbalife's Rules

Distributors creating, selling or using Business Methods, directly or indirectly (such as through corporations) must comply with Herbalife's Rules of Conduct and Distributor Policies, 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 Distributor 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

Distributors may produce, sell or re-sell Business Methods to other Distributors solely for the purpose of selling Herbalife products and building, training and motivating other Distributors to sell Herbalife products. In order to protect the intellectual property rights and goodwill of Herbalife, and the income opportunity it affords the Distributors, and in addition to any other restriction or prohibition contained in any agreement with Herbalife or any applicable Rule:

No Distributor or, for a period of three (3) years following the termination of their Distributorship (by any means, including voluntary resignation), no former Distributor 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 Distributor, which was acquired or derived from such activity for any purpose other than the promotion and sale of Herbalife products pursuant to the Herbalife Marketing Plan; or
2. Offer, promote or sell to any Herbalife Distributor, or third party who acquired or used the Business Method, the products, services or earnings opportunity associated with any other multi-level marketing or direct-sales company.

For example, for the period covered by these restrictions, no Distributor or former Distributor (including the spouse of such Distributor or former Distributor, 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 Distributor 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 multi-level marketing or direct-sales company.

Violation of the foregoing restrictions will be regarded as a serious violation of the Distributor's contract with Herbalife because it puts at risk the relationships, business and incomes of the Company and persons upline of those Distributors to whom access was given by their involvement in Business Methods intended solely to promote the Herbalife business. Distributor acknowledges that Herbalife and its Distributors 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 and Distributor Policies, 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 Distributor or former Distributor, restraining any impermissible disclosure or use of the confidential information in addition to any other available remedy.

1-C No Required Purchase Other Than International Business Pack

The only required purchase in order to become, succeed or advance as an Herbalife Distributor is the Herbalife IBP (that is, Herbalife's official International Business Pack/Distributor Kit). When a Distributor is recruited, they must be offered the opportunity to buy a Mini IBP (or, at the Applicant's election, the full Herbalife IBP), without any markup or profit to the Sponsor or the Sponsor's upline. To illustrate:

1. If a potential Distributor is offered the opportunity to purchase products, services or materials (whether or not they were produced by Herbalife) in addition to the IBP, it must be with the understanding that this is an optional purchase and not a condition or requirement for becoming a Distributor or succeeding or advancing in Herbalife's Marketing Plan. Furthermore, Distributors may not promote or tout the profits to be made from selling a Distributor-produced IBP or kit which contains anything in addition to that which is contained in the standard Herbalife IBP.

2. Distributors 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.

1-D Right to Cancel Subscriptions and Satisfaction Guaranty

Those persons or entities who sell Business Methods components to Herbalife Distributors which are:

- i. **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 guaranty 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 guaranty 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 guaranty 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 guaranty) only if both of the following apply to the sale:
 - i. The components developed or purchased by Seller from an unrelated third-party supplier (from whom neither Seller nor any other Herbalife Distributor 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 Distributor."), 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 mark up of no more than 5% of such direct costs; and

- 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 guaranty) only if, in addition to the letter or letters previously provided by legal counsel to Herbalife in compliance with Business Methods Rule 1-A-2 "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 multi-level 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 Distributors, 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 Guaranty," 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

Distributors 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 Distributors" 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 Sales Price of Certain Business Methods

If a Business Method (for example, a Decision Package) is sold before the Buyer knows the opportunity relates to Herbalife, the total for all such sales may not exceed the lesser of the value of the Business Method sold or \$40, unless Herbalife has given prior written approval of a greater amount.

1-H Fee for Using Websites

Distributors 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

Distributors 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 Distributor accept such compensation.

1-J Encouraging or Requiring Personal Debt Not Permitted

No Herbalife Distributor, in connection with Business Methods, may encourage or require that a current or prospective Distributor go into debt in order to become a Distributor, grow an existing business, or purchase Business Methods or Herbalife products.

1-K Required Disclosure Statement

Before or concurrent with the first sale to a particular Buyer of any Business Method which does not come within and comply with Business Methods, Rule 1-G "Sales Price of Certain Business Methods" of this section, both 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 for downloading and printing.

1-L Restrictions on Solicitations and Sales of Business Methods to Herbalife Distributors

Distributors 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 member above the Distributor(s) to whom such promotion, solicitation or sale is to be made (except that Distributors 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 member). A single written consent is valid as to all Distributors, down to the next qualified President's Team member, 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

Distributors 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

Distributors 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. Distributors 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 Distributor 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 Distributor for purposes of these Rules (including, but not limited to, Business Methods, Rules 1-D "Right to Cancel Subscriptions and Satisfaction Guaranty" and 1-S "Limit on Sales of Business Methods").

1-O Lead Sales Prohibited

Distributors may not sell leads, advertising slots or advertising to other Distributors. Distributors may recommend third-party providers of leads and advertising to other Distributors, but they may not earn any compensation (directly or indirectly) for referrals leading to sales of these or other sales aids.

1-P Herbalife Does Not Approve, Guarantee or Assume Any Obligation

Business Methods, as well as the representations made by Distributors 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-Q 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. Distributors may not use any materials that are specifically identified as not to be reproduced. At all times, Distributors using the materials referenced above must comply with the following conditions:

1. Distributors using materials in unaltered form must include "©Herbalife" (on every page or screen, or by voice-over, if using audio materials).
2. Distributors using materials in altered form must indicate that the materials were "produced by an Herbalife Independent Distributor" (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-R Updating Materials

Herbalife regularly modifies its product and sales materials. Distributors 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-S Limit on Sales of Business Methods

Each Distributor 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-T 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.

POLICY STATEMENT ON BUSINESS METHODS

Some Herbalife Independent Distributors (hereinafter referred to as "Distributors") 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 (i.e., Business Methods) 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.

Such Business Methods 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.

Purchasing Business Methods is strictly voluntary. Their purchase or use is not required to become an Herbalife Distributor, nor is it necessary in order for you to progress or succeed as a Distributor, or to receive training and support from your Sponsor and/or upline.

No one may pressure you to purchase or use Business Methods. Distributors should only buy 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 Distributors expend on Business Methods should be limited and consistent with their own evaluation of the reasonably likely benefits to their business.

The only required purchase in order to become, succeed or advance as a Distributor is the Herbalife IBP (that is, Herbalife's official International Business Pack/Distributor Kit). When a Distributor is recruited, they must be offered the opportunity to buy a Mini IBP (or, at the Applicant's election, the full Herbalife IBP), without any markup or profit to the Sponsor or the Sponsor's upline.

At all times, the principal business focus of Distributors is the sale of Herbalife products for consumption.

Herbalife's Business Methods Rules and Distributor Policies 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 Distributor who sells Business Methods. These Rules are included in the IBP, or you can access them on Herbalife's official website 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 Independent Distributor, Herbalife encourages the Buyer to contact Herbalife's Distributor Ethics and Compliance (DEC) Department at 310-410-9600. DEC personnel will attempt to assist the Buyer and Seller to reach a satisfactory resolution of their dispute.

APPENDIX A

BUSINESS METHODS DISCLOSURE STATEMENT

Herbalife Independent Distributors (hereinafter referred to as "Distributors") 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 Distributors 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 Distributor 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 International Business Pack. The only required purchase in order to become and progress as an Herbalife Distributor is the Mini International Business Pack ("IBP") produced by Herbalife. In other words, to become an Herbalife Distributor, 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 Distributorship. 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 Distributor 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 Distributor Policies and the Law. The Rules applicable to Distributor conduct contain important provisions affecting your potential decision to purchase, sell or use Business Methods. They are included in the International Business Pack (IBP) that contains the Herbalife registration materials and are available at 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 Distributor, and no one is authorized or permitted by Herbalife to make such representations. Your success as a Distributor will depend on your own efforts and skill. HERBALIFE'S CURRENTLY PUBLISHED "STATEMENT OF AVERAGE GROSS COMPENSATION OF U.S. SUPERVISORS" is available on Herbalife.com and 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,

Seller (Print)

Seller's Signature

Date

Buyer (Print)

Buyer's Signature

Date

APPENDIX B



HERBALIFE INTERNATIONAL OF AMERICA, INC.
P.O. Box 80210
Los Angeles, CA 90080-0210
Distributor Relations: (866) 866-4744
TTY User: (800) 503-6180
Fax Number: (310) 216-5145

BUSINESS METHODS REGISTRATION FORM

(Under Rule 1-A-1 of U.S. Supplemental Rules of Conduct)

For use by Herbalife Distributors who wish to produce and sell Business Methods to Herbalife Distributors or prospects. This Form is available upon request from Distributor Relations or downloadable from Documents Online in your Distributor Tool Kit on MyHerbalife.com

Registrant's Information

Name of Business Method (if business name is used)

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Registrant's Last Name

Name

Middle Initial

Herbalife Identification Number

Street Address (P.O. Box/Rural Route Number/Suite)

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City

State

Zip Code

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Area Code

Day Phone

Area Code

Evening Phone

Area Code

Cell

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Area Code

Fax

Email address (if applicable)

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Domain Name of Business Method (if one is used)

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Name of Person to Whom Questions or Claims Should Be Directed

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Contact Information

<input type="checkbox"/> The above Business Method is no longer being sold or promoted																																							
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Month, Date, Year:

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Agreement

Registration is only for the purpose of providing identification and contact information to Herbalife.

Registrant agrees:

- A. Registrant has had adequate opportunity to review Herbalife's Rules, including the U.S. Supplemental Rules of Conduct, and agrees to be bound thereby.
- B. Business Methods and anyone involved in producing, promoting, offering, selling or using them, may not state, suggest or give the impression that any Business Method was produced, approved, endorsed, guaranteed, or authorized by Herbalife, or that Herbalife assumes any obligation or shall have any with regard to their creation, sale or use.
- C. It is the sole responsibility of those creating, selling or using Business Methods to ensure that they comply with the law and with Herbalife's Rules. Prior to and as a condition of registration, there must be a full review and approval by legal counsel for the owner or for principal seller of the Business Method, and such counsel must have provided an opinion addressed to Herbalife. The legal counsel and letter shall be subject to Herbalife's approval. The legal review and letter submitted to Herbalife shall be reviewed annually and also before material changes are made. These matters are the subject of Rule 1-A-1, which is incorporated by this reference.
- D. To comply with Registrant's refund obligations as set forth in Herbalife's Rules.
- E. To provide promptly, any additional documentation or information requested by Herbalife.
- F. To file subsequent Registration Forms if the information above changes.

Registrant's Signature: _____

Date at: _____ on _____
City, State Month, Day Year

Introduction

Nutrition Clubs, conducted at residential or non-residential locations, are social gatherings, bringing together persons who become members 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 and Distributor Policies (including the U.S. 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 supercedes all previously released documents which contain Nutrition Club Rules or informal operational guidance. Violations of any Rule or Distributor Policy may result in disciplinary action, up to and including suspension or termination of Distributorships, and Distributors may lose their ability to operate Nutrition Clubs.

The Rules of Conduct and Distributor Policies (and the U.S. Supplemental Rules of Conduct) are included in the International Business Pack (IBP) and may also be obtained online, at MyHerbalife.com, or by calling Herbalife's Distributor Relations Department toll-free at 866-866-4744. Where available, Nutrition Club Manuals also contain the Nutrition Club Rules.

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1-A Compliance With Herbalife's Rules

Any Distributor operating a Nutrition Club must be familiar and comply with the most recent versions of Herbalife's Rules.

1-B Corporate Audits

Distributors 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 Distributorships.

1-C Training

Rule 11-C of Herbalife's "Rules of Conduct and Distributor Policies", provides as follows:

Rule 11-C Training

One of the Sponsor's roles is to stay informed of Herbalife's Policies so they can properly advise and train their downline Distributors 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 literature and sales aids. A Sponsor may seek assistance from their upline Supervisor or TAB Team member, but the primary responsibility for training is their own. No Sponsor may require payment from a personally sponsored Distributor for training or training facilities, unless they fully explain that the Distributor may choose whether or not they want to participate in such training and state in advance the cost for such training. If the Distributor declines to participate in such paid training, the Sponsor is obligated to provide 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 member.

1-D Independent Distributors as Club Operators

Nutrition Clubs may only be operated by Herbalife Independent Distributors.

1-E Employees

While Distributors 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 Distributors may not compare Nutrition Clubs to franchises when promoting them as a business tool. 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 Distributor business activities, Herbalife does not approve, endorse, authorize, guarantee or assume any obligation with regard to individual Nutrition Clubs.

1-H One Responsible Distributor

At least one Herbalife Independent Distributor must accept full responsibility for and oversee all operations of each Nutrition Club. This Distributor must post the Nutrition Club Advisory provided at the end of this document. The Nutrition Club Advisory will reflect the Distributor's name, and contact information at the Club at all times. This Distributor must be present during all Club sessions, except for short-term absences when attending Company-sponsored meetings, and if absent, must assign a Distributor who they personally trained, to oversee Club operations in-person.

If multiple Distributors share a common space to operate their Nutrition Clubs, the posted information of the responsible Distributors 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 members 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 member or another registered Club member. 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.

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 members requires that Nutrition Club operators always practice good hygiene and maintain clean and sanitary Club premises. You may refer to your Nutrition Club Manual for a full list of hygiene and sanitary best practices, but the following 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 members 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. Rule 1-N "Good Hygiene" itemizes practices that are required, and additional best practices are available for review in the Nutrition Club Manual. The following core principles of good hygiene and sanitation are always required:

- *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 your local Distributor Relations Department, or it can be downloaded from 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 membership 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.

Membership fees may not be represented as the price or cost of products offered to members or their guests for consumption as these are benefits of membership, 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).

Distributors who choose to provide **more than one** membership 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.

2-B Club Attendance Not Mandatory

Attending Club sessions is a personal decision for the member or guest (whether or not he or she is a Distributor); 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 members regular opportunities to socialize, as well as frequent educational and coaching sessions (group and one-on-one) on nutrition and weight management.

2-D Member Referral Incentives

Club operators may offer reasonable rewards, such as free products, for the referral of new members, 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.

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 membership 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 members 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 member, or another registered Club member. 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 members, but product pricing may not be posted. Club operators may not pressure their members or guests to buy the products, and may not state or imply that product purchases are required in order to enter, attend, become a member, or remain a member 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 membership 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 members 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.

4-A Testimonials/Product Claims

Club members 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 members or guests who are offering testimony. All information which is given to Club members 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 and Distributor Policies Section 22, "Claims and Representations." These Rules are also available, on 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 for U.S. Supervisors at Herbalife.com and MyHerbalife.com.

Refer to Herbalife's Rules of Conduct and Distributor Policies Section 22, "Claims and Representations." These Rules are also available on MyHerbalife.com or through Distributor Relations upon request.

4-C Offering Nutritional Advice to Members and Guests

Club operators may offer the general health, wellness and nutritional information which is a part of their daily activities as Herbalife Independent Distributors. 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 members 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 independent Distributor, a club member, 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 Distributor'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 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.

SUBSECTION 5 – NUTRITION CLUBS OPERATING
FROM NON-RESIDENTIAL LOCATIONS

5-A Notification Form

As an aid for Distributors to comply with Herbalife's Rules regarding notification of Nutrition Clubs (for Clubs operating from non-residential locations) the "Notification Form" is available (in its current form) at the end of this Document, on MyHerbalife.com, or from your local Distributor Relations Department. Distributors are required to complete and submit the "Nutrition Club Notification 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 passersby 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 passersby 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 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

"Angela's Wellness Center"
"Healthy Lifestyle's Club"
"The Feel Good Zone"

Don'ts

"Angela's Shake Café"
"Healthy Nutrition Bar"
"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, 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 Distributor 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 members.

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, members of their downline organizations. However, the fees derived may not exceed a 5% net profit to the offering Distributor, and the offering Distributor(s) may not solicit or promote these locations to Distributors 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 member. Nutrition Club operators may sign up a walk-in prospect as a member, but if the prospect cannot or will not sign up as a member, 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 members, 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 members as part of their daily, weekly or monthly membership fee. Free samples of prepared products may be provided to encourage walk-ins to return and become Club members. 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 members 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 shakes or COLD tea, may only be for the personal consumption of that Club member, or another registered Club member. 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. Rule 1-N "Good Hygiene" itemizes practices that are required, and additional best practices are available for review in the Nutrition Club Manual. The following core principles of good hygiene and sanitation are always required:

- 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.

U.S. Nutrition Club Notification Form

**CLUB NAME, SIGNAGE, WINDOW AND DOOR COVERING REQUIREMENTS**

Distributors operating Nutrition Clubs from non-residential locations are required to submit a Notification Form to Herbalife, at least 30 days prior to the official opening date of their Club.

WHY DO I NEED TO SUBMIT A NOTIFICATION FORM?

Submitting your *Notification Form* will help you stay connected with the latest news and updates on Nutrition Club trainings and promotions. This notification process will allow Herbalife to review your proposed Club name, signage, window and door covering ideas prior to your Club's opening date and avoid premature expenditures that may not be compliant with Herbalife's rules of conduct and Distributor policies **As stated in Herbalife's Nutrition Club Rules, Nutrition Clubs are not franchises. Therefore, their overall appearance must be unique to avoid the appearance of a franchise.**

DO I NEED TO SUBMIT ADDITIONAL INFORMATION WITH MY NOTIFICATION FORM?

Yes. Please, submit the following with your completed *Notification 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).
- 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 passersby.

PRIMARY NUTRITION CLUB OPERATOR

Only one Distributor is responsible for submitting a Nutrition Club *Notification Form*. This Distributor is considered the **Primary Nutrition Club Operator**. Additional Nutrition Club Operators may be listed on the *Notification Form*. A *Notification Form* is required for every non-residential Nutrition Club location.

WHERE DO I SUBMIT MY NOTIFICATION FORM AND ADDITIONAL INFORMATION?

For your convenience, there are three (3) simple ways to submit your Notification Form and the additional information required:

- 1) **Email to:** DECUSNutritionClubs@Herbalife.com.
- 2) **Mail to:** Herbalife International of America, Inc.
Atención: DEC
950 W. 190th St
Torrance, CA 90502
- 3) **Fax to:** (310) 216-5145. Please do not submit your photographs by fax, they need to be sent via email or mail.

Distributors operating Nutrition Clubs from residential locations are also encouraged to submit a *Notification Form*.

U.S. Nutrition Club Notification Form

**PRIMARY (MAIN) NUTRITION CLUB OPERATOR'S INFORMATION:**

Last Name: _____ First Name: _____

Distributor ID #: _____ Team Level: _____

**PLEASE CHECK ONE OF THE FOLLOWING:
PLANNED NUTRITION CLUBS:**☐ I am planning to open a Nutrition Club and I am submitting this form for the first time.

Anticipated opening date of Nutrition Club: _____

EXISTING NUTRITION CLUBS:☐ My Nutrition Club is open, but I am submitting this form for the first time. Opening date: _____☐ I previously submitted this form, but have an update/change to my Nutrition Club name, signage and/or window/door coverings.☐ I am closing or have closed my Nutrition Club. Date of Closure: _____☐ I wish to change the Primary OperatorProposed Primary Operator's Name: _____ ID# _____ in this case,
both Distributors must sign* this form.My Club is located in a (check appropriate box): ☐ Non-residential location ☐ Residential locationClub Name: _____ ☐ I do not have a Club name

Club Address: _____

City: _____ State: _____ Zip Code: _____

☐ Cell☐ Cell☐ Home☐ Home☐ Office☐ Office

Main Phone: _____ Alternate Phone: _____

Website URL: _____

Email Address: _____

Daily Club Operation Hours: _____ Weekend Club Operation Hours: _____ to _____

Morning: _____ to _____

Morning: _____ to _____

Afternoon: _____ to _____

Afternoon: _____ to _____

Evening: _____ to _____

Evening: _____ to _____

How did you learn the Nutrition Club Rules? _____

Primary language spoken at the Club? (check appropriate box): ☐ English ☐ Spanish ☐ Other

Please list the names of any additional (secondary) Distributors who will also be operating from your Club location (if there are additional Operators for your Club; submit them on a new page):

Last Name: _____ First Name: _____

Distributor ID #: _____ Team Level: _____

For marketing purposes only, select Business methods conducted at this Club.

☐ Weight Loss Challenge ☐ Total Plan ☐ Wellness Coach Method ☐ Other

Signature: _____ Date: _____

*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 Notification Form to Herbalife may result in sanctions to your Distributorship.

NOTES

NOTES

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SECTION 3 - WEIGHT LOSS CHALLENGE RULES AND AGREEMENT - USA

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 & Distributor Policies (including the U.S. Supplemental Rules of Conduct and Nutrition Club Rules). Violations of any Herbalife Rule or Distributor Policy can result in disciplinary action, up to and including suspension or termination of Distributorships. Violations of these Rules can result in Distributors 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 & Distributor Policies (the U.S. Supplemental Rules of Conduct and Nutrition Club Rules) are included in the International Business Pack ("IBP") and may also be obtained online at 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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RULES AND GUIDELINES

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 and Distributor Policies, the U.S. 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 an Independent Distributor be assigned as a personal coach to every 12 to 15 participants.

2. Permissible Fees

Participation Fee: Participation fees may not be used to generate a profit and, under no circumstance, may they exceed \$35.

Weight-Gain Fee: Distributors may charge a weight-gain fee of \$1 per pound for weight gained since a participant's last recorded weigh-in.

Absence Fee: Distributors 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; Distributors 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 support materials, and Herbalife's Weight Loss Challenge website for participants (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 Distributor(s)/coach(es), and formulation of a plan and/or goal for the coming week.

6. Recommending Herbalife Products

Distributors 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 Distributor(s).

8. Advertising

Herbalife creates a variety of finished ads for the Weight Loss Challenge. These tools can be found at MyHerbalife.com. Distributor-created ads must be compliant with all Herbalife Rules, including the Rules of Conduct and Distributor Policies, the U.S. Supplemental Rules and (where appropriate) the Herbalife Nutrition Club Rules.

When advertising a Weight Loss Challenge, Distributors 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, Distributors 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 Distributor(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.

PARTICIPATION AGREEMENT

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: _____

ENFORCEMENT PROCEDURES

Introduction

The Herbalife Rules of Conduct are in place to protect the business for all Distributors. Violations of these rules are considered extremely serious. Violations can have a significant negative impact on the business for all Distributors as well as negatively influence the opinion of regulators, the media or the public about Herbalife, its products and Distributors. Herbalife attempts to educate our Distributors as to appropriate ethical business practices. In the event of a violation, the Company attempts to correct the violation by counseling the Distributor. However, more severe measures may be required in more serious cases, including, but not limited to, the following:

- Suspension of buying privileges
- Suspension of earnings
- Temporary or permanent suspension from the TAB Team Production Bonus
- Suspension from speaking at an Herbalife function
- Financial penalties or sanctions
- Termination or deletion of the Distributorship

1. Complaint Procedure

- A. Upon learning of a violation of the Rules of Conduct or other rules and regulations, it is recommended that a Distributor attempt to contact the Distributor in violation, advise them of the appropriate guidelines of the Company referencing the section in the Rules and discuss the matter with them. It is recommended that the complainant then advise the Distributor in violation of the purpose of the rule and how the Distributor should correct their conduct.
- B. If the alleged violator shows by word or conduct that they are unwilling or refuse to cooperate, then Herbalife requests the Distributor report the violation to the Company in writing on an Official Complaint Form which can be obtained through Herbalife's Distributor Relations Department or by accessing Herbalife's official website MyHerbalife.com. 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. It is important that the complainant provide specific details to prove the violation. Herbalife is not able to investigate or take action on insinuations or speculative infringements. The Official Complaint Form must be signed and include the Complainant's Herbalife ID number. Anonymous complaints cannot be made the basis for disciplinary action.

2. Suspension of a Distributorship

- A. The Distributorship may be placed in suspension at any time by Herbalife while it is conducting an investigation. Suspension may include 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 Distributor has qualified for this event
 - Suspension of any qualifications that may be in progress
 - Suspension to hold one's self out as an Herbalife Distributor
- B. Herbalife reserves the right to publish the violating Distributor's name, violation and penalty at its sole and absolute discretion.

3. Termination or Deletion of a Distributorship

- A. Herbalife maintains the right to terminate or delete a Distributorship at any time, with or without giving prior notice, whenever it deems this is the necessary and appropriate action.
- B. Termination means the complete cancellation of a Distributorship and revocation of the Distributor's right to conduct the Herbalife business. This includes cancellation of their right to receive any further income from the Distributorship whether accruing before or after the termination date. The termination is effective on the date indicated in the written notification from Herbalife to the Distributor.
- C. In cases of Dual Distributorships and other similar infringements, the Distributor may be allowed to continue as an Herbalife Distributor, 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 Distributorship's organization will be moved to the rightful line of sponsorship, with the Distributor.
- D. Upon termination or deletion of a Distributorship for any cause pursuant to these rules, the Distributor will have no claim against Herbalife as a result of the termination or deletion.

ENFORCEMENT PROCEDURES

4. Procedures for Appeal

If a Distributor wishes to appeal a decision reached by Herbalife in cases concerning suspension, monetary sanctions, termination or deletion of a Distributorship, the Distributor has 15 days from the date of receiving written notification from Herbalife advising of the decision, to submit additional information or facts they believe should be considered. If the request for appeal is not received within the allotted period of time, the request will be denied.

The Distributors involved in the dispute may provide evidence and additional proof they believe may be relevant to the decision by Herbalife. However, Distributors must state why this information was not provided during the initial investigation.

Herbalife will advise the Distributors in writing of the results of their appeal. This decision does not create liability on the part of Herbalife to pay compensation to the Distributor 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 Distributor 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 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 Marketing Plan, and (5) compliance.

In order to fulfill its obligations under the Distributor 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, or at Herbalife.com), with Herbalife's corporate headquarters in the United States, and with Distributors in 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 Distributors in 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 Services in your country or check your account information online at 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 Distributor 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 Distributor. Moreover, when you terminate your Distributor relationship, Herbalife must keep some of your information for accounting purposes and for the calculation of earnings under the Herbalife Marketing Plan.

NOTES

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HERBALIFE

FUN - SIMPLE - MAGICAL

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EXHIBIT D

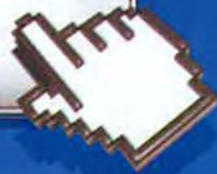
EXHIBIT D

We're in the Business of Changing Lives!



internet Business

Starter Pack



Now Is The Time to Turn Your Dreams Into Reality!

Masters and Slaves

In the United States of America lies a large, industrial city. A site of one of the world's largest slave labor camps. Near the center are community settlements where slaves live. Each morning, people move "herd-like" from these quarters into the industrial camp. Each one is in his or her station by 7:30 a.m. Here, they report to their masters for their day's duties. Then they remain chained until 5:00 p.m. when they are released. They have no choice on how many hours they must labor – sometimes they are required to work overtime until their master tells them when they may leave.

Each year, they are told when to take their vacation, for how long, and when they must return. They have little choice as to how much money they earn. They are allowed very little time for lunch and coffee breaks during these labor hours. They remain in their chains with great fear because the masters can punish them with the "lay-off" whip. It is said that even some slaves that are good and faithful, have felt the sting of the whip. Day by day, year-by-year they toil until the master decides that it is time for them to stop working.

He then releases them to the retirement camps, where they are forced to sit idle and wait for death. It's a well-known fact that the old slaves that try to work are sometimes whipped with the "stop-your-pension" whip.

I know these slave camps really exist, for I am a free man who lives among the slaves. I am in business for myself. I am truly free. I rise in the morning called for by my schedule. I decide my own hours; I can even sleep-in late while the slaves are at work. I can vacation when, where and for how long I please. I am free to take my coffee and lunch break when I decide, and of course I decide my own paycheck, because I am not a slave. I can choose to work when and where I please and with whom I please. I am free to stay in the city for as long as I want or to move on to greener pastures if I decide to.

I have seen many slaves sadly pack their belongings, to leave the city in search of a new master. There is a ray of hope for the slave, though. He or she can buy his or her own freedom. The cost is not high, yet it seems high to those who don't have the courage to pay the price. What is the price? One must be willing to be one's own master!

Author Unknown



I Wanted to Spend Time With My Family


I saw an advertisement and got started with the business because I was looking to have the freedom to raise my family without being stuck at a job all the time.

My children are involved in many activities and it is very important for me, as their mom, to be able to attend every event. My son participates in competitive motocross which frequently requires us to travel. Because of this business I have the freedom to be able to do that. I use my laptop and cell phone and continue to run my business no matter where we are.

Working part time I was able to earn over \$1600* my first month! After 18 months I began earning a six figure income and can give my family the time and life they deserve.

*Denise - Ohio**

*Results Not Typical. No Guarantees.



Earn what you're worth.

Start living the life that most people only dream about!

***U.S. & Canadian Residents Income Disclaimer**

The testimonials or incomes presented are applicable only to the particular individuals depicted and are not representative of everyone's income and are not a guarantee of your income, nor are they typical. Each individual's success will be determined by his or her desire, dedication, effort, ability to follow directions and personal talent, as well as, the amount of time dedicated to his or her business. The Online Business Team (OBT) has contributed to successful business development for some distributors; however, OBT cannot guarantee that by using OBT's training and marketing system you will achieve success. Your success will depend on many factors such as: how you follow the OBT, methods and procedures which you use, your management skill and experience, your business judgment, economic conditions, the market, and competition in the area in which you have chosen to do business. Actual business earnings will vary, and all individuals considering the business model should carefully consider the business model in its entirety including the cost of engaging in this business. You do not need to use OBT's tools in order to be successful in our company. 2010 Online Business Team.



Corporate Dad Fires Boss

Working two jobs and living in a small two bedroom apartment – my full time job was in Corporate America and at night I was refinishing furniture. My son and daughter had to share a bedroom together, my car cost more to keep on the road than it was worth, and I was never home to see my kids grow up.

Because my children and I deserved more, I realized the only way out of this cycle was to become a business owner. After getting started, I was able to put money in my pocket right away and my first month made \$1200*. Then the income went to \$3000*, then \$4000* a month and in less than a year was over \$8500* a month. It allowed me to quit both my jobs. The best part is the very next year my income grew to over \$15,000 a month. This opportunity has allowed me to send my children to better schools, I'm home every day with them, I fulfilled a promise to take them to Disney World and the best part is not having the stress of worrying about money.

Bob – Ohio*

Are You A Slave?

So what do you think of that story? Does the unknown author of this little tale seem to go to extremes to get a point across, or can you relate? Do you sometimes feel like a slave? I know I can relate, and for most of my life I felt like a slave. In fact, you could fit a healthy portion of my life right into the lines of that story! But my life has jumped right out of that page! I am free from the slavery of settling for a limited lifestyle! And I'm here to tell you that you can set yourself free also – in fact, we'll show you how and help you!

Now maybe you're thinking that we're extraordinary or lucky or an exception to the rule. Let me assure you that we are about as ordinary as people come. We have no special background in business start-ups. But our success was not accidental. And you will soon understand how you will be able to employ the same actions to attain income levels of 5,000 – 10,000 dollars per month or more, in just months, not years!

Much like the story that you have just read, I had spent most of my life working for someone else. As far back as I can remember I believed that I had no other choice but to exchange my time and my efforts for a wage that seemed to never be enough to get my family and I ahead. My father taught us that if a man pays for eight hours, you give him ten hours of work. The problem was that after giving my time for so many years, I found myself barely making ends meet and what's worse; there was no end in sight. We spent years in that industrial city called the corporate workforce, and the experience was really very much like what you just read. I was "chained" to my employment. I was always told what to do and when, even if it didn't seem right. My pay was directly proportionate to the time I put in, and if my family needed me for an extended period, I needed permission, and if I got the permission, I was under the stress of knowing that I could not afford the time off. Although we were both working very hard, our income never quite caught up to the financial needs of living a decent lifestyle, and we couldn't even dream of getting ahead!

We never saved anything, continued to go deeper in debt, while our annual corporate wage increases failed to keep up with the cost of living!

Sound familiar? Of course it does. You were born in that same industrial city. Maybe you've been in it longer than we were, or maybe you're just starting your way through it. Maybe you have fallen victim to the master corporate cutbacks and downsizing, or maybe you've tried to get out of the trap and have failed! Well you're not alone! Government reports indicate that more than 3.5 million jobs were eliminated in the past 10 years and more than a million households will file for bankruptcy this year! 90% of Americans earn less than \$40,000 dollars a year, and more than half of all the jobs that will be created in the next 10 years will be near minimum wage in stores, restaurants, and bars! What kind of future would that create for our kids?

Now don't want to call a Real Estate picture, but over all 85% of all Americans retire in poverty, and we were headed right down that same road – and odds are that you are too! You don't need to be a rocket scientist to figure that out – the odds are in favor of that dismal outcome.

Okay, so we've all been watching the news, and I'm sure you can relate to much of what I've said, otherwise you never would have ordered these materials. I'm not telling you anything you don't already know – yet! But read on!

Now what really got to me during my years in the “camp” was that the man I worked for, and with, had a completely different future. He was the owner of the company and he was making and saving a lot of money, while I got scraps. He and his family had a bright future, whether he came to work or not! My fellow employees and I were making him rich. He was part of the 2% of Americans who retire with a lot of money, and left no room in that company for anyone else, including me, to share in his wealth! The point is – you will never get rich working for someone else. To be financially independent you must be your own boss. That's one problem with the corporate job structure – the low paid people work to make the wealthy individuals wealthier! Whereas, in our Home Based Business System, the more people we help to become wealthy, the wealthier we become! What a difference! The corporate world says, “The more people you step on and take advantage of, the more successful you'll be!”

Conversely, our system says, “The more people you help to succeed, the wealthier and more successful you'll become!” This is truly a life-changing, people helping people business, where we teach the slave to escape the master.

Are You Willing To Become Your Own Master?__

So are you ready for a change? Of course you are. That's why you're reading this. I wanted out of my trap for years! I attempted and failed several times before I did get out. I tried to get a “better job”. I tried to start businesses in manufacturing, service, and even working from home! These attempts were part of the reason I ended up tens of thousands of dollars in debt! But I wanted out! And you want out! The author of the allegory at the front of this book ended by saying that there is a ray of hope for those of us who want to escape the slavery, and that “one must be willing to be one's own master!” And that's true, but is that all it takes?

Are desire, motivation, and determination enough to set the slave free? If so, how do you know how to best focus these energies? What are the options available to you? Start a restaurant? Open a McDonald's franchise for the modest fee of over two million dollars? Spend \$200,000 dollars and 11 years



No More Traveling Away From My Family

Working 60-70 hours a week in Corporate America for 12 years, traveling all over the US – I was never home and missed spending time with my husband and 4 kids. By stepping way outside of what I thought was my comfort zone, I kept an open mind looking for an internet business that could give me my flexibility and freedom.

By taking a leap of faith, I started part-time around my full-time job because I never wanted to pay the price of regret wondering if this was going to work for me. I ended up putting \$1500* in my pocket my first month, and walking away from my job four months later. I've been full time for over 3 years now, earning a residual six figure income.

Anita – Texas*

*Results Not Typical. No Guarantees.



Not Worried About Retirement Anymore!

I was almost 60 years old and my husband is 15 years older. We had saved our entire lives so that we would have no worries for our retirement. We had always lived very nicely with a 6 figure income but suddenly we were in the position of not having enough in our retirement fund to maintain our lifestyle. I definitely did not want to give up our lifestyle so in panic mode I found this business. I immediately plugged into our system, followed my mentors unconditionally and ended up making \$1200* my first month working part time.

Now my income has replaced my husband's 6 figure income and I no longer have to worry about our lifestyle in retirement.

I am very grateful that I was fortunate enough to find this business!

*Ricki - California**

of your life training to become a doctor, and then another \$200,000 dollars opening your office? How about Amway, or working two jobs? Typical risks and problems with starting your own business are numerous! Lack of experience, training, expertise, start-up capital, risk of loss, lack or absence of support, employee costs and related issues, government red tape, and on the list goes. How do you know what route to choose? Perhaps should you just forget it and mindlessly continue on your current path, eventually ending up with the other 97% of the population? The fact is, you should very carefully and intelligently study your options and research, not only the opportunities that come your way, but also the ones that are supporting successful people. You see, **success is not an accident!**

People sometimes wonder how successful people seem to accomplish so much during their lives. People who achieve significant success are often regarded as different, geniuses, lucky, or they are thought of as having some magic formula. The fact is that one thing typifies the successful person: **persistence – backed by a plan based on proven principles.**

All the motivation, desire, drive and determination in the world will not help you become successful if you do not have the knowledge, techniques and a proven plan to follow. We know, because we have read every self-help book we could get our hands on, attended as many seminars as we could, listened to dozens of motivation CD's and many, many inspiring videos. They helped us tremendously. We still use them, but what we really needed was a vehicle, a business plan to follow so we could apply all those wonderful, newly found strengths. We also failed miserably at several other business attempts before this one came along. We lost a lot of money looking for a way to make extra income and become independent by listening to and following people without seeing their physical success records.

Again – **“Success is not an accident.”** Our problem in our other attempts was that we were blazing our own trail to success, not really knowing what successful people were doing – not really knowing what it was that made them successful, and were not following a tested and proven plan. And each one of our pursuits came to a painful dead end. And maybe yours have too. Maybe you've tried and failed, and maybe you're afraid to ever try again. Well if you don't try again, you'll never succeed. Failure grooms you for success provided that you are willing to learn from it, and try again with a determination to work smarter, not just harder.

Look at anyone who has been successful, and you'll find that they've also failed, probably several times before their success. Everyone has experienced failure. If you can show me someone who hasn't, I'll show you someone who has never accomplished anything worthwhile. Only those who never try, never fail. It is always better to fail while trying to achieve something than excel at doing nothing. Learn the lesson and forget the details! Remember, people who have no failures also have few, if any, successes. So if you've experienced failure – good, learn from it and use it for success. Now read on and learn to work smarter, not just harder.

*Results Not Typical. No Guarantees.

What are your goals?

You may have heard the quip... "Aim for nothing and you'll surely hit it!" If you want to have any chance to see your dreams realized, you'll need to formulate some realistic goals. As you view the Training Package, write down your goals and see if this material helps move you closer to where you want to be.

Maybe you want to spend more time with your family and friends, or have more time to yourself. Perhaps you just want extra money to do the things you've always wanted to do. Money in the bank can take the worry out of monthly bills, college tuition for your children and future health care costs. An extra \$500-\$800 a month also could mean a payment for a new car. A good strategy and a system to follow can help you achieve financial freedom. Now's the time to focus on what you really want out of life, make a change and put your plans into action.

Write out your goals!

There is something magical about writing out your goals. If there is something important that you want, it should be in writing. Take a few minutes and write down 6 things you would do with extra money, or what you would do if money were no object. As you write out your goals let yourself get excited and think about what your life would be like once you've achieved them. Your excitement will give you the drive to do what it takes to go out and get these things!

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____



Construction Worker Becomes Six Figure Earner

Coming from a family in construction - I worked in it for more than 15 years, was driving an old truck and going around town looking for small contracts that I could do. I was working very hard for little money. We were not able to pay our bills; we were on the verge of losing our home. I told myself - there has to be a better way for us to live and earn money. We started looking and just a few days later we found this opportunity. We got the training package and we immediately got started.

My wife and I were scared and did not know if we could do this business. However, our desire to make a change was so strong that we did not let those feelings stop us from going forward. We told ourselves, if there is somebody to teach us what to do, then we are willing to learn.

We got started right away and in our first month in business we made \$1500*! We were very excited. We stayed teachable and plugged into the training, and within two years we reached a six figure income. Our lives have totally changed. We don't have to worry about money anymore - what a great feeling to finally have freedom!

Dan and Cathy - Minnesota*

*Results Not Typical. No Guarantees.

5



I Did It, You Can Too

Before starting this business, I was a horse trainer for about 20 years. I loved my job, but every month I could just barely pay my bills and could never pay my debts or save for retirement. When I looked at my retirement, I absolutely panicked! How was I ever going to make enough money to ever stop working? Or worse yet, what if I had to stop working for some reason? If that happened, how would I ever make any money?

I responded to an advertisement about working from home, ordered a training package. I got started immediately because what I saw was that all I would have to do is follow directions and work hard! My goal was to make enough income to get out of my job and go full time. I simply followed the system, the coaching and the mentoring...and in just 6 weeks made a profit of \$1,600*!!! That fast success gave me a bigger vision with the business, and in less than 2 years I established a solid 6 figure income!

This business has given me a freedom that before I had only dreamed about. Freedom of my time to spend it as I want and freedom to make the choices that before were limited by how much money I could make! It is truly life changing! My life is better now than I even imagined! I can now work when I want, where I want and make as much money as I want so that I can have the retirement I always dreamed of!

Heidi - Colorado*

*Results Not Typical. No Guarantees.

Business trends that can make you wealthy_____

The general direction in which something tends to move is called a 'trend,' unlike a 'fad,' which is short-lived. Trends stay around for a while and are worth capitalizing on. While some segments of the marketplace are in decline, others are poised for explosive growth in the next decade.

Home-Based Business, Health and Wellness, and the **Internet** are the top three growth industries today. Imagine the unlimited potential for building if you had a proven system that could effectively combine all three areas. **Small Businesses** and **Home-Based Businesses** will continue to be the biggest areas of growth in the business sector, employing an expected 90% of the work force in the near future.

The Online Business Team effectively has combined all three top growth industries to create an explosive business model that can generate profits for years to come.

Serving the 'Baby-Boomers'_____

The **Wellness** industry currently tops \$200 billion in annual sales and is anticipated to reach \$1 trillion a year within 5 years (Paul Zane Pilzer – "The Next Trillion"), and shows no signs of letting up.

The **Internet** shows no signs of slowing down either. Every single day, more than 180,000 people are logging on to the Net for the first time, and online purchases are increasing fivefold each year.

Home-Based Business – 'Small Business' is not small business anymore! The opportunity to have your own successful home-based business is more attainable now than ever before. And with the tide quickly changing from big corporations to small enterprise, this is a strategic time to make the move. Research predicts that soon, 95% of all workers will be working in companies comprised of between one to 49 employees. Don't become a victim of 'downsizing' – 'downsize' yourself with a carefully laid out plan and a proven system.

The Work from Home industry currently generates more than \$400 billion a year in revenue from people wanting and starting their own home-based businesses.

Serving the 'Boomers'... and beyond! Sociological factors affect business. Between 1946 and 1964, the U.S. population mushroomed like never before. During that period, approximately 70 million babies were born hence the familiar term – 'Baby Boom.' Those 'infants' now are in their 40s, 50s, and 60s – the biggest consumer group on the continent. As the 'baby-

Exhibit D, p. 8 of 18

boomers' get older, their needs have changed...from diapers, to bicycles, to vehicles, to homes, to motor homes, and the list goes on. Fortunes have been made servicing this demographic. Look what happened to Gerber baby food in the 50s and 60s, Mattel toys in the 70s, real estate in the 80s, the stock market in the 90s, and now the health and wellness industry – it has captured the attention of the baby boomers as they're seeking to look younger, feel better and live longer. This will not be a short-lived trend. Due to the sheer size of the baby boom population, on average one baby boomer turns age 65 every 9 seconds, and this trend will continue for the next 20 years. Supplying the wellness trend to baby boomers is a path to wealth – if you have the right system and products.

- Ⓜ We presently are in the worst labor-market slump since World War II. In the past 10 years, more than 3.5 million jobs have been eliminated. That's an average of over more than **5400 jobs lost EVERYDAY** of the year.
- Ⓜ An estimated **55% of all jobs** created in the next 10 years will be at or near minimum wage in stores, restaurants and bars.
- Ⓜ Some 90% of all North Americans earn **less than \$40,000 a year**.
- Ⓜ Today's two-income families have a lower standard of living than their parents did on one income.
- Ⓜ It's estimated that more than 8 million Americans work two or more jobs.
- Ⓜ Only 5% of all Americans who reach the age of 65 will be able to depend on their own resources to maintain their current lifestyles.
- Ⓜ The number of Americans that filed for bankruptcy has **TRIPLED over the past 5 years**.

The Wellness Revolution _____

This aging population is beginning to place an incredible burden on medical and health care systems. People are seeking to maintain or better their quality of life. In fact, 70% of 'Boomers' say they need to lose 10-50 pounds or more. They want to feel better, look better and lose weight.

And what about the generations that are coming up? One in four children are considered obese. Heart disease and stress-related illness are at an all-time high. Wellness practitioners, preventative medicine, and good nutrition practices are needed now more than ever before. Paul Zane Pilzer, in his best-selling book, "The Wellness Revolution" contends, "Already a \$200 billion business... the wellness industry is now just taking off. In just 10 years, an additional \$1 trillion of the U.S. economy will be devoted to providing healthy people with products and services to maintain their health."

The Online Business Team is an independent marketing system that is affiliated with one of the largest wellness companies in the world. With annual sales of \$4 billion in 76 countries worldwide, this nearly 30 year industry leader has developed innovative products with mass appeal that are affordable, consumable and 100% guaranteed.



You Can Get Out of the "Rat Race"

My husband, Rickey, was working 60-70 hours a week in a factory, yet we were just getting further and further into debt. We had two daughters in college and there seemed to be no way out of the rat race.

I already had a full-time job, but found myself looking into working at a department store on evenings and weekends just to try to pay the ever-increasing pile of bills. I responded to an advertisement about working from home. My husband was skeptical, but after he saw the support system he knew that this was something that we could absolutely do. Our very first month we made \$1500* working part-time, not really knowing what we were doing!

Eleven short months later we were making over \$5000* a month and my husband quit that factory job. Now I've quit my job as well, we're making an incredible six figure income and we're both enjoying building our business right from our own home. The company has sent us on incredible vacations to Hawaii and the Caribbean. It's unbelievable the way our lives have changed – and we're so excited that we're now able to dream again!

Nancy & Rickey – Texas*

*Results Not Typical. No Guarantees.

#2410



Our Lives are Changed Forever

I was a bookkeeper for 30 years in corporate America. My husband and I were close to 60 years old and saved our entire lives for our upcoming retirement. Our kids were grown, and now we even had grandchildren. Everything was in place until we had a serious family crisis happen and it took our entire financial portfolio from us. We needed to find something that would help build our retirement and savings portfolio back up. We didn't want to have to work for another 30 years just to make ends meet. We found this opportunity and even though we were scared to death, we jumped right in. We started in the business part time.

Now, after 2 years, our income has gone from approximately \$500* a month to almost \$24,000* a month. We can now see our dreams turn into a reality. We will be able to retire very comfortably and share our goals and dreams with our children and grandchildren.

Kathy - Illinois*

I didn't consider myself an expert on the computer or Internet, but I followed this step-by-step system. I was mentored all along the way by my personal mentor and was able to make \$550 in my very first week.

Cashing in on the Internet

Did you ever imagine that the Internet would 'explode' the way it has over the past several years? It's hard to conceive life without being online. In 1993, 10% of U.S. households were using the Internet or an 'online service.' By 2000, 358 million people worldwide were using the Net...and today, the online population is a staggering 1.3 billion worldwide. Now that's what we'd call a growing market! Some \$1.2 trillion a year is done in e-commerce.

The average start-up cost for a franchise business is \$87,500, while the average start-up cost for a home-based business or 'micro-franchise' is less than \$500.

The exponential growth of the Internet, even after the 'Dot-com bomb,' simply is mind numbing. It has created unprecedented financial opportunities for average people. There literally are billions to be made with the world's traffic walking right past our 'front doors.' Will you take advantage of this unique opportunity by putting a proven system to work for you and your family? There's a HUGE market that you can reach if you have the right tools and training.

The Benefits of Working from Home

- **The average American employee spends 12-14 hours a day away from home.** You could spend those extra hours with your family.
- **Only 12% of employed people set their own hours.** You could work at home and set your own hours.
- **The average commuter spends 46 minutes each day in traffic.** You could work from home and walk to work.
- **Some 57% of people are behind on retirement savings.** A home-based business can help you earn extra income for retirement.
- **67% of people don't get enough sleep.** Home-based business owners can wake up when they choose, not to a blaring alarm clock!
- **The average annual North American household income is \$49,000,** while the average North American income with a home-based business is close to \$70,000.

Seizing The Opportunity

When you add it all up, the combined revenue in these industries comes to more than \$2 trillion a year. If you want to make money...if you want to achieve long-term wealth, long-term success, and stability...you need to get in on the industries that are HOT. You need to have foresight and a little vision into the future. You need to get in on an industry that's growing...

With The Online Business Team, there is an unprecedented opportunity to connect all three trends. Will you be in a position to profit from this wealth explosion? You can be sure that you will watch others profit from it, even if you do nothing about it.

There are many avenues to pursue when owning your own business. But not all will deliver the same results.

Timing – The right industry; The right opportunity; The right time to get involved



The numbers speak for themselves

- The Work from Home industry currently generates more than \$400 billion a year in revenue.
- Some \$1 trillion of the U.S. economy will be devoted to providing people with products and services to maintain their health.
- About \$1.2 trillion a year is done in e-commerce.



Your Family Deserves Better

I am an airline pilot and was making a very comfortable living until I got injured on the job and was unable to continue my flying career. In addition to losing a very nice paycheck I had also lost all my retirement and being near retirement age I was really worried about how I was going to pay the bills and take care of my family. I had no other skills or job experience and even though my wife Marcie was working full time as a nurse, her income was not enough to even keep our home.

I found this home based business from an advertisement. After receiving my training package and learning that there was a system in place that I could just plug into, right from my home, I immediately got started in the business. I've been told that people fail, not systems. And I knew that with a successful system in place, which has been proven to work and a strong mentorship program, there was no way I could fail.

I learned the system, did the work, and now I am running a million dollar business from my ranch here in Idaho around my family, achieving our dreams and goals.

*Reid - Idaho**

*Results Not Typical. No Guarantees.



Our Dreams Turned Into Reality

We found ourselves highly educated with business degrees and either low paying jobs, layoffs or job hopping. We simply took our strong work ethic and desire and put it to work for ourselves instead of building someone else's future.

Our first 6 weeks we profited \$1700* just part time!! Within 3 months I replaced my income and quit my job. I've now been able to work from home full time around having both our kids. We're now into 5 figures per month and have the time and freedom to spend with each other and our 2 children.

It's exciting to now pass our experience and tools onto helping others create the same freedom and income levels to achieve their goals as well using the power of residual income.

Mark & Lissa - Montana*

Which option is best for your future?_____

- ⓪ **Not working** – Not many people can afford to stop working and have their money work for them. Unemployment simply is not an option. And for those people who work for someone else, half of them do not even have a retirement pension. Plus, they're probably giving the government about 50% of all they 'earn' in some form of tax or another. Less than 2% of the North American population generates true wealth. How can you become one of them?
- ⓪ **Working for others** – How much do you value your time and skill? Will you continue to trade dollars for hours and make somebody else rich? Will you be subject to downsizing, mergers and layoffs? Maybe it's time for you to start working for yourself. At the very least, you can start taking advantage of the tax breaks for business owners and offset the taxes you pay by working for someone else.
- ⓪ **Working for yourself**
 - Starting from scratch always is an option. But keep in mind that only 15-20% of new business startups are still alive after five years. And many of those 'survivors' are not profitable. With additional headaches, expenses and long hours, many small business owners only have managed to create another 'job' – that doesn't get them any further ahead than they were beforehand!
 - Franchises can be very successful. But the high start-up costs (\$87,500 and up on average – which doesn't include the real estate, construction of a facility, etc.), are prohibitive for most people.
 - A 'personal franchise' or 'micro-franchise' is the model for the future. It is simply you, the individual, as a contractor using an already established working system of marketing and distribution – without the inherent risks of a traditional business. With a very low start-up cost, you can be 'in business' and making money within days or weeks. You can earn what you're worth by following a proven method that can help you start realizing your financial dreams.



What's driving you? #2413

You may not be 100% sure of what you're looking for quite yet, but chances are you're probably dissatisfied with where you are today. Like most people, you probably want more control over your future and more time with your family. It's a well-known fact that the richest people in the world look for and build businesses. Everyone else looks for work. Where do you see yourself over the next 5, 10, maybe 20 years – looking for work or leading a successful business?

Whether you're looking to supplement your income or replace it with financial independence, our business model can help you achieve your goals.

Most people who start with The Online Business Team actually know very little about business, advertising or the Internet. And that's OK. We will help you build your business from the ground up – that's our commitment to you. Our business model combines proven, tested and systematized marketing methods with technologically advanced e-commerce systems that you can easily operate from the comfort of your own home. You can become overwhelmingly successful without ever talking to anyone you personally know.

In order to be successful in our business you do need to be **serious**, **teachable** and **willing to work**. In business there are no guarantees other than what you guarantee from your work habits, your willingness to follow directions and to be teachable. So, when in business for yourself the guarantee is you!

How do I choose a business?

Here's a simple 'what to look for' approach.

- The right company
- The right marketing system
- The right leadership team

An all-time best selling business author recently stated that there are three essential things to look for when you get involved with a home-based business. First, you must select the right company that offers consumable products, has a consistent track record and offers a simple compensation plan that rewards effort. Secondly, you need to tap into the right marketing. How do I choose a business?

The Online Business Team offers all three essential elements – the right company, marketing system and leadership team.



Long Days & Long Commute... A Thing of the Past!

Worked for a big company in the health care industry for 10 years prior to finding this opportunity. I was working 12-14 hour days, 6 days per week, doing a 4 hour commute to and from New York City every day. Some nights sleeping in my office! I did all of this just to pay the bills and have no retirement to depend on. I needed to find a way out of the corporate rat race. I immediately saw the value of the business. I started the business to build a better quality of life and not have to depend on an employer ever again for my financial security. Started very part-time but after following my mentors and doing massive and consistent action was able to fire my boss after 7 months and have since gone on to make a six figure income!!

*Dave - Arizona**



Pay Your Bills... Easily!

I had worked 20 years at a grocery store .. started as a box girl and worked my way up to management. I found myself still working the late shift and unpredictable schedules. I wanted to be a "stay-at-home Mom". I tried everything!

I saw this and it was just different than anything else I had looked at or tried. I got started part time and did over \$3700* in business my 1st month. By my third month in business I replaced my income from my grocery job of 20 years and fired my boss!! By my 14th month my income hit \$11,000* a month, which is absolutely life changing! I have never had to work for anybody since!

Yavone - California*

How you earn income

We will teach you how to access high powered advertising through the Internet and traditional methods so that interested, pre-screened people come to you. You'll develop retail customers and business leaders who are interested in building a lifetime of residual income.

You can receive daily cash flow from online retail sales, royalty pay and monthly cash bonuses. You can also qualify for company paid vacations.

Each income story that you've read or heard about so far represents people from all walks of life. People who come from average backgrounds that possessed one thing in common – they never stopped dreaming and never stopped striving for more.

How much can I earn?

- U **Supplemental Income** – for those people who want \$500-\$1,000* extra per month to supplement their income. This is very achievable working part-time (5-10 hours a week).
- U **Career Income** – Greater effort can equal greater reward. In fact, the compensation plan is designed that way. If you want to earn \$3,000-\$6,000* or more per month and work the business full-time, you can.
- U **Financial Independence** – The sky is the limit! For motivated individuals, the promise of residual money coming in – day-in and day-out – is a real draw. It's not unheard of for people to make \$8,000-\$15,000* or more each month.

At the end of the day, you'll get out of your business what you put into it. Think seriously about your goals... your dreams... your future. Then decide what's best for you.

J. Paul Getty once said...

You must be in business for yourself. You'll never get rich working for someone else.





Creating an income stream that keeps coming!—

Passive or residual income is money that is generated on an ongoing basis, whether you're working or not. Through our proven online marketing system, you will have a diverse and committed team helping you to build your business. In essence... you are in business for yourself, but not by yourself.

As you build your business over time, you are creating a customer base that will continue to purchase quality consumable products over the long haul. You sell these products over and over again. When you hit 'critical mass,' your money will be working for you. You no longer will trade your previous hours for dollars. Now that's a great feeling!

So the question you have to ask yourself is... "How much am I worth... 20, 50, 100 dollars per hour?" The beauty of this plan is that after talking with your personal mentor, you can be up and running immediately. This system has a proven formula that has created more time, more wealth and increased health for thousands of people just like you.

What will I be doing?—

Working hard and smart. The possibilities to do exceptionally well are very attainable. With the Online Business Team, common people can earn 'uncommon' income if they use the system and work with the team.

Within a few days of getting started, your personal mentor will help you set up your own Web site so you are ready to advertise and generate cash flow. Your personal mentor then will help you create a personalized 90-Day Plan. Together, you will map out a plan that is most suitable for you, keeping in line with what you want for your business and your family. Once you've determined how much time you have and how much income you need, then your personal mentor will know how to help you. The support of your personal business mentor and our personal mentoring team always will be around for you. This unique support is what makes The Online Business Team so great... and unlike anything else out there.



Your Shot at Lasting Wealth

I was leasing apartments for a living, working long hours and living pay check to pay check. It seemed like no matter how much I worked, there was always too much month left at the end of the money. I was so tired of struggling and feeling stressed about money; working myself to death for a paycheck every month. I knew I had to change things, otherwise I would continue to dig myself into a deeper financial hole month after month and year after year.

I found this business and started part time around my job. I followed my mentor and used the training in place. My first month I made over \$2,700*! By the end of my first year I had not only fired my boss, but I was earning a six figure income!

Life has completely changed for me because of this business. When you don't struggle to pay the bills or have the stress of money constantly looming over you, life becomes very different. I've been able to pay off all of my debts, travel, help my family, buy a new home, and buy the car of my dreams. Now, I make choices based upon whether I want something- rather than whether I can afford it.

I'm so thankful for this business and to have the tools and mentoring that have taught me how to build a successful business and live the life I have always dreamed of.

Kairrie - Arizona*

*Results Not Typical. No Guarantees.

Let's review. Why is our system unique?

- Online marketing and lead generation options
- Internet – pre-screening system
- Solid company and innovative products
- Incomparable support system
- Personal mentor
- Ongoing, personalized training
- Dedicated business leadership team
- Automated systems and e-commerce technology
- An industry-best compensation plan

What's my next step here?__

What will be required of ME?

- A **Positive Mental Attitude** to succeed in life and in business.
- A **Strong Desire** to change your current situation.
- A **Willingness** to listen to your personal mentor and follow your plan.
- You must be **serious, teachable** and **willing to work**.



Regardless of your background, you can make money from home using our simple and powerful marketing system. And remember – we are not a company based on friends and family, door-to-door sales or telemarketing. In our system, people come to you!

So maybe this is the time for you to make a change. When would NOW be the time to make a change toward achieving your own personal freedom!

Call Your Personal Mentor Now!

Your next step is to

- 1** Call your personal mentor immediately to confirm your appointment.
- 2** Reply to your appointment confirmation email to let your mentor know you're ready for your next call.
- 3** Make sure you have read the cover letter, completed the workbook (*including the exercise on page 5*), and watched the entire DVD prior to your appointment.

Success is not an accident – it's purposeful, planned and deliverable. Now it's up to you – you take it from here.

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#21

The enclosed DVD in combination with this booklet, provide a good overview about the Internet Business Team business model.

The DVD presents the basic strategy and logistics of the business through regular everyday people who are using the system effectively. It can be played in any standard DVD player and computers equipped with DVD software

Your Video Presentation



***U.S. & Canadian Residents Income Disclaimer**

The testimonials or incomes presented are applicable only to the particular individuals depicted and are not representative of everyone's income and are not a guarantee of your income, nor are they typical. Each individual's success will be determined by his or her desire, dedication, effort, ability to follow directions and personal talent, as well as, the amount of time dedicated to his or her business. The Online Business Team (OBT) has contributed to successful business development for some distributors; however, OBT cannot guarantee that by using OBT's training and marketing system you will achieve success. Your success will depend on many factors such as: how you follow the OBT, methods and procedures which you use, your management skill and experience, your business judgment, economic conditions, the market, and competition in the area in which you have chosen to do business. Actual business earnings will vary, and all individuals considering the business model should carefully consider the business model in its entirety including the cost of engaging in this business. You do not need to use OBT's tools in order to be successful in our company. 2010 Online Business Team.

Earn what you're worth. Start living the life that most people only dream about!



iOffice Online Business Solutions (IOBS) is a proven, step-by-step program that gives you all the tools you need to help build your business online.

- Turnkey contact manager
- 30 year old company with a proven product line
- Step-by-step training & personal coaching
- Highly qualified prospects for business growth
- The support you need, when you need it.



"IOBS gave me all the training I needed to make my dreams come true."

- Heidi, CO

"The IOBS system allowed me to fire my boss."

- Dave, AZ



EXHIBIT E

EXHIBIT E

Position Determines Your Pay

Success Builder - 42% Profit

Same work as Distributor or Senior Consultant

2 Levels of Income

Retail Profit to you 42%, which is \$42 of every \$100 order

Wholesale Profit up to 17%, which is \$17 of every \$100 order

Position Determines Your Pay

Supervisor - 50% Profit

- ➡ Same work as any other position!
- ➡ Multiple streams of income
- ➡ Highest paying position you can start at
- ➡ Retail Profit to you 50%, which is \$50 of every \$100 order
- ➡ Same \$100 sale - Earn \$50 instead of \$42 or \$25
- ➡ **Wholesale profits between 8%-25%**
- ➡ DO NOT Slide back down like Dist or Senior Consultant!
YOU ARE LOCKED into Supervisor Position.

How to Qualify Supervisor using “Traditional” one month Qualification

This Month

YOU

42% Discount
4000 VP
= \$2320 + S&H+Tax
\$1680 Gross Profit

=

Supervisor

- ⬆️ 50% Retail
- ⬆️ Wholesale
- ⬆️ Royalties
- ⬆️ Production Bonuses
- ⬆️ Spontaneous Bonuses
- ⬆️ 1% Annual Bonus Pool
- ⬆️ Paid Vacations

Fully Qualified Supervisor the first day of the following month which makes you eligible for all of the levels of income as a Supervisor. These levels are only open to fully qualified supervisors. So, this is why you need to qualify TODAY.

Position Determines Pay

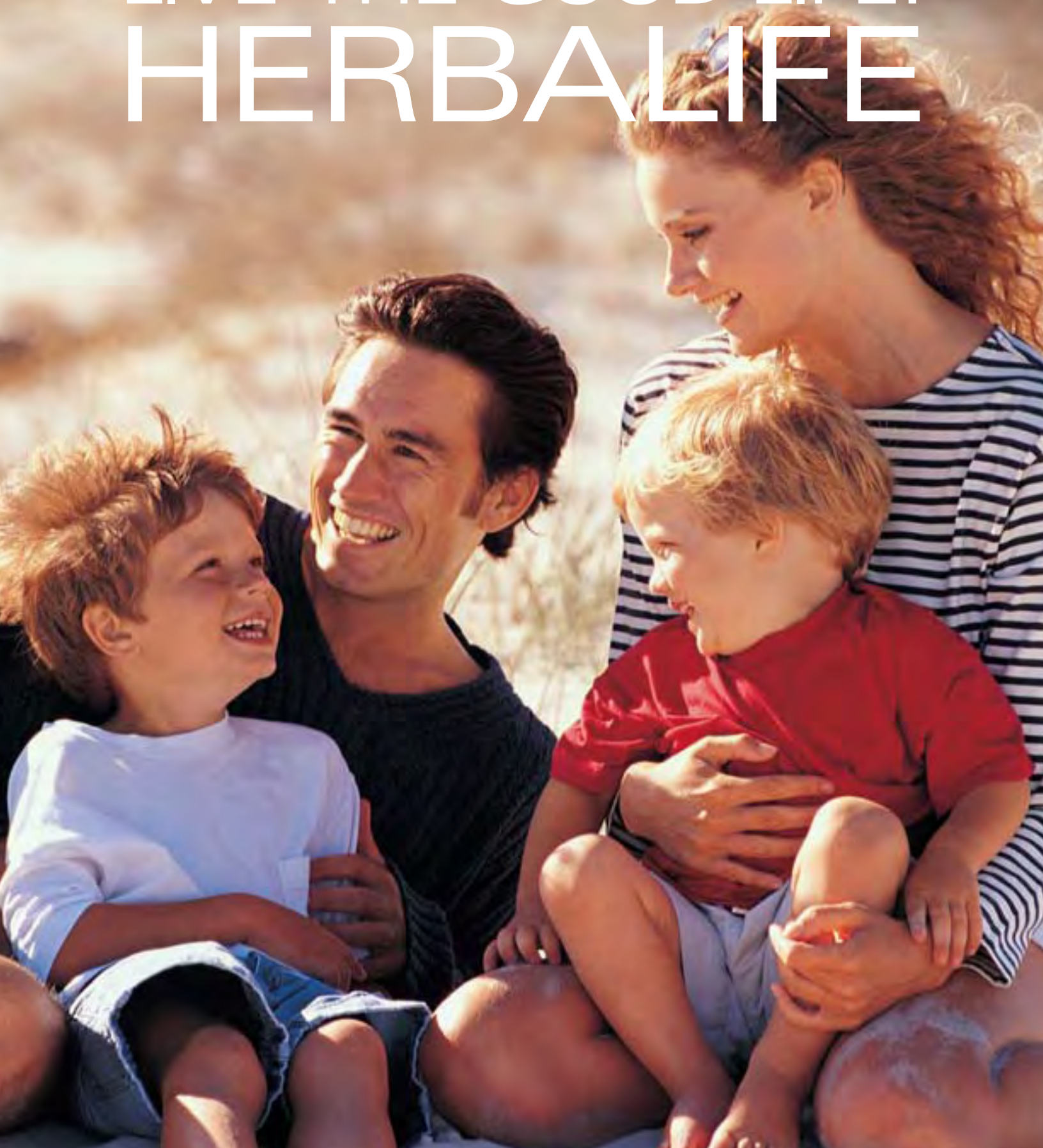


The incomes presented are applicable to the individuals depicted and are not a guarantee of your income, nor are they typical.

EXHIBIT F

EXHIBIT F

LIVE THE GOOD LIFE! HERBALIFE





Mark Hughes devoted his life to making the dream of Herbalife come true

Mark's mother, JoAnn Hughes, lost her life through efforts to lose weight.



MARK HUGHES



*Numbers shown are approximations. They are not the actual sales numbers.

- In 1980, Mark Hughes founded Herbalife, selling products out of the trunk of his car
- Thanks to positive product results, Herbalife is now a global company
- We combine the best of science and nature

Herbalife around the world



Germany Distribution Center



Herbalife Plaza, Los Angeles, CA



Brazil Distribution Center



Japan Distribution Center



U.K. Distribution Center



Mexico Distribution Center

- A premier nutrition and weight-management company
- Millions of satisfied customers in 65 countries
- Listed on the New York Stock Exchange

Just take a look at your options



A Part-Time Opportunity

- Would you like to earn extra income during your free time?
- Do you like the idea of extra income without it interfering with your current job responsibilities?



A Full-Time Opportunity

- Are you tired of your current job and looking for a change?
- Are you looking for more free time with your family?
- Are you looking for financial freedom?



The opportunity to earn more than you ever thought possible and make your dreams come true!

- Would you like to take the first step?

A business opportunity for everyone that's fun, simple and magical!



1

Use the products

- Start achieving your results.
- You look healthy and feel great.
- People will notice and will ask you how you did it.
- Share your story and others' stories and offer the products.
- Teach others to use your products.

2

Wear the button

- You will become a walking advertisement.
- Wear, use or show any Herbalife item that might get people's attention—this will facilitate the conversation.

3

Talk to people

- Tell your weight-loss success story or business success story.
- Explain the product and the business opportunity.
- Explain how people can improve their health and earn extra income right away.
- Talk to people you know.
- Talk to the entire world.

How does the business work?



You just have to talk to

- Family
- Friends
- Neighbors
- People you know...
- We even have plans to reach out to people you don't know

Your marketing plan

Your Marketing Plan

The best Distributor compensation plan in the industry!



FOUNDER'S CIRCLE: 10 first line, Fully Qualified President's Team members* in 10 separate lines of your downline organization



CHAIRMAN'S CLUB: 5 first line, Fully Qualified President's Team members* in 5 separate lines of your downline organization



CHIEF EXECUTIVE PRESIDENT'S TEAM: 4 first line, Fully Qualified President's Team members* in 4 separate lines of your downline organization



INTERNATIONAL EXECUTIVE PRESIDENT'S TEAM: 3 first line, Fully Qualified President's Team members* in 3 separate lines of your downline organization



SENIOR EXECUTIVE PRESIDENT'S TEAM: 2 first line, Fully Qualified President's Team members* in 2 separate lines of your downline organization



EXECUTIVE PRESIDENT'S TEAM: 1 first line, Fully Qualified President's Team member* in any line of your organization

70K PRESIDENT'S TEAM: Gold & Diamond Signet Rings
70,000 Royalty Override points in 3 consecutive months

60K PRESIDENT'S TEAM: Gold & Diamond Necklace & Cufflinks 60,000 Royalty Override points in 3 consecutive months

50K PRESIDENT'S TEAM: 50,000 Royalty Override points in 3 consecutive months, Plus other bonuses Up to 7% Organizational Production Bonus

40K PRESIDENT'S TEAM: Herbalife-branded Movado watches, 40,000 Royalty Override points in 3 consecutive months

30K PRESIDENT'S TEAM: 30,000 Royalty Override points in 3 consecutive months Up to 6.75% Organizational Production Bonus

20K PRESIDENT'S TEAM: 20,000 Royalty Override points in 3 consecutive months Up to 6.5% Organizational Production Bonus

15K PRESIDENT: Gold & Diamond Cufflinks & Earrings, 15,000 Royalty Override points in 3 consecutive months

PRESIDENT'S TEAM: 10,000 Royalty Override points in 3 consecutive months, All of the benefits of a supervisor PLUS 2%-6% Organizational Production Bonus Qualify for special Vacation and Training Events

MILLIONAIRE TEAM: 4,000 Royalty Override points in 3 consecutive months, All the benefits of a Supervisor PLUS 4% or 2% Organizational Production Bonus Qualify for special Vacation and Training Events

GLOBAL EXPANSION TEAM: 1,000 Royalty Override points in 3 consecutive months, All the benefits of a Supervisor PLUS 2% Organizational Production Bonus Qualify for special Vacation and Training Events

TAB Team

Top Achievers
Business Team



WORLD TEAM: 2,500 volume points in each 4 consecutive months or 10,000 volume points at 50% in 1 month or 500 Royalty Override points in 1 month



ACTIVE SUPERVISOR: 2,500 volume points in 3 consecutive months



SUPERVISOR: 4,000 volume points in 1 month or 2,500 in 2 consecutive months, 50% Retail Profit, Up to 25% Wholesale Profit, Earn up to 5% Royalty Override on three levels

SUCCESS BUILDER: 1,000 volume points, Receive a 42% discount on a 1,000 Volume Point order, Special Success Builder recognition

DISTRIBUTOR: 25% Retail Profit, DISTRIBUTOR HAP-35%-42% Retail Profit, SENIOR CONSULTANT-30%-42% Retail Profit, 1%-17% Wholesale Profit

*For complete qualification details refer to your IBO.

Earn an income several different ways



Direct Sales

- As a Distributor \$25 of every \$100 **25%**
- As a Success Builder \$42 of every \$100 **42%**
- As a Supervisor \$50 of every \$100 **50%**

Downline organization

- Commission checks
- Royalty checks
- Bonus checks

Plus:

- Recognition
- Promotions
- Training

How to earn even more income

Example 1

You = Supervisor (2,500 Volume Points)

You recruit & retain 2 supervisors

- 2 Supervisors each produce 2,500 Organizational Volume Points
- = 5,000 Volume Points R.O. = \$250/month

They each recruit & retain 2 Supervisors

- 4 Supervisors each produce 2,500 Organizational Volume Points
- = 10,000 Volume Points R.O. = \$500/month

They each recruit & retain 2 Supervisors

- 8 Supervisors each produce 2,500 Organizational Volume Points
- = 20,000 Volume Points R.O. = \$1,000/month

Total of 35,000 Volume Points, Your R.O. = \$1,750 Plus Production Bonus of 2% = \$700

Total of Checks \$2,450/mo.

Example 2

You = Supervisor (2,500 Volume Points)

You recruit & retain 3 supervisors

- 3 Supervisors each produce 2,500 Organizational Volume Points
- = 7,500 Volume Points R.O. = \$375/month

They each recruit & retain 3 Supervisors

- 9 Supervisors each produce 2,500 Organizational Volume Points
- = 22,500 Volume Points R.O. = \$1,125/month

They each recruit & retain 3 Supervisors

- 27 Supervisors each produce 2,500 Organizational Volume Points
- = 67,500 Volume Points R.O. = \$3,375/month

Total of 97,500 Volume Points, Your R.O. = \$4,875 Plus Production Bonus of 4% = \$3,900

Total of Checks \$8,775/mo.

Imagine...4 or 5!

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Exhibit F, p. 8 of 15

Amanda & Dan B.

"We started with Herbalife so Amanda could be a stay-at-home mom and make some extra money. Who knew then that we'd both be working this business full-time from home and making great money? At first, we put in seven to 10 hours a week, mostly around the kitchen table, while Dan continued at his job. Within a few months, we were earning a significant income, so we kept at it. Recently, our Herbalife income reached Dan's salary level, so Dan fired his boss! Today, we work at home, close to our two beautiful children, and earn \$4,000 to \$5,000 a month!"



Xiao Hong J. & Zhong C.

"After 12 years as a model in Canada, I found myself getting less work as I got older. When my husband and I moved to New York and started a family, I looked for a way to supplement our income, but I had no business background. What amazed me about Herbalife was hearing from Distributors who, like me, had no experience but whose businesses succeeded. When I took the products and experienced that Herbalife glow, I couldn't help but get excited. With my husband joining me in the business, we're spending more time as a family, traveling with our children and doing the things we want!"



Caritina V.

"At age 25, I was a housekeeper, and my husband and I earned an average income. But when we adopted our two children, and had a third almost immediately afterward, our needs changed. As a longtime Herbalife customer, I realized the business opportunity would be great for earning extra income. Just six months later, I quit housekeeping forever! I've grown personally and professionally. But the best part is, I work only when I want to, earning an average of \$2,500 a month, enough to cover our expenses, and I still have plenty of quality time with my family."



Melissa M.



"I had always wanted to be a stay-at-home mom, so I started my Herbalife business with the goal of quitting my job as a collection specialist within a year. Just 13 months later, I realized that dream! No more long hours away from my husband and two children. Thanks to Herbalife, I'm there for my kids whenever they need me. And with my \$6,500-a-month income, we've been able to move into a new house and renovate. I'm even traveling now—which is amazing, considering that before Herbalife I'd never even been on an airplane!"

Joseph M., III



"When I was introduced to Herbalife, I was skeptical. Then, years later, I realized that even though I had a great career as a UCLA professor, peak-performance coach and author, I had no residual income or retirement savings. What if I lost my job or got hurt? Terrified, I gave the opportunity a look and was intrigued. Regular people could run this business. Putting in just part-time hours at first, I grew my business consistently. Now, while earning \$25,000 a month with Herbalife, I get to do all the things I love: play music and ride my motorcycle!"

Clint G.



"I started with Herbalife as a 19-year-old college student painting houses to support myself. When the local weather began limiting my ability to find house-painting work, I needed another way to earn money. I found the Herbalife opportunity. Working just part-time, essentially from my car, I made \$600 in my first month. And after working my Herbalife business part-time for two years, I was a 21-year-old earning \$7,000 a month. Today, I live a wonderful life in Brazil, travel the world regularly and will soon be earning income from 10 countries around the world!"

Caroline & Craig T.

“We went from bankruptcy to being set for life!”



“When we found Herbalife, we were in financial ruin. Due to our wholesale jewelry business, our total debt was over \$500,000 and we were forced into bankruptcy. We were 7 months behind on our mortgage and finally evicted from our home. We needed a chance, so we really embraced this opportunity when our friend told us about it. Caroline earned money in our first week. That was amazing! She went to a training and learned how to build the business. Her first month, working part-time, Caroline made about \$3,000. Wow! And thanks to the excellent, step-by-step training and mentors we are currently earning about \$14,000 a month. We are living in a brand new house, driving a new H2 Hummer and traveling the world! Today our monthly income is what Caroline used to earn in a year working in a dental office! We are more excited about this business than ever because of the huge growth in the industry and in the incredible opportunity for new people getting started today!*

*The incomes presented are applicable to the individuals depicted and are not a guarantee of your income, nor are they typical. For the Statement of Average-Gross Compensation for U.S. Supervisors, go to www.Herbalife.com or www.MyHerbalife.com.

Trey & Mamie H.

“We travel the world overseeing our business.”



“Ever since I was a kid, watching my parents become wealthy as Herbalife Distributors, I knew that someday I’d be a part of this wonderful company. After finishing college, I turned my full attention to growing my Herbalife business and was soon fortunate enough to find a great partner, my future wife Mamie. When we met, Mamie was working as a nurse. She was so impressed with the products that she left her job to work Herbalife full-time with me. Our hard work has paid off. Today, we travel the world—overseeing our thriving, international business, meeting wonderful people and earning an incredible income along the way!”

Ellie & Jim F.

“We live in a lakefront house with an indoor pool.”



“My passion in life has always been helping people. That’s why I became a nurse. But even with my nursing income, and my husband Jim working for a pharmaceutical company, we were barely able to get by. Thank goodness for Herbalife! The products helped me get healthier than I’d ever been. And thanks to the business, we live in a lakefront home with an indoor pool, earn a six-figure income and have the freedom to travel and enjoy time with our children and grandchildren. This is simply the greatest company with the best products and opportunity in the world!”

Make your dreams a reality. It's easy to start!

- 1 Start using the products and experience their benefits
- 2 Buy an International Business Pack and complete the Distributor application
- 3 Define your personal goals



Take advantage of all the support we offer:

- Get in contact with your sponsor
- Attend local and regional training events
- Valuable information and tools on MyHerbalife.com
- Training and information conference calls

WELCOME!

“It’s all here at Herbalife – exciting, science-based products, experienced worldwide leadership, extensive training and an unbelievable marketing plan that rewards your efforts.”

John T., Chairman’s Club



EXHIBIT G

EXHIBIT G

HERBALIFE



*"Your success in
life is only limited
by your own
imagination."*

Mark Hughes
(1956–2000)
Herbalife's Founder
and First Distributor

USE

WEAR

TALK

**HERBALIFE.****1**

Your Business Basics

Distributor Workbook

Our Vision

Changing people's lives.

Our Mission

To change people's lives by providing the best business opportunity in direct selling and the best nutrition and weight-management products in the world.

Our Values

Our Distributors:

We are driven by the needs of our Distributors and inspired by their stories.

Our Stakeholders:

We pursue profitability and growth to increase value for all our stakeholders, including Distributors, customers, shareholders and employees.

Our Employees:

We respect each other, succeed as a team and value a sense of humor.

Our Products: Our commitment to the highest scientific and safety standards in product development and manufacturing is an integral part of our mission for nutrition. We are products of the product.

Our Communities:

We make our communities better places to live and work.

Our Work: We make decisions based on facts, not hearsay. We work hard and hold ourselves accountable. We strive for excellence.

Our Ethics: We do the right, honest and ethical thing. We take the high road.

Our Philosophy:

We use it, wear it, talk it.

Our Attitude: We make it fun, simple and magical.



Welcome to Team Herbalife

Dear Herbalife Independent Distributor,

You've joined a special group of people who have taken control of their health, finances and future. Your income and lifestyle potential with Herbalife are yours to determine. Thousands of others like you have achieved success with Herbalife. You can do it!

You can feel proud of being part of a company that is experiencing remarkable vitality. Herbalife is bigger, better and stronger than ever before. Just take a look:

- Our stock trades on the prestigious New York Stock Exchange
- A five-year plan of key initiatives supports the company's growth and expansion efforts
- Our innovative nutrition and personal care products are backed by world-renowned physicians and scientists
- The Official Nutrition Company and Presenting Sponsor of the LA Galaxy soccer team
- Official Nutrition Advisor to the American Youth Soccer Organization (AYSO)

As we grow, the heart of Herbalife remains the same as it has for more than 30 years: infused with team spirit and with the attitude of making it "fun, simple and magical." We are on a mission for nutrition, changing people's lives one person at a time.

Regardless of your background and job experience, you can succeed because we have people just like you who started where you are and are now earning substantial incomes. There has never been a better time to be a part of Herbalife. The opportunity is yours.

Congratulations on your choice,

Michael O. Johnson
Chairman and Chief Executive Officer



Design Your Future

Get a glimpse of the many wonderful benefits you can have the opportunity to earn by becoming an Herbalife Independent Distributor. Looking and feeling better and earning extra income are just the beginning of great things to come.

4



Set Goals

Use the detailed goals worksheet to help you identify what you want out of your Herbalife business. It's easier to reach your goals when you know exactly what they are and then create an action plan to reach them.

5



Learn the Basics

Discover tools to help you to start your business, get healthy, and feel and look your best. These step-by-step guidelines include everything from how to use and talk about the products to making the sale.

6



Reach Your Goals

From health to wealth, you'll see there's no limit to your personal or financial potential, and that millions of people just like you have tapped into this incredible opportunity. All that's left is to take action.

22

DESIGN YOUR FUTURE

You Can Do It!

As an Herbalife Independent Distributor, you have the opportunity to:

- Attain and maintain your ideal weight, health and appearance.
- Earn extra money each month.
- Be your own boss.
- Work from home or office.
- Work part time or full time.
- Have more time for family, friends and leisure activities.
- Achieve personal growth and recognition.
- Have the time and money to enjoy the finer things in life.



The Herbalife Story

- Best Distributor compensation plan in the world
- More than 30 years in business
- Operating in more than 75 countries
- Approximately 2.3 million Distributors
- Millions of satisfied customers

People come to Herbalife for a lot of different reasons. Whatever your reason, we're glad you're here!

This handbook is focused on teaching you the basics to getting started. You'll learn three keys to success – **USE**, **WEAR**, **TALK** – and how to apply these simple tasks into your day-to-day activities so you can build your business.



Now is a good time to watch the *Getting Started* DVD included in your International Business Pack, if you haven't done so already.



SET GOALS

My Goals Worksheet

It's good to know what you want from your Herbalife business. This is important because identifying your goals is the first step to achieving them. Identifying your goals will also allow you, with the help of your Sponsor, to put together an action plan for how you will reach those goals.

Goals + Action Plan = Success

To help you identify your goals, try answering these questions:

Identify Your "Why"

Why did you decide to start your Herbalife business?

Wellness Goals

How would you like to feel each day? Do you have the energy you need every day? What would you like to change in terms of your personal health and wellness?

Lifestyle Goals

What changes would you like to make to your lifestyle? Do you want to eliminate debt, spend more time with family, buy a home?

Business Goals

What do you want from your Herbalife business? What are your income goals? What do you want to achieve?

How quickly do you want to meet your goals? With Herbalife, you can choose your pace. More effort means you will reach your goals faster.

My Commitment to My Business Goals	Now	1 month	6 months	1 year
How many hours can you work your business each week?				
How much cash do you want to make each week?				
How much income do you (or your family) need?				

Review your business goals with your Sponsor. Together, you will determine an action plan that best aligns with your goals.



"Can anyone succeed at Herbalife? Yes, if you're willing to do the work and put in the effort."

– Mark Hughes
(1956–2000)
Herbalife's Founder
and First Distributor

LEARN THE BASICS

Learn the Basics

USE, WEAR, TALK are the three simple concepts that can open the doors of success for you and those whom you invite to join you.



Nothing is more powerful than success stories from real people who use the products, get results and talk about them to others.



When you **USE** the products, you get results, and when you **WEAR** the button, you create awareness for your results and make it easier to **TALK** to people, which helps build your business.

When you **USE**, **WEAR**, **TALK** consistently, you can achieve your dreams! Success is possible when you are consistent and persistent.



LEARN THE BASICS

Packaging Your Success Story

Using the products will give you results. This will allow you to “package” your own results into a story you will use. This is called “Packaging Your Success Story,” and it is important because it will be the story that you share throughout the entire operation of your business.

Use the key points below to package your weight-management/general-health/skincare success story.

- A. Before I started Herbalife:
- I weighed _____ pounds and wore a size _____. [weight-management story]
 - I felt _____ (e.g., lack of energy, poor digestion, etc.). [general-health story]
 - My skin was _____ (e.g., dry, dull looking, etc.). [skincare story]
- B. Then I started using Herbalife® products, and now:
- I feel _____ (e.g., healthier, younger, etc.) than I have in _____ (number of days, months or years).
 - I have more _____ (e.g., energy, support for my heart health, etc.).
 - I went from a size _____ to a size _____.
 - I lost _____ pounds and _____ inches in _____ (number of days, weeks or months).
 - My skin is _____ (e.g., better hydrated, smoother, etc.).

Script Your Story: “Hi, my name is _____. Before Herbalife, I (list info “A” above). I started using Herbalife® products, and my results have been incredible. (Then list info “B” above.)

Tips for Telling Your Story

- Keep your story short and to the point.
- Let your audience feel your emotion.
- Have a success story for each product category.

You can also package your income success story.

- A. Before I started Herbalife, I was a(n) _____ (occupation).
- B. Then I became an Herbalife Independent Distributor:
- I became an Herbalife Independent Distributor because _____.
 - In my first month working the business _____ (part time or full time), I made \$_____.
- C. And now:
- My Herbalife earnings have enabled (“me” or “my family”) to _____.
(List examples of what your Herbalife income has done for you or your family.)
 - In the past _____ (number of weeks), I earned \$_____.

Script Your Story: “Before Herbalife, I was (list info “A” above). Then I became an Herbalife Independent Distributor. (List info “B” above.) Now... (list info “C” above).

Practice sharing your success story with your Sponsor.

LEARN THE BASICS



My Success Stories

My Product Success Story

My Income Success Story

Success Stories of Others That I Could Share

You should have at least three success stories “packaged” to readily share with others.

If you don’t have a success story, there are many resources you can get them from:

- Your Sponsor
- At a local meeting
- MyHerbalife.com
- Herbalife journals/literature



MyHerbalife.com is a great online resource for additional success stories. The MyHerbalife.com website is password protected and is for use only by Distributors. You will need a Distributor ID number and PIN code to access the site. If you have an Internet connection, go to the login page at MyHerbalife.com and request your PIN code now. If you already have your PIN code, start browsing the site and become familiar with it.



LEARN THE BASICS

TALK

How to TALK to People – Button Response

Here are a series of questions that you can ask to find out what a person's needs are so that you can provide the right services to meet those needs.

Weight Management

- Are you serious about losing weight?
- How much weight do you want to lose?
- What have you tried before?
- Why didn't that work for you?
- Why are you interested in losing weight now?

Wellness

- Are you seriously interested in wellness?
- What are your wellness goals?
- What are you currently doing?
- How is that working for you?
- Why are you interested in impacting your health now?

Personal Care | Outer Nutrition

- Are you serious about looking better and improving your skin?
- What kind of results are you looking for?
- What are you using now?

Business Opportunity

- Are you serious about earning extra income?
- How much money would you like to make?
- What have you tried before?
- Why are you interested in earning extra income now?

Once you've learned about their health goals, what they've tried before and why it didn't work for them, you can then personalize the conversation to meet their needs.

Sample Script:

If you are seriously interested, I would love to show you how to

_____ (specify health/income goal) without _____

(specify what didn't work for them previously).

Once you have established their interest, get started by sharing a success story, presenting the products/programs now or making an appointment for later. Remember: You must only use product claims approved by the company.

For support tools on conversation starters, handling objections, making the sale and much more, visit the Tools & Training section on MyHerbalife.com.





How to TALK to People – Share Your Results

People naturally become interested in real stories and are inspired by them. Here are a few samples to show how easy it is to talk about your results. Try them out yourself.

Weight Management

I've just started using some incredible products from Herbalife. I've already lost _____ pounds in the first _____ days/weeks, and I feel great. The program is personalized, so I get Cellular Nutrition and the right amount of protein to control my hunger and give me more energy throughout the day!

Targeted Nutrition

I've just found the most incredible line of targeted nutrition products that can help zero in on specific needs like heart health, digestive health and various men's and women's issues, just to name a few. After _____ days/weeks, I feel better than I've ever felt, so I really want to share these products with you.

Create the same script for **Personal Care | Outer Nutrition** products or for the **business opportunity**. After sharing your personal story, do the following:

- First, ask them if they wouldn't mind helping you with something truly life changing!
- Ask them, "'Who do you know' who is looking to _____ (lose weight, have more energy, improve their health and wellness, or earn extra income)?"

Once the conversation develops, present products/programs that are right for the individual, or make an appointment for later.



Many people
enjoy receiving
product
recommendations
from friends and
people they trust.



LEARN THE BASICS

Invitation to a Presentation

Share Your Product and Income Success Story

Sharing your success story is a simple way to introduce the Herbalife® products and business opportunity to prospects. Remember, results sell!



Offer an Invitation to a Presentation

An "Invitation to a Presentation" is simply when you ask the prospect if he or she would be interested in learning more about the Herbalife® products and/or business opportunity and invite him or her to a presentation. You would do this if you can't give a presentation on the spot.

Your Presentation

This is when you actually present the Herbalife® products and/or business opportunity to the prospect. When you first get started, ask your Sponsor or mentor if they're willing to help you practice your presentation through role-playing. Remember, there are many different ways to give the presentation.

Talk to everyone.
Don't assume
someone won't
be interested.
Sometimes the
best customers
and Distributors
come from the
most unlikely
prospects.





Presentation Types

One-on-One (in person and over the phone)

- Share your product and income success stories.
- Take the prospect through the "Presentation Book" that is included in your International Business Pack. This book has been designed especially for on-the-spot presentations.
 - Flip through the pages one by one. Each page contains part of the Herbalife story.
 - Tell the story as you page through. Just follow along with each page.
 - This will take about eight to 10 minutes.
- If you are not comfortable giving an Herbalife presentation yet, you can always ask your Sponsor to join a three-way conference call where you and your Sponsor together can give the presentation to the prospect.

In Group Settings

- Invite people to an Herbalife Opportunity Meeting (HOM).
 - The power of numbers: HOMs pull together Distributors for a common cause, so now you could have several great product and income success stories about Herbalife in addition to your own. People also feel more comfortable when they see that they are not alone and that others are also interested in Herbalife.
- Throw a shake party or conduct a Personal Care | Outer Nutrition demonstration.
 - These are fun ways to present Herbalife® products and/or the business opportunity.

Online or Multimedia

- Have the prospect visit StartHerbalife.com.
- Have the prospect watch programs broadcast by HBN (Herbalife Broadband Network).
- Give the prospect a *Design Your Life* DVD, which presents the Herbalife business opportunity, or a *Personalize Your Program* DVD, which presents the Herbalife® products.



Be enthusiastic!
Show excitement
and energy.
Enthusiasm is
contagious.





LEARN THE BASICS

People You Know

Now that you know what to say, here's who to talk to.

The easiest people to talk to are the people you already know: your family, friends, work associates and leisure acquaintances. Why? Because they know you and you have a level of trust and influence with them. This is your "Circle of Influence" and this is a great place to start building your business. These are people you feel comfortable with. These are all people you will want to talk to about Herbalife.

Use this list of people in your life to help you fill out the worksheet on the next page.



"Finding people to talk to is as easy as going to your cell phone's address book."

– John Peterson
Founder's
Circle Member

- Family members
- Relatives
- Friends
- Neighbors
- People you work with
- People you worship with
- People on your holiday list
- People on your invite list
- People in your cell phone directory
- People on your Instant Messenger (IM) list
- People from your health club
- People you know through your parents
- People you know through your children
- People you know through your spouse
- People you met at school
- People you met on vacation
- Accountant
- Bank clerk
- Children's caretakers
- Children's teachers
- Cashiers
- Delivery people
- Dental care professionals
- Dry cleaner
- Furniture dealer
- Gardeners
- Hairdresser
- Health care professionals
- Insurance agent
- Landlord
- Lawyer
- Mail carrier
- Mechanic
- Massage therapist
- Party planner
- Pharmacist
- Personal shopper
- Repair people
- Sports buddies
- Tax preparer
- Travel agent
- Veterinarian
- Yoga partners
- People you know in other states
- People you know in other countries



Circle of Influence Worksheet

Fill out this worksheet. Return to it regularly, and keep adding names to it.

[illegible]



LEARN THE BASICS

Ways to Talk

In addition to talking to your Circle of Influence, you can also start finding new people to talk to – people you don't necessarily know.

Here are some methods to help you find more people to talk to:

Wear

- An Herbalife button
- Take along Herbalife-branded Promote accessories

Hand Out

- Flyers*
- *Design Your Life* DVD
- *Personalize Your Program* DVD
- Various marketing and sales tools available in the Tools & Training section of MyHerbalife.com

Use Sales Tools

- Presentation Book
- Product Catalog
- Postcards

Conduct Surveys

- Conduct surveys in the street or shopping mall
(You may need to obtain permission from the mall owner to conduct surveys on the property.)

Herbalife offers many sales and marketing items to help you reach people you don't know. To learn about these items or to place an order, visit MyHerbalife.com. Ask your Sponsor what they suggest.



*Check the "Rules of Conduct and Distributor Policies" in Book 4.

"Talk to some people, **make some money.** Talk to more people, **make more money.** Talk to a lot of people, **make lots of money.**"

– Mark Hughes
(1956–2000)
Herbalife's Founder
and First Distributor



Make the Sale

After making the presentation on Herbalife® products and the business opportunity, "make the sale." This simply means getting a call-to-action from the prospect to either purchase the products or sign up as a Distributor.

Example: "After hearing what your goals are, I recommend the Herbalife® Quickstart weight-management program. The Formula 1 shake comes in these flavors (list them). Which flavor would you like? I also recommend _____ (targeted product) for you. This is our starter program, and I know you'll get great results. How would you like to pay? I take cash, check or credit card."

Example: "Now that I've heard your income goals, I look forward to helping you achieve them. Your first step is to register with the company. When do you want to get started with your Herbalife business? How would you like to pay for your International Business Pack? I take cash, check or credit card."



Be confident that the prospect will: buy the products, experience a benefit and then sign up as a Distributor.

REACH YOUR GOALS

Reach Your Goals

To reach your goals, you need to be consistent about how you **USE, WEAR, TALK**. Work with your Sponsor to develop your action plan, your schedule or routine for using, wearing and talking on a regular basis.

Each step of the Marketing Plan requires its own level of commitment and effort in order to reap the rewards. Naturally, it takes some hard work today to generate the rewards you will earn tomorrow. But those rewards can be well worth the effort. You may purchase products to sell to retail customers at various discounts, based upon the Monthly Volume of products you order (see the "Distributor Discount Scale" in Book 4). Ask your Sponsor how you can take advantage of the Distributor Discount Scale so you can get the best discount/profit.

Your Marketing Plan

The best Distributor compensation plan in the industry!



Take advantage of the best Marketing Plan in the industry!

Ask your Sponsor to go over the basics of the Marketing Plan with you. To reference the Marketing Plan in detail, refer to Book 3 "Building Your Business" and Book 4 "Sales & Marketing Plan and Business Rules" that come in the International Business Pack starter kit.

TAB Team
Top Achievers Business Team



QUALIFIED PRODUCER: 2,500 accumulated Volume Points in 1 to 3 months • All orders must be purchased directly through Herbalife • 42% Retail Profit • 7% or 17% Wholesale Profit

SUCCESS BUILDER: Receive a 42% discount on a 1,000 Volume Point order and on additional orders during the same Volume Month

SENIOR CONSULTANT: Minimum 500 Volume Points in 1 month • 35% or 42% Retail Profit • 7% to 17% Wholesale Profit

DISTRIBUTOR: 25% Retail Profit • Distributor HAP: 35% to 42% Retail Profit



FOUNDER'S CIRCLE: 10 first-line, Fully Qualified President's Team members* in 10 separate lines of your downline organization



CHAIRMAN'S CLUB: 5 first-line, Fully Qualified President's Team members* in 5 separate lines of your downline organization



PRESIDENT'S TEAM: 10,000 Royalty Override points in 3 consecutive months • All of the benefits of a Supervisor PLUS 2% to 6% Organizational Production Bonus • Qualify for special Vacation and Training Events



MILLIONAIRE TEAM: 4,000 Royalty Override points in 3 consecutive months • All the benefits of a Supervisor PLUS 4% or 2% Organizational Production Bonus • Qualify for special Vacation and Training Events



GLOBAL EXPANSION TEAM: 1,000 Royalty Override points in 3 consecutive months • All the benefits of a Supervisor PLUS 2% Organizational Production Bonus • Qualify for special Vacation and Training Events

WORLD TEAM: 2,500 Volume Points in each of 4 consecutive months or 10,000 Volume Points at 50% in 1 month or 500 Royalty Override points in 1 month

SUPERVISOR: 4,000 Volume Points in 1 month or 2,500 in 2 consecutive months, or 5,000 accumulated Volume Points within 12 months, with a minimum of 3 months required • 50% Retail Profit • Up to 25% Wholesale Profit • Earn up to 5% Royalty Override on 3 levels

*For qualification details, refer to Book 4.

Take Action

Your action items to get you started

Now that you are familiar with the three keys to success – USE, WEAR, TALK – and how being consistent with these tasks can grow your business, it's time to take action.

Note that these action items are not necessarily in the order in which they should occur. Work with your Sponsor to prioritize these actions based on what's right for you and what is consistent with your business goals.

- ☐ Send your completed Distributor Application to Herbalife, or complete it online at MyHerbalife.com.
- ☐ Establish your goals and develop an Action Plan for your first 90 days with your Sponsor (see page 5 of this workbook).
- ☐ Watch the *Personalize Your Program* DVD, and review the Product Catalog to familiarize yourself with the products and their benefits.
- ☐ Be sure to take advantage of the Distributor Discount Scale for the best discount.
- ☐ Place your first product order (see Book 4 "Sales & Marketing Plan and Business Rules," for instructions on placing an order).
- ☐ Use the products.
- ☐ Complete your "Packaging Your Success Story" information (see page 10 of this workbook).
- ☐ Practice your button responses with your Sponsor.
- ☐ Complete your Circle of Influence Worksheet (see page 19 of this workbook).
- ☐ Contact every person on your Circle of Influence Worksheet.
- ☐ Understand the Herbalife product categories by reading Book 2 "Using & Retailing Your Products."
- ☐ Invite prospects to attend Herbalife Opportunity Meetings, home parties, grand openings and Herbalife Nutrition Clubs®.
- ☐ Advertise your business in local papers and online.
- ☐ Create and maintain records and files for your customers.
- ☐ Ask for referrals.
- ☐ Visit MyHerbalife.com.
 - ☐ Get your PIN code.
 - ☐ Visit the BizWorks section to see what this powerful online tool has to offer.
 - ☐ Visit the Events & Promotions section to see what events are happening so that you can attend them.
 - ☐ Attend a local meeting or Success Training Seminar (STS) in your area (dates, locations and times are listed on MyHerbalife.com).
 - ☐ Participate in an Herbalife conference call (dates and times are listed on MyHerbalife.com).
 - ☐ Watch the monthly "Kickoff Show" and other training videos available 24/7 at the "Video Training Library" on the Herbalife Broadband Network (HBN).
 - ☐ View success stories, download flyers, get business tips and much more.



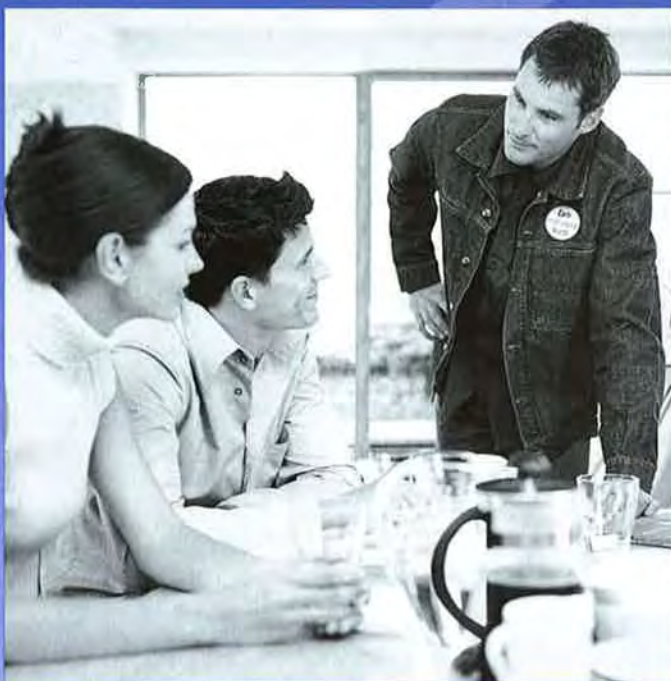
"The major reason for setting a goal is to entice you to become the person it takes to achieve the goal."

– Jim Rohn
(1930–2009)
World-renowned
business philosopher

EXHIBIT H

EXHIBIT H

HERBALIFE



***"Everything you
need to succeed
is within reach."***

Jim Rohn
(1930–2009)
World-renowned
business philosopher

ACTION

RESPONSE

FOLLOW-UP

**HERBALIFE®****3**

Building Your Business

Distributor Handbook

Introduction

The Herbalife® product and business opportunity are enjoyed all around the world. By following the basics of **USE, WEAR, TALK** presented in "Your Business Basics" Distributor workbook, you've learned skills to get your business off the ground and to begin making money.

Now you're ready to learn the nuts and bolts of building a successful business. **These are skills that will help you grow your business so you can meet your long-term goals: how to retain valuable customers for life and how to sponsor and mentor Distributors for success.**

You'll also discover many time-saving tips for making your business run smoothly, including good practices for managing your money. You may know that Herbalife is renowned for the training and development we offer to Distributors. But you could be surprised to learn all the different resources you have at your disposal!

"Be consistent.
And be
consistent
about being
consistent...
over and over
and over again."

– Mark Hughes
(1956–2000)
Herbalife's Founder
and First Distributor





Customer Care/Follow-Up

4

Learn how to create a great customer experience by educating customers about the products, taking a genuine interest in their progress, building strong relationships and trust, and obtaining referrals.



Being a Good Sponsor

10

Teamwork makes the dream work. A good Sponsor is nurturing and available, and shares information about what tools and tactics work best to build a strong business. Follow this guide to help you show your team how to succeed.



The Marketing Plan

12

Discover all the opportunities to earn income and rewards. From revenues to royalties to bonuses, you will find the profit potential with Herbalife is among the best in the world.



Long-Term Growth

14

The path to steady success begins with the 3 R's: Retailing, Recruiting and Retention. Each "R" feeds the next, and the power of duplication can increase your business and customer base.



Running Your Business

15

From tracking basic finances to creating budgets and managing inventory, you'll find a wealth of information to help your business run smoothly. There are also specific tools within MyHerbalife.com to help you do more business in less time.



Tapping Into Your Resources

22

Herbalife provides invaluable training and events to help you build your business. From local conference calls to international meetings and webcasts to continually updated business tools, there is a resource to guide you, no matter what your question.



Take Action

23

Use this handy checklist as your step-by-step action guide for running and growing your business.

CUSTOMER CARE/FOLLOW-UP

Practicing Good Customer Care

A satisfied customer represents huge potential for your business. When you provide your customers with good care, you're increasing your chances that the customer will:

- See positive results.
- Reorder the products.
- Eventually add more products to their order.
- Tell their friends about the products.
- Show interest in selling the products themselves.
- Become a Distributor.



“If you make a sale, you can make a living. If you make an investment of time and good service in a customer, you can make a fortune.”

– Jim Rohn
(1930–2009)
World-renowned
business philosopher



Every time you turn customers into satisfied repeat customers, you not only put money in your pocket, you impact their lives.

As your customers achieve their results, others will notice. With the relationship you have built, they will give you referrals.

As you can see, it is not only about acquiring money, it's about helping others to get healthy and change their lives.

In order to provide good customer care, you will need a way of keeping track of your customers, so you can service them. A simple way to keep track of customers is to keep file cards in a portable file box. Herbalife offers a subscription service called BizWorks that makes customer management and other Herbalife business activities, like tracking your downline, a snap. You can browse BizWorks features at MyHerbalife.com.

- Customer occupation
- Age
- Health issues
- Health goals
- Product needs
- Favorite products
- Names and ages of family members
- Products purchased
- Date products were sold
- Date to call for follow-up
- Best time to call
- Birthday
- Anniversary
- Product achievements
- Names and contact information of people referred by customer

The more you know about your customers, the easier it is to anticipate their future product needs.

[illegible]

CUSTOMER CARE/FOLLOW-UP

Creating a Great Customer Experience

Here are some tips on how to provide a good experience for your customer throughout the sales process.

Prompt callbacks

Strive to provide excellent service to your customer starting at the point when you first make contact. Be courteous to potential customers. When someone expresses interest in Herbalife, call back promptly in order to service them. When customers call, make an effort to return calls the same day.

Personalized product delivery

Make delivery of the product special. Arrange an appointment to deliver the products in person. Or, for product shipments, place a personal note or product sample inside the package. If the product is drop-shipped, send a separate note by mail or email.

Great follow-up service

Call your customers several times throughout the month to make sure they are getting the results they want with their products. This is also the time to introduce customers to new products they may be interested in and to ask about reorders. You can also use this time to ask customers for names of people they know who might be interested in the products.



Reward your customers with a small gift when they reach an important health or wellness goal with the products. It's a gesture they'll remember. You'll find plenty of thoughtful, Herbalife-branded gifts, like the Weight Management Starter Kit, available for sale at MyHerbalife.com.

Suggested Customer Follow-Up

Check in with your customers frequently the first month. Help them get on track, stay on track and achieve positive results! Use the guidelines below for when to call and what to check for.

Day 1	<ul style="list-style-type: none"> Ask how they made their shakes Ask about their energy level Ask if they took their tablets Review their original goals, and encourage them on getting started
Day 3	<ul style="list-style-type: none"> Ask about their appetite and energy level Ask how they made their shakes Offer a results story
Day 7	<ul style="list-style-type: none"> Ask about their appetite and energy level Ask if they have weighed/measured themselves Ask if anyone has noticed a difference Ask for a referral (if they are getting good results) Give another results story
Day 13	<ul style="list-style-type: none"> Ask if anyone has noticed a difference in their energy level Ask how much weight/how many inches they have lost Introduce a targeted product specific to their needs
Day 19	<ul style="list-style-type: none"> Time to reorder Ask about their progress. Are they getting close to their goals? Introduce a new shake flavor
Day 29	<ul style="list-style-type: none"> Ask about their energy level Ask how much weight/how many inches they have lost Ask for referrals (names and numbers) Review basics if they are not meeting goals
Month 2	<ul style="list-style-type: none"> Follow up once a week on energy level, appetite and weight-management goals
Ongoing	<ul style="list-style-type: none"> Follow-up after Month 2 should be at least twice a month – once to reorder product and later to make sure they received the product. This is another opportunity to ask for referrals!

Educating Customers About the Products

There are many ways to keep customers happy with the products:

Help customers get good results with the products by providing training on how to use them properly. Demonstrate product usage, and follow up with phone calls to make sure customers are using them correctly and getting good results.

Create a "Before" and "After" story for your customers, just as you did for yourself. Take pictures and write down customers' impressions before and after using the product. This will help customers visualize their results and increase their satisfaction with the products. Then share your customers' testimonials with others so you can show them what Herbalife® products can do for them. Coordinate a three-way phone call with other customers to share similar results.

Your customers depend on the products to help them manage their weight, maintain their good health and enhance their appearance. Don't let them run out of products! Use customer cards to keep track of when your customers need to reorder. Anticipate their needs by always having enough inventory on hand to cover reorders for your current customers. Introduce them to new products each time they reorder. Also, ask your customers periodically if their health or wellness goals have changed, since people's needs change over time.



Learn More About the Products

- Watch the *Personalize Your Program* DVD.
- Study the Product Catalog.
- Review Book 2 "Using & Retailing Your Products."
- Review downloadable tools on MyHerbalife.com.



CUSTOMER CARE/FOLLOW-UP

Building a Strong Relationship

Your primary focus with each customer should be on providing consistent service and building a long-term relationship. Show a genuine interest in the needs of your customers. Be more interested in helping them get results than making money from a sale. **Your consistent interest in your customers lets them know they can trust and believe in you.**

Here are some ideas to help you maintain consistent contact with your customers:

- Schedule regular follow-up calls in your planner and organizer so you don't forget them.
- Be available.
- Set up lines of communication – the best way to stay in touch.
- Build an address book (online or handwritten).
- Send "something" monthly – stay connected.
- Whenever you send customers a package in the mail, follow up with a phone call to make sure they received it.
- Remember customers' birthdays and other special days with a friendly greeting card or eCard.
- Keep track of customers' product results and congratulate them when they reach new goals.
- Once a month, hold a "Customer Day" mixer where you can recognize your customers' product results in a friendly atmosphere.
- Cross-promote other Herbalife product lines to customers by offering free product samples.
- Thank your customers for their orders by giving them small Herbalife-branded gifts.
- Send eCard greetings or reminders from your BizWorks account.

You can find a number of support tools to use with customers online in the Tools & Training section of MyHerbalife.com.

When you build a strong relationship with your customers, you increase the likelihood that they will want to follow you into the business as Distributors.



Getting Customer Referrals

By creating happy, satisfied customers, you are turning them into advocates and supporters of Herbalife® products and your own business. Customers who are happy with the products and your service will naturally recommend the products to others. Word of mouth is your best form of advertising...and it's free!

Satisfied customers provide you with a great way of reaching another market – your customers' families and friends.

You can tap into your customers' Circles of Influence by asking for referrals. Ask your customers about people they know who might be interested in the products:

- Who do they know who wants to lose, maintain or gain weight?
- Who do they know who wants to look and feel good?
- Who do they know who wants to improve their lifestyle?

As you are providing good customer follow-up and developing a strong relationship, remember to ask for referrals, because you never know when someone's personal circumstances or Circle of Influence have changed.



You can find support tools to use when contacting prospects in the Tools & Training section of MyHerbalife.com.

BEING A GOOD SPONSOR

The Role of a Sponsor

When you sign up new Distributors, **nurture them in their new role as Distributors and as part of your organization.** This process of training your downline Distributors for success is called "sponsoring" or "mentoring."

Long-term Distributors are extremely valuable to you, so you will want to take the time to train your downline Distributors properly to make your organization grow and prosper. The more successfully you train, support and retain your downline, the larger your monthly check is likely to be. Remember that with sponsorship, the actions you perform today may pay you over and over again in the future.

There are responsibilities that come with being a Sponsor. New Distributors will naturally copy what they see their Sponsors doing. By setting a good example through your work habits and methods, you are showing others how to achieve success. Being a caring and responsible mentor means passing on what you know to others: the basics of **USE, WEAR, TALK**, and the importance of being a good Sponsor.

When you duplicate your success in your downline, the power of duplication multiplies throughout your organization. **There's nothing you and your team can't achieve when you're all working together!**



The Power of Duplication

Imagine being given a choice of receiving either \$100,000 right now, or a penny that doubled in value every day for just 28 days. Which would you choose?

Most people would take the \$100,000 thinking that this is the larger amount. But that would be ignoring the power of duplication. That little penny would add up to over \$1.3 million by day 28.



How to Be a Good Sponsor

Share what works

You have so much to share! Explain to new Distributors what you know about **USE**, **WEAR**, **TALK**. Tell them about the importance of using the products personally, and all the knowledge you've gained from interacting with customers about the products.

Do the basics

Set a good example for your new Distributors. They will copy what you do. If you use the products yourself, so will they. If you retail, they'll retail. If you provide good service in your business, so will they. If you recruit and build an organization, they will too. Make it easy for your hard work and good efforts to be duplicated right down the line.

Teach others to do the basics

Walk new Distributors through the basics by helping them fill out forms, order products and package their story. Help them practice their presentations for retailing and recruiting through role-playing or other exercises. Find out what their goals are, and encourage them to meet their goals. Let your downline know you're available to give advice if they need it.

Teach to teach

Teach your Distributors to teach their Distributors, and so on down the line, so that everyone is well equipped. Teaching to teach others is the cornerstone to a successful Herbalife business. A good Sponsor will use the simple "tell, show, try, do" approach to grow a successful and productive team.



**"You must treat
people with
love and
affection
from your
whole heart."**

– Mark Hughes
(1956–2000)
Herbalife's Founder
and First Distributor

THE MARKETING PLAN

The Marketing Plan

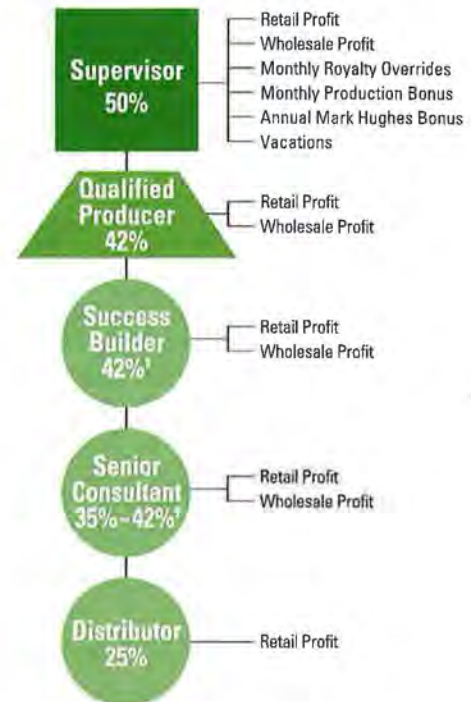
The Herbalife Marketing Plan provides many opportunities to earn income and other rewards. Each Herbalife® product has a Volume Point value assigned to it. As you order products, you accumulate Volume Points associated to those products. These Volume Points are used for purposes of qualifications and benefits. Volume is accumulated monthly and is credited to you in various ways depending on different factors.

Ways to Earn Income

As a Distributor, you immediately begin receiving 25% discount on products. This means on a \$100 order, you receive a \$25 **Retail Profit** after the order is sold at full retail price. Once your Total Volume increases by sales or purchases, you become a Senior Consultant and are entitled to buy products on a Distributor Discount Scale at varying discounts ranging from 30% to 42%. The highest level of the scale is **Success Builder**, which earns 42% discount.

Becoming a Supervisor means you have the opportunity to earn in even more ways. A Fully Qualified Supervisor can earn up to 50% Retail Profit and up to 25% Wholesale Profit.

As a Supervisor, you also have the opportunity to earn **Monthly Royalty Overrides**. This means you can earn up to 5% on the Personal Volume of all your Supervisors, three active levels downline.*



*42% discount applies to one Volume Month only

Monthly Royalty Overrides



Example of Earnings

Level 1 = \$500

Level 2 = \$300

Level 3 = \$200

Total = \$1,000

*Subject to qualification.

Exhibit H, p. 12 of 22

Monthly Production Bonus



TAB Team members (Distributors who have met all the requirements for the Global Expansion, Millionaire or President's Team membership) have the opportunity to earn an extra 2% to 7% **Monthly Production Bonus** on their entire organization.

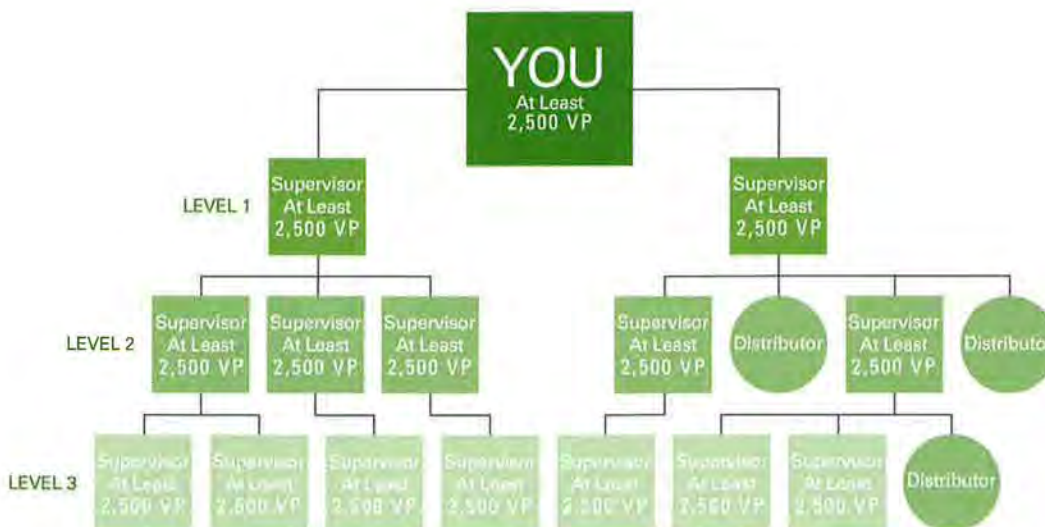


The Power of Duplication

As your customers express interest in the Herbalife Business Opportunity, you can encourage them by teaching them what you do. We call that "duplication."

Here's an example of what you can achieve if you consistently sell a minimum of 2,500 Volume Points per month and you recruit and retain two Supervisors. If they, in turn, each sell a minimum of 2,500 Volume Points (VP) and recruit and retain Supervisors, and repeat the pattern, you can earn a total of 35,000 VP (14 Distributors X 2,500 VP = 35,000 VP). You will then receive 5% Royalty Overrides on your first three levels, or \$1,750.

A strong downline, well supported and well maintained, can quickly move you into higher and higher levels of achievement.



Incomes applicable to the individuals (or examples) depicted and not average and are prior to expenses. For average financial performance data, see the Statement of Average Gross Compensation of U.S. Supervisors at Herbalife.com and MyHerbalife.com.

Strive to duplicate the success of those who have worked the business before you.

LONG-TERM GROWTH

Retailing, Recruiting and Retention

When you start your retail business with good customer care and follow-up, you begin setting a foundation for long-term relationships with your customers. We've already learned that customers who are happy with their products and/or income results will continue to order products, tell their friends about the products and business opportunity, and show interest in selling the products themselves.



Happy customers who receive your consistent care and follow-up are likely to stay loyal to you for a long time.

This is called "retention." Distributors who maintain healthy relationships with their long-term customers are more likely to recruit new Distributors. New Distributors, in turn, drive new customers. This is a natural cycle that keeps fueling itself.

Retailing, Recruiting and Retention in simple form:

- Satisfied Customers = Repeat Business
- Repeat Business = Successful Distributors
- Successful Distributors = Higher Retention
- Higher Retention = Business Growth

"It's not
important
where I am
right now;
it is where I
can be in the
future that is
important...
Care more
about others,
and you will be
taken care of."

– Mark Hughes
(1956–2000)
Herbalife's Founder
and First Distributor



Tracking Income and Expenses

A satisfied customer base can provide you with regular, long-term income. But just because you have income coming in, that doesn't mean you have a good cash flow. If you overspend, don't pay your bills on time, or are careless with your money, you can find yourself out of cash no matter how much money you're bringing in.

To maintain your business and keep the cash flowing, consider adopting some basic form of money management to keep track of how much money is coming into your business and how much money is going out. **Accounting for your money will help you avoid debt on the one hand and achieve your financial goals on the other.**



Electronic Funds Transfer (EFT)

If you have a bank account, you can sign up for free direct deposit of your Herbalife earnings.

- To arrange EFT, fax a completed Bank Information Form along with a voided check or deposit slip to Herbalife Records at 310-258-7012.
- Bank Information Forms are available and can be submitted online at MyHerbalife.com.

RUNNING YOUR BUSINESS

Consider what your business goals are as you explore ways to manage your money.

Money management options

- You may want to keep a ledger to track transactions.
- You may want to use computer accounting software, such as Quicken®* and Microsoft Money®†.

Document each financial transaction in one place

- How much money is coming in?
- How much is going out?

Business expenses may include:

- Product inventory
- Gasoline
- Subscription to BizWorks
- Phone calls
- Shipping and postage
- Travel
- Trainings



Consider using any of our BizWorks packages to create, track and save professional invoices for your field orders.



*Quicken® is a registered trademark of Intuit, Inc.

†Microsoft Money® is a registered trademark of Microsoft Corporation.

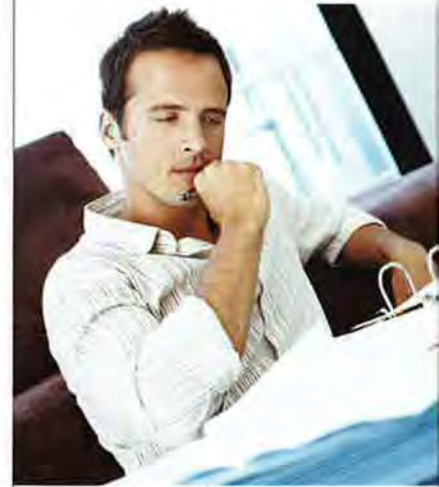
Keep Business Finances Separate

In addition to keeping track of your business transactions, it's a good idea to develop a way to keep your business finances separate from your personal finances. If you like to keep things simple, try keeping your business finances in marked envelopes, rather than in your wallet. Keep your business finances separate by setting up a separate account at your bank.

When your personal and business funds are kept separate, you'll find it much easier to know:

- How much capital you have
- How much profit you've made
- What your expenses are

Separating your business and personal money will make it easier to determine your business's taxable income for the year. You can find more information on taxes and your business in Book 4 "Sales & Marketing Plan and Business Rules." We recommend that Distributors consult with their own tax or business advisors, or their local, state or federal taxation offices.



"Don't say,
'If I could,
I would.'
Say, 'If I
can, I will.'"

– Jim Rohn
(1930–2009)
World-renowned
business philosopher

Budgeting for Your Business

You're probably familiar with the idea of a personal or family budget, even if you don't keep one. A budget is simply a plan for your money. When you create a budget for your business, **you specify how much you'll spend in different areas, as well as how much you'll save.** Creating a budget for your business will help you make the most of your new earnings.

Here are some areas you may want to consider putting money toward:

- Product inventory for customer orders
- Personal product inventory
- Advertising for your business
- Training events/seminars
- Business costs, such as office supplies
- And, most of all, yourself!

Generally speaking, if your business has outstanding bills or debts, quickly take care of those before taking on new debt.



Talk to your
Sponsor for
assistance in
working out
a budget that
will help you
meet your
financial goals.



Managing Inventory

The amount of inventory you choose to have on hand for your business is a very individual decision. However, here are some typical issues to consider as you decide what to order:

- You can't sell what you don't have. Carry enough inventory on hand to cover all your local sales.
- Distributors often sell the products they use themselves. If you use the product yourself, consider carrying inventory for resale as well.
- Many people purchase product on the spot. Carry enough product on hand to accommodate spur-of-the-moment sales. You don't want to make a paying customer wait.
- If you're sponsoring another Distributor, consider carrying enough product to cover your personally sponsored Distributors who run out of product.
- If you're planning an event, such as a grand opening or a shake party, make sure you have enough product to accommodate sales at the event.
- If you are doing one-on-one presentations, don't make the customer wait for product.
- While you don't want to be in a position of not having enough product, also be careful not to order more than you can reasonably consume and sell.

In addition to deciding how much to order, you need to decide when to reorder. This will vary depending on how much you order and how fast you sell individual products. Also keep in mind how long it takes to receive orders from the warehouse.

It can be helpful to keep a running list of how much inventory you have on a clipboard near the place where your inventory is stored. You can also write down your "when to reorder" amount next to each product, so you'll always have the reminder of when to reorder right next to the number of how much of each product you have on hand.

Try keeping your inventory in one place where it will stay cool and clean. It's a good idea to keep your inventory together, as this makes it easier to physically check how much you have on hand.

Make Business Operations Easier

Merchant credit cards

Many people prefer to pay with credit cards. By setting up a merchant credit card account, you will be able to accept credit card payments from customers and Distributors who prefer to pay with plastic. Being able to accept credit cards may also lend credibility to your business, which can make customers more inclined to purchase.

ProPay makes accepting credit cards a snap

You can increase your sales the smart and easy way – use the power of the Internet (or any touch-tone phone) to make your customers' payments fast, easy and convenient. Thanks to Herbalife's partnership with ProPay, accepting credit cards can now be an affordable, profitable part of your business. Go to MyHerbalife.com to find out which services are best for you and your business.

- ProPay: propay.com/Herbalife Telephone: 800-257-0829 **PROPAY** 



Work with your Sponsor to determine how much you need to earmark for reordering costs.

RUNNING YOUR BUSINESS

Using MyHerbalife.com

Provided by Herbalife as a free business resource to Distributors, MyHerbalife.com is the companion site to Herbalife.com and is customized with your information. Distributors can log on directly at MyHerbalife.com or access the site through the Distributor Login link located at the top of the Herbalife.com home page.

Once you've obtained a PIN code and logged on, the site will greet you with your name, Distributor level and current Volume Points right on the front page. The home page is regularly updated with the latest news about products, promotions and events.



MyHerbalife.com Fast Facts

- Free Distributors-only website
- Order while browsing products
- Business and educational resources
- Find events and trainings in your area
- Downloadable sales tools



In MyHerbalife.com's Order Products section, you'll find the same well-organized product presentation found on Herbalife.com, but with an added Distributor-only feature: **the ability to purchase products online**. The product section is a great educational resource that you can use to learn more about each product and its benefits.

Herbalife has the best training events for its Distributors. Using the Events & Promotions section at MyHerbalife.com, you'll be able to stay on top of all the latest meetings and conference calls. The Events & Promotions section provides you with an at-a-glance overview of all the meetings and calls scheduled over the next 90 days. You can use the "Find Herbalife Events and Calls" search function to narrow the list down based on criteria you provide, such as location and event type. With just one click, you'll be able to find the next event in your area that will help you take your business to the next level.

BizWorks – Powered by MyHerbalife.com

In addition to the free tools offered on MyHerbalife.com, you have the option of subscribing to one of three BizWorks packages designed to manage and grow your business.

All BizWorks packages include:

- Contact manager – Organize downline, lead and customer information.
- Daily calendar – Plan and track activities.
- eCards – Stay in touch with customers and downline Distributors about events, products and more.
- A new invoice tool – Create, track and save professional invoices for your field orders.
- Lead management tool – Track your success and make following up with them effective.

BizWorks Websites Package

BizWorks Websites gives you a fast, easy and convenient way to start your Herbalife business online. Four powerful and customizable websites help you cover all aspects of your business – from selling products to generating new customers and downline members. All four websites are available in English and Spanish.

ShopHerbalife.com • EarnIncomeNow.com • LoseWeightNow.com • GetLiftoffNow.com

BizWorks Downline Package (Available to U.S. residents only)

With BizWorks Downline, you not only get the basic set of tools included in all packages, you also get a powerful set of reports to help you track your progress as well as that of your downline. Reports allow you to stay on top of your organization in one place. View reports using:

- Supervisor volume – Track volume up to six levels deep.
- Tree view – See a graphic overview of your downline.
- Linear view – View your downline in a standard line-by-line format.
- Organizational analysis – View data for a specific Distributor.

BizWorks Complete Package

BizWorks Complete gives you the most comprehensive and powerful toolset to manage and grow your business. This package includes all features of BizWorks Websites and BizWorks Downline. Give yourself the ultimate advantage and achieve your goals faster and more efficiently with BizWorks Complete.

We also have free BizWorks Downline Reports available now: Distributor Volume – for all Supervisors and above. Linear View – for Millionaire Team and above with 4% Production Bonus max.



GENERATE LEADS



GET CUSTOMERS



MANAGE YOUR ORGANIZATION



BizWorks puts
the power of
information in
your hands.

Take Action

Your Action Items for building your business.

Now that you've learned the basics of building and running your business, such as the importance of customer care and follow-up, being a good Sponsor and the benefits of the Marketing Plan, use this handy checklist to help you get up and running.

- ☐ Practice good customer care with prompt return phone calls and personalized product delivery.
- ☐ Obtain and maintain organized customer records.
- ☐ Educate customers about the products.
- ☐ Build strong relationships with customers and obtain referrals.
- ☐ Nurture, train and teach new Distributors based on the simple, yet effective philosophy of "tell, show, try, do."
- ☐ Study the Marketing Plan.
- ☐ Learn the benefits of the 3 R's: Retailing, Recruiting and Retention.
- ☐ Organize a tracking system for business income and expenses that is separate from your personal account(s).
- ☐ Start and maintain a business budget.
- ☐ Keep accurate and updated records of inventory.
- ☐ Familiarize yourself with BizWorks, which will help you do more business in less time.
- ☐ Use the many available resources provided by MyHerbalife.com, which can help you obtain information, answer questions, find events, locate tools and trainings, order products and much more.



"As Chairman and CEO of Herbalife, my job is to make sure you have the support you need to build your business. At Herbalife, it's 'Distributors First' in everything we do. Teamwork makes the dream work."

**– Michael O. Johnson
Herbalife Chairman
and CEO**

EXHIBIT I

EXHIBIT I



HERBALIFE.

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Personal Information

Sponsor Name: EUGENE R [REDACTED]
Country of Residence: USA
Distributor ID: 101177606

Last Name: Bostick
First Name: Dana
Middle Init: G
Social Security or Individual Tax ID Number: [REDACTED] 2
Date of Birth: January [REDACTED], 1945

Spouse's Last Name: N/A
Spouse First Name: N/A
Spouse Middle Init: --
Spouse's Social Security or Individual Tax ID Number: --
Have you or your spouse been Herbalife Distributors or participated in any Herbalife Distributorship? No

In Care Of: Dana Bostick
Mailing Address: [REDACTED]
City: N HOLLYWOOD
State: CA
Zip Code: 91606-2401
Primary Phone: (818) [REDACTED]
Secondary Phone: (818) [REDACTED]
Mobile Phone: (818) [REDACTED]
Fax Number:

Legal/Fiscal Address: [REDACTED]
City: N HOLLYWOOD
State: CA
Zip Code: 91606-2401
Primary Email: Dana@[REDACTED]

Do you wish to receive communication via email and/or online? Yes

AGREEMENT OF DISTRIBUTORSHIP

1. I apply to become an independent Distributor of Herbalife products on the terms and conditions set forth below and on the back of this form, as well as the documents which are expressly incorporated into this Agreement of Distributorship. I will become a Distributor only when this Application for Distributorship is accepted by entering it into Herbalife's records at Herbalife's Home office in Los Angeles, California, in its sole and absolute discretion. Until then, I am granted a provisional license to buy and sell Herbalife products.

2. I acknowledge that I have reviewed the [Rules of Conduct](#) and [Distributor Policies](#) and am aware the policies require a one-year period of inactivity following

- (a) non-payment of the Annual Processing Fee or
- (b) resignation of any prior Distributorship, and represent and warrant that such period has passed.

3. I hereby represent, warrant and agree that I:

- a. Have received and have reviewed thoroughly the contents of a previously unopened Herbalife International Business Pack (IBP) or Mini IBP. The Mini IBP is the basic package containing only explanatory materials and forms and product sample packages. The IBP includes Herbalife products in

addition to the materials and forms in the Mini IBP.

b. Am not relying upon any representations as to the financial results I might achieve.

c. Am aware that the only required purchase to become, succeed or advance as an Herbalife Independent Distributor is the Mini IBP.

d. Although a distributorship is not employment, I confirm that I am authorized to work in the United States.

e. Have received and reviewed the Statement of Average Gross Compensation of U.S. Supervisors and the Policy Statement on Business Methods, both of which are contained in the Mini IBP and the IBP and which are available on www.MyHerbalife.com or upon request from my Sponsor or the Distributor Relations Department.

4. The Herbalife International Business Pack (â€œIBPâ€), contains (among other things) the Rules of Conduct and Distributor Policies, Supplemental Rules, the Sales and Marketing Plan, Ordering Procedures and Sample Forms. Those documents and such other rules and policies as Herbalife has published, or in the future may publish, together with such modifications and amendments as Herbalife shall make from time to time in its sole and absolute discretion (collectively, the â€œRulesâ€), are each hereby incorporated into this Agreement of Distributorship (each in its then most recently published form).

5. The term of my Distributorship will be annual, renewable from year to year thereafter, subject to procedures, requirements and processing fees as Herbalife shall determine in its sole and absolute discretion. I may cancel the Distributorship at any time by notifying Herbalife in writing that I wish to do so. Following termination of my Distributorship, I have the right to resell to Herbalife unused and resalable products purchased from Herbalife and unused and resalable portions of the IBP, subject to the limitations, terms and conditions set forth in the Rules.

6. Herbalife may terminate my Distributorship if it determines I have violated this Agreement (including without limitation the Rules or applicable law). It may suspend or take other action regarding my Distributorship, in its sole and absolute discretion subject only to the limitations explicitly set forth in the Rules.

7. As an Herbalife independent Distributor:

a. I will use my best efforts to promote the sale of Herbalife products to consumers in a manner that enhances the reputation of Herbalife. My success will only come from my sales of Herbalife product for consumption and those of persons I have sponsored, directly or indirectly.

b. I will not engage in any deceptive, unfair or illegal practice. I will indemnify, defend and hold harmless Herbalife from any cost or liability relating to any breach of this Agreement or violation of applicable law. Herbalife may offset against amounts which would otherwise be due to me reasonable amounts to cover such indemnity.

c. I will conduct my Herbalife business as a self-employed independent contractor (determining my own schedule and objectives, responsible for my own expenses and any applicable taxesâ€”including self-employment taxes), not as an employee, agent, franchisee, securities holder, joint venturer, fiduciary or beneficiary of Herbalife or any other Distributor. I will not be treated as an employee with respect to such services for Federal tax purposes or any other tax or other purpose, and will assert no position to the contrary.

d. If I sponsor others to become Distributors, I will do so in an ethical and lawful manner, and I will thereafter continue to sell and promote the sale of Herbalife products for consumption, will use my best efforts to train, assist and support those I sponsor to do the same and will communicate and lead by example. I will make no representations about Herbalifeâ€™s products or income opportunity except in compliance with Herbalifeâ€™s Rules and applicable law. I may not order product primarily to qualify to earn compensation, as opposed to purchases for my own consumption and amounts I consider reasonable to service my customers.

e. Herbalife International of America, Inc., P.O. Box 80210, Los Angeles, CA 90080 collects certain personal identifiable information about its Distributors. It does so to fulfill its obligations under the Distributor relationship and to provide its Distributors with the products and services requested. I understand my information may be used to send me materials about Herbalife products and services, or other commercial information, including information on products of Herbalife's business partners.

8. During the term of my Distributorship:

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 Distributors or customers), and any other information of commercial value relating to other Distributors or customers, provided by Herbalife or which I develop or obtain while a Distributor, and I will not use them, directly or indirectly, for any purpose other than the conduct of my Herbalife Distributorship.

And, for one (1) year thereafter, neither my spouse nor I will, directly or indirectly (through or by means of any person, entity or artifice), solicit, promote, sponsor or recruit any Herbalife Distributor or any customer of Herbalife of whom I became aware in the course of my Herbalife Distributorship, to join, promote, sell or purchase products of, or participate (as a salesperson or otherwise) in any multi-level marketing or direct sales company and I will not encourage anyone to do what I have agreed not to do.

And, in perpetuity thereafter, I will use Herbalife's trade name, logo, trademarks and intellectual property only if and to the extent expressly permitted by Herbalife in writing.

9. Neither this Distributorship nor any interest therein may be assigned or transferred, voluntarily or involuntarily, except as provided in the Rules and then only with the prior written consent of Herbalife, given (and if so, on such terms and conditions specified by Herbalife) or withheld by Herbalife in its sole and absolute discretion.

10. Herbalife is a family-oriented business that expects its Distributors 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 or violence to others.

11. PRIVATE STATUTE OF LIMITATIONS AND CHOICE OF LAW AND FORUM:

Despite any law or equitable doctrine or authority to the contrary, any Claim must 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, that the Claim existed. Any Claim shall be resolved exclusively in a judicial proceeding in either the Superior Court or the United States District Court, both located in Los Angeles, California. 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.

12. MISCELLANEOUS LEGAL PROVISIONS:

a. 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.

b. This Agreement (including documents incorporated herein, in their then published form) constitutes the entire Agreement between Herbalife and me.

c. 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.

This Agreement shall be binding upon and inure to the benefit of the parties, their heirs and permitted

successors in interest.

Revised 11/2009

HERBALIFE ELECTRONIC DISCLOSURE AGREEMENT AND ONLINE DISTRIBUTOR APPLICATION AND AGREEMENT

By clicking "I AGREE" below, you agree that you have read and are bound by the terms of this Electronic Disclosure Agreement, and the Herbalife Online Distributor Application and Agreement, which is fully incorporated herein by reference (hereinafter, the "Agreement").

1. ELECTRONIC DISCLOSURE NOTICE

All documents, including but not limited to, this Agreement, as well as all notices, disclosures and records (collectively, "Disclosures") relating to your account with Herbalife may be sent to you electronically at the email address indicated by you in the account registration form or by viewing the Disclosures on Herbalife's web site. Alternatively, Herbalife may provide you with Disclosures via fax or in the mail.

2. CONSENT TO ELECTRONIC DISCLOSURES

By clicking "I AGREE" below, you agree to receive all Disclosures from Herbalife electronically which Herbalife may send to you by email or by posting the Disclosures on the internet.

3. WITHDRAWAL OF CONSENT

You may withdraw your consent to electronic Disclosures in the future at any time without charge. To withdraw your consent, please fax us at 310-258-7012 or write us at PO Box 80210, Los Angeles, CA 90080 and indicate that you wish to receive all future communications in writing. We will send you a confirming notice once we have processed your change request.

4. TECHNICAL REQUIREMENTS

To access Disclosures electronically and print copies of these Disclosures for your records, you must have internet access, as well as access to a printer. By clicking "I AGREE" below, you confirm that you have access to a personal computer (a "PC"), with a modem and related equipment which provides access to the Internet (the "Hardware"). In this regard, you must provide the type of telephone, cable or other service that provides access to the Internet as required by the Hardware and/or Software. Once the Hardware has been properly connected to the telephone, cable or other internet access service, and any required internet access has been established by you, you will be able to access Herbalife's web site(s) and the Online Distributor Application and Agreement. The encryption system used by Herbalife is a Secure Socket Layer system that supports 128-bit encryption. In order to submit an Online Distributor Application, you must have the hardware and/or software to support 128-bit encryption. In addition, you also confirm that you have access to a printer or the ability to make hard copies of your information and records. Please make a copy of this Agreement, including the Online Distributor Application and Agreement for your records. You can also save an electronic copy of this document to your hard drive. Upon request, you may also obtain a copy of the foregoing by accessing herbalife.com under Distributor Services.

5. ONLINE DISTRIBUTOR APPLICATION AND AGREEMENT

By clicking "I AGREE" below, and by completing the Online Distributor Application and Agreement, which will be provided online after you click "I AGREE," you agree to be bound by the terms of the Herbalife Online Distributor Application and Agreement.

6. CONTACT INFORMATION

You agree to promptly notify us of any changes in your address information by faxing us at 310-258-7012, by writing to us at P.O. Box 80210, Los Angeles, CA 90080, or by accessing one of Herbalife's websites and changing your personal information.

a



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Registration Card

Dana Bostick

Is an Authorized independent Distributor with



HERBALIFE.

ID No:

101177606

Application Date

April 09, 2012

Registration Card

N/A N/A

Is an Authorized independent Distributor with



HERBALIFE.

ID No:

101177606

Application Date

April 09, 2012

EXHIBIT J

EXHIBIT J

2010 Mark Hughes Bonus Award

As set forth below, a Bonus Pool representing a percentage of Herbalife's worldwide product sales is distributed annually among Herbalife President's Team members in recognition of their outstanding performance in advancing sales of Herbalife® products.

Qualifications & Rules

Bonus Qualification Period

The qualification period is twelve (12) months, beginning January 2010 through December 2010 Volume Months.

Bonus Amount

Herbalife sets aside up to 1% of total worldwide Company product sales to be paid as a Mark Hughes Bonus Award (hereafter referred to as "MH Bonus") to a pool for President's Team members who meet certain requirements.

- The total "MH Bonus Pool" amount will be established once the calculation of Company sales results is final.
- The MH Bonus is determined based on several factors, including production paid to each qualifying person and performance, among other factors.
- This Bonus is in addition to the established monthly Marketing Plan compensation.
- All President's Team members are reviewed to determine the final group of President's Team members who have met all requirements for eligibility to earn the MH Bonus.

Qualifications

There are two types of qualification for the MH Bonus: the qualification to "Earn" the Mark Hughes Bonus Award and the qualification to "Contribute" to the upline President's Team member to determine his/her eligibility to "Earn." (Royalty Override points are referred to in this document as "R/O Points.")

Qualifications to Earn

Eligibility to earn an MH Bonus is determined by meeting all the following requirements:

- Be a Fully Qualified President's Team member.
- Have at least one (1) first downline President's Team member who meets the qualification to contribute.
- Achieve 10,000 or more R/O Points per month in each of at least nine (9) months during the qualification period, of which three (3) months must be consecutive.

New President's Team members who become fully qualified in 2010

President's Team members who become fully qualified in 2010, with an effective qualification date of February 1, 2010 through April 1, 2010, must achieve at least nine (9) months of 10,000 R/O Points, in addition to the three (3) months used to complete their President's Team qualification.

President's Team with only one contributing downline President's Team member

There is an additional requirement for MH Bonus qualifiers who meet all the requirements to "Earn" but who have only one (1) qualified contributing downline President's Team member.

In addition to all other requirements, they must also achieve a minimum of 48,000 accumulated R/O Points during the MH Bonus qualification period among all Supervisor organizations other than the organization of the contributing downline President's Team member. Any Distributorship that is affected by divorce or separation may count the Royalty Points of their own, separate individual Distributorship plus original Distributorship towards achieving the minimum of 48,000 accumulated R/O Points requirement. MH Bonus earners who do not achieve this will be eligible to participate in the Bonus but will earn a maximum Bonus of US\$10,000.

Qualifications to Contribute

To qualify as "contributing" to the first "earning" upline President's Team member for the MH Bonus period, a Distributor must achieve one of the following qualifications:

Fully Qualified President's Team members

- Achieve 10,000 or more R/O Points per month in each of at least six (6) months during the qualification period, of which three (3) months must be consecutive.

Newly Qualified President's Team members in 2010

- Newly qualified President's Team members who become fully qualified in 2010, with an effective qualification date of February 1, 2010 through January 1, 2011, will qualify to "contribute" to their first "Earning" upline President's Team member.

President's Team members who did not qualify to contribute upline in the 2009 MH Bonus period

President's Team members who became fully qualified by January 1, 2009 (ending December 2008 Volume Month) but who did not qualify to contribute to the upline in the 2009 MH Bonus qualification period, must achieve the following during the 2010 MH Bonus qualification period in order to qualify to "contribute" to their upline President's Team member:

- Three (3) consecutive months of 10,000 R/O Points per month.

Determination of Final MH Bonus Amounts & MH Bonus Pools

Each MH Bonus participant eligible to "earn" competes in the Total MH Bonus Pool.

- Separate Bonus Pools are established based on the number of qualified, contributing downline President's Team members. Pools with 1, 2, 3, 4, 5 and more contributors are established.
- Within each Pool, several factors are considered.
- Each participant in each Pool receives a percentage of their share of each factor in comparison to all other participants in their Pool.
- The primary factors for each MH Bonus Pool are:
 - Total R/O Points for the Bonus period.
 - The number of months each qualified President's Team member was blocked on their monthly 6% Production Bonus by the contributing President's Team member. For example, a new President's Team member, who qualifies to contribute but who did not block the upline on the 6% in any month during the qualification period, will only qualify the upline for a minimum MH Bonus amount on that line as compared to President's Team members who were blocked for all twelve (12) months.

These primary factors determine the Base Bonus Amount for each Bonus participant within their Pool

Each MH Bonus participant is then reviewed for his or her personal production (above the minimum requirement) in the categories listed. MH Bonus finalists may earn an extra Bonus amount for personal production above the minimum requirement.

The production factors, which are reviewed to determine additional MH Bonus amounts, are listed below:

- An increase or decrease in R/O Points for the year 2010 over 2009. A decrease over the prior year may cause the base Bonus amount of the participant to be reduced. An increase may earn the participant an extra Bonus amount compared to increases of other participants. Because R/O Points are one of the primary factors for determining the base MH Bonus amount, a Royalty increase will generally move a qualifier higher in the MH Bonus Pool. This increases the base MH Bonus amount of the participant, plus the potential to qualify to earn an extra MH Bonus amount.
- The number of months the Bonus participant personally achieved at least 10,000 R/O Points during the qualification period.
- Total personal sales production (Personal + Group Volume) above 30,000 Total Volume Points for the qualification period.
- Total downline organizational production (Production Bonus [P/B] Points) compared to other Bonus Pool participants.

Discretionary Adjustment

The final MH Bonus consideration is discretionary and may include the following factors:

- Demonstrate leadership and Herbalife spirit. This is a reflection of the way each President's Team member conducts his/her business, the integrity of his/her business practices, the spirit of support and sharing with his/her colleagues and the Company, other organizations as well as his/her own, his/her dedication to Herbalife programs and his/her efforts to enhance the image, reputation and overall business of the Herbalife.
- Support, promotion and participation in Herbalife efforts, including Company meetings and other efforts such as conference calls, Herbalife Broadband Network (HBN), audio/visual recordings, promotions, marketing and sales projects, suggestions and working with the Company as it develops strategic plans and leads the effort to enhance the Company's overall business.
- Attendance of the Distributorship at major events is a factor which is taken into consideration during the calculation of the Mark Hughes Bonus. If the qualifier's Mark Hughes Bonus earning status is above US\$10,000, nonattendance at the annual Bonus Awards payout may result in a reduction to the final Bonus amount. Discretionary elements taken into consideration are medical, bereavement or visa issues. Supporting documentation may be requested.



Rules, Terms and Conditions

The following apply to all President's Team members for eligibility to earn or contribute to the Mark Hughes Bonus Award, as well as to all other rules and conditions the Company publishes from time to time.

1. Contributing Rules

- Anyone with nine (9) months or more at 10,000 Royalty Points or more is considered a 'Contributing Earner.'
- Anyone with 6–8 months of 10,000 Royalty Points or more is considered a "Contributor."
- Anyone with 3–5 months of 10,000 Royalty Points or more is considered a "Partial Contributor."
- A Contributor who also earns will always contribute to an upline Earner.
- Within a line, the Earner will count the Contributor with the most months blocking.
- When an Earner has an Inactive downline (0–2 months @ 10,000 Royalties) or Partial Contributor (3–5 months @ 10,000 Royalties), the downline below the Inactive/Partial Contributor will count as the contributing lines. In addition to all other requirements, the number of contributing lines must not exceed the number of Diamond count achieved unless all potential Contributors are Contributors or Contributing Earners.

2. Distributorships

The following rules will apply to Distributorships that are affected by Divorce or separation.

- In order to qualify to earn in the MH Bonus, both individuals may count the Royalty Points of the original Distributorship. In addition, each individual may count the Royalty Points of their own, separate Distributorship, but may not count the Royalty Points in their former spouse's own separate Distributorship. Each individual who meets all other requirements to "Earn" but who has only one (1) contributing downline President's Team member may count the Royalty Points of their own separate Distributorship plus original Distributorship towards achieving the minimum of 48,000 accumulated Royalty Points additional requirement. Individual Distributorships who do not achieve this additional requirement will be eligible to participate in the Bonus but will earn a maximum Bonus of US\$10,000.
- Any downline President's Team members who qualify to contribute in the original Distributorship will count for both parties. Any downline President's Team members who qualify to contribute in one individual's separate Distributorship will only count for that individual.

3. Qualification of Spouse

A President's Team member who is the spouse of an upline President's Team member will not qualify to contribute to that upline President's Team member as a qualifying line in the MH Bonus.

4. Compliance with Rules & Regulations

All qualifying President's Team members, both earning and contributing, must be in full compliance with all current rules and regulations of the Company, as determined by Herbalife in its sole and absolute discretion.

Distributors may not provide payment for product orders in another Distributor'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 Distributor's name could be interpreted as attempts to improperly advance in the Marketing Plan. If Herbalife determines such a violation has occurred, Herbalife will have sole discretion on the application of penalty, which may include disqualification from participating in the MH Bonus to contribute or to earn, or both.

5. Royalty Override Adjustments

Adjustments to Royalty Overrides after the regularly scheduled process, including but not limited to, Matching Volume orders, will not be applied to the R/O Point requirements for qualifying to earn or contribute to the MH Bonus, the monthly TAB Team Production Bonus or other qualifications of the Company.

6. Audit of Business Activity

Herbalife reserves the right to review all business activity in the Distributor's organization prior to final approval for President's Team qualification and for MH Bonus qualification. Distributors must fully cooperate with the Company on any inquiries into the business activity of themselves or their downline. Failure to do so will include disqualification from participation in the MH Bonus.

7. Requirements for TAB Team Production Bonus

President's Team members must be qualified, eligible and meet all requirements to participate in the monthly TAB Team Production Bonus in order to participate in the 2010 Mark Hughes Bonus Award, and have a signed, accepted and approved TAB Team Production Bonus Application and Agreement on file with the Company (where applicable).

8. Right to Alter, Change or Suspend Bonus

Herbalife reserves the right in its sole and absolute discretion to change, alter, modify, suspend or discontinue the MH Bonus program at any time, without prior notice.

9. Distribution of Funds

Herbalife has sole discretion in the distribution of funds, in determining the amount of the total MH Bonus Pool, in determining eligibility of participants, both Contributors and Earners, and in determining each Distributor's Bonus amount.

10. Disqualification from the Bonus

Herbalife reserves the right, in its sole and absolute discretion to disqualify any Distributor from participation in the MH Bonus if the Company deems that the Distributor has violated any of the Company rules and regulations or has in any way caused harm to the business of the Company or to business of other Herbalife Independent Distributors.

11. Buybacks

Herbalife reserves the right to analyze all buyback transactions in the downline organization of the qualifiers and may apply a penalty deduction in the final MH Bonus payout of that qualifier, in its sole and absolute discretion.

EXHIBIT K

EXHIBIT K

"I wanted to be my own boss."

By Scotty M.



"Herbalife has absolutely improved our lives."

Scott M. worked as a product manager before being introduced to Herbalife. "I immediately recognized the incredible potential that Herbalife offers," says Scott. "After just two years working the business, I was able to quit my job and become a full-time Distributor." "I wanted to be my own boss." Scott built his Herbalife business and tried a little bit of everything to see what worked best. "I had quite a few methods going at the same time," Scott explains. "I set monthly goals in terms of how much marketing collateral to get out. And word of mouth has always been important."

"I have the flexibility to spend time with my family."

"I have the ability to do what I want and when I want," says Scott. "I've also been able to upgrade to a bigger home and nicer car." But the improvements in Scott's life aren't just financial. "I feel so much better being on the products," he says. "I have more energy, and my overall health has improved."

Here's How :

- Always use the products. It will improve your health and your business.
- Attend as many events as you can-it will lead to results.
- Be consistent and don't ever quit.

This section of the website advertises the results achieved by Herbalife Independent Distributors across a wide spectrum. These are examples and not necessarily typical or average, nor do they represent a guarantee of your personal results. Some examples are those of persons within the top 1% of all Distributors. As with any business opportunity, success depends largely on the individual distributor's skills, motivation and effort. For average financial performance data, see the [Statement of Average Gross Compensation](#).



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"We're not living paycheck to paycheck anymore."

By Natalie & Justin N.



Justin N. worked in his family's construction company for 15 years, while his wife Natalie worked in advertising. "We were working so many hours," Justin recalls. "We didn't have any time to spend with the family." The couple was concerned about their financial future as well. "We felt trapped in the nine-to-five world," says Justin. "We needed to find a business we could call our own."

"Now we control our destiny."

"Now we control our destiny."

"We researched different business opportunities," says Justin. "But Herbalife offered the chance to work from home, coupled with solid earning potential." He and Natalie started out by trying a variety of things to see what worked. "We experimented with everything-from making flyers to just going out and talking to people," says Justin. "We always stayed consistent, and that helped lead to our success."

"We can take our business anywhere."

Today, Justin and Natalie are enjoying the freedom their business has brought them. "We love being able to pick our kids up from school," he says. "And it's great to be able to take vacations when we want to." Justin sums up the couples' appreciation for Herbalife. "This is the most amazing company," he says with excitement. "Because of Herbalife, we're spreading health as well as wealth!"

Here's How :

- Make retailing the focus of your business.
- Listen to the advice of your mentors.
- Communicate with your customers and online-if they're happy, you will be happy, too.

This section of the website advertises the results achieved by Herbalife Independent Distributors across a wide spectrum. These are examples and not necessarily typical or average, nor do they represent a guarantee of your personal results. Some examples are those of persons within the top 1% of all Distributors. As with any business opportunity, success depends largely on the individual distributor's skills, motivation and effort. For average financial performance data, see the [Statement of Average Gross Compensation](#).



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"I'm the owner of an international business!"

By Wendy W.



"What a great business opportunity Herbalife offers," says Wendy Watson, a former Air Force aircraft mechanic who started her Distributorship while stationed on the Japanese island of Okinawa. "I didn't know a lot about business," explains Wendy, "and I was in school, so I didn't have time for a regular job."

"It feels great to build a business around helping people."

When Wendy achieved product success with Herbalife, then helped her mother do the same, she decided this was the business for her. "I wanted to help people," she explains, "and what's so great about this business is I can take it anywhere. When I moved from Okinawa back to the U.S., I was able to keep my Japan business by using BizWorks, and at the same time grow new business out here!"

What Works:

- Study. Learn. The keys to succeeding at this business are all there in the Marketing Plan.
- If you have little or no business experience, don't worry; determination can go a long way!
- Use BizWorks. It really enhances your relationships with your team.

This section of the website advertises the results achieved by Herbalife Independent Distributors across a wide spectrum. These are examples and not necessarily typical or average, nor do they represent a guarantee of your personal results. Some examples are those of persons within the top 1% of all Distributors. As with any business opportunity, success depends largely on the individual distributor's skills, motivation and effort. For average financial performance data, see the [Statement of Average Gross Compensation](#).

"It feels great to build a business around helping people."



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EXHIBIT L

EXHIBIT L

TODAY



1TJ122

Scan the QR code or
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U.S. EDITION NO. 156

PLANT THE SEEDS, HARVEST SUCCESS

Jim Rohn's
"Seasons of Change"

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BOOST YOUR IMMUNE SYSTEM THIS HOLIDAY SEASON

Dr. Luigi
shows you how!

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NEW CHAIRMAN'S CLUB MEMBER

PAULINA RIVEROS

A successful woman
behind big dreams

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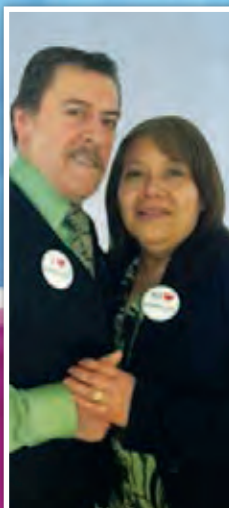
*Standard message and data rates may apply. Texting the keyword to the six-digit short code number signifies your agreement to the Terms of Use and Privacy Policy. More information and help can be found at <http://www.herballife.com/sms-help>.



INSPIRATION to Succeed

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Our New Chairman's
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Letter From Michael O. Johnson Chairman and Chief Executive Officer

Dear Team Herbalife,

We are building it better each and every day. Millions of people's lives are being improved through our products and our business opportunity. Because of your hard work and dedication, Herbalife is in more cities and new markets than ever before.

You should take pride in contributing to our outstanding success. The 2012 Extravaganza World Tour saw thousands in attendance by Herbalife Independent Distributors like you, and our momentum heading into the third year of the Herbalife Decade is tremendous.

Another show of strength was our latest North America Extravaganza, the biggest and most exciting ever. Once again thousands of people gathered at this unique event to get the inspiration and motivation they needed to reach their dreams. And in December and January, we will hold the Future President's Team Retreat and kickoff meetings, where Herbalife's best of the best will share their invaluable knowledge with their peers. As I mentioned before, we are building it better and stronger, helping our company move full steam ahead to another successful decade.

The Herbalife brand is reaching more people than ever. A recent video featuring Herbalife-sponsored soccer star Leo Messi currently has more than 1 million views and counting on our YouTube channel. Through social media and global sponsorships, we continue to deepen our presence around the world. Because of stadium branding, online promotions and global media coverage for events, such as the Herbalife World Football Challenge and the Herbalife Triathlon Los Angeles, more and more people are learning about Herbalife and what we stand for. As our accomplished and talented sponsored athletes continue using the Herbalife24 products to power their greatest moments both on and off the field, we are showing the world how we support healthy, active lives.

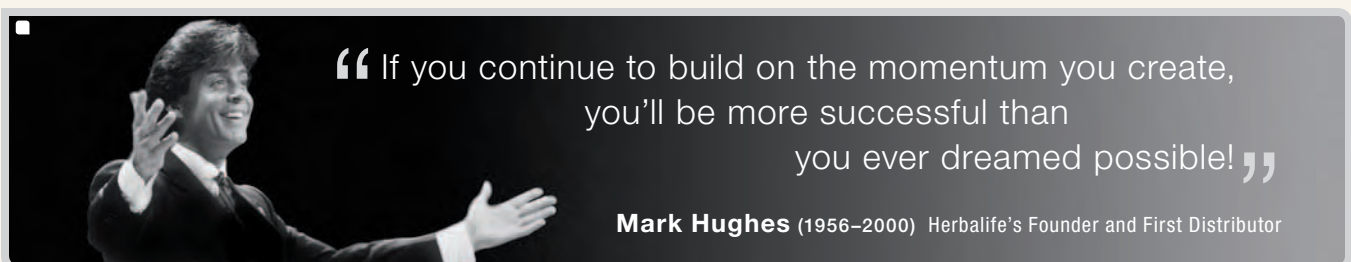
We are also supporting our communities by enhancing the Herbalife Family Foundation website, making it easier for you to donate and volunteer to Casa Herbalife programs around the world, which provide good nutrition to more than 16,000 children in over 40 countries on a daily basis. And we are continuing to invest in our research, development and manufacturing processes to give you even more confidence in our great nutrition products.

As our 32nd year comes to an end, let's keep the momentum going. You've heard me say it many times – we are just getting started.

Thank you for changing people's lives,



MICHAEL O. JOHNSON



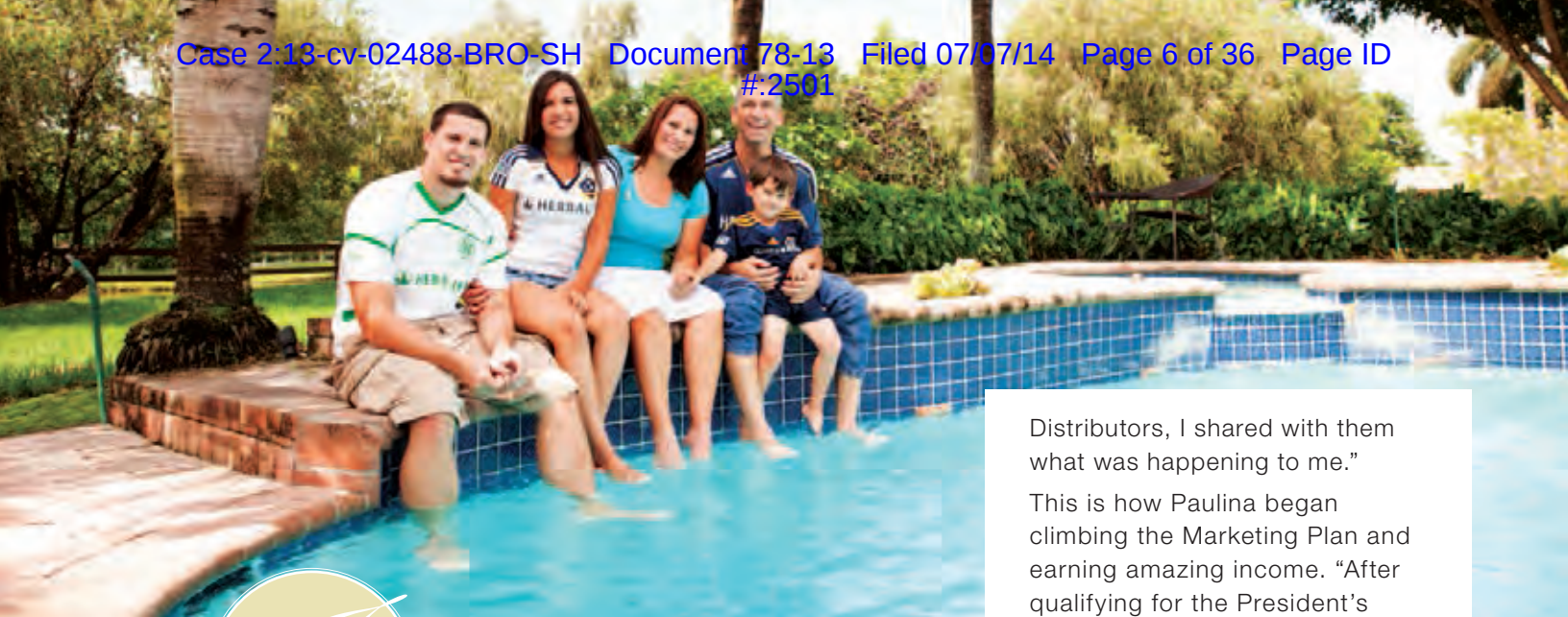


PAULINA RIVEROS



A LEADER
THAT GROWS
IN THE FACE OF
ADVERSITY

PAULINA RIVEROS STUDIED NUTRITION AT UNIVERSIDAD CENTRAL IN VENEZUELA. BACK THEN, SHE WAS A FULL-TIME STUDENT. BUT HAVING TO SUPPORT A 1½-YEAR-OLD BABY, HER FINANCIAL SITUATION WAS CRITICAL. AFTER LOOKING FOR OPPORTUNITIES TO GENERATE INCOME PART TIME WITHOUT HAVING TO WORK FOR SOMEONE ELSE, SHE DISCOVERED HERBALIFE.



remember Jim Rohn used to say, 'People get into this business out of inspiration, or desperation.' In my case, it was desperation more than inspiration that motivated me to make a life decision, to become an Independent Distributor."

As a future nutritionist, Paulina was impressed by the weight-loss testimonials and the nutritional

benefits of Herbalife® products, a benefit she was able to see for herself. "Although I loved the possibility of generating income, the first thing I did was take the products," she remembers. "With them [plus a healthy diet and exercise] I lost 30 pounds."

Working part time on her Herbalife business, this pioneer of the Venezuelan market used a proven and surprisingly simple

approach to breathe life into her organization: using the products, wearing the button and talking to people. "At the university, my circle of friends and I were in the same situation, wanting to earn money without quitting school. So in order to recruit my first

Distributors, I shared with them what was happening to me."

This is how Paulina began climbing the Marketing Plan and earning amazing income. "After qualifying for the President's Team and after a conversation with a professor, who had been teaching for 30 years and told me how much free time and income he had now thanks to the business opportunity, I decided to dedicate myself to Herbalife full time. His story convinced me that working without financial freedom wasn't what I wanted for myself, either."

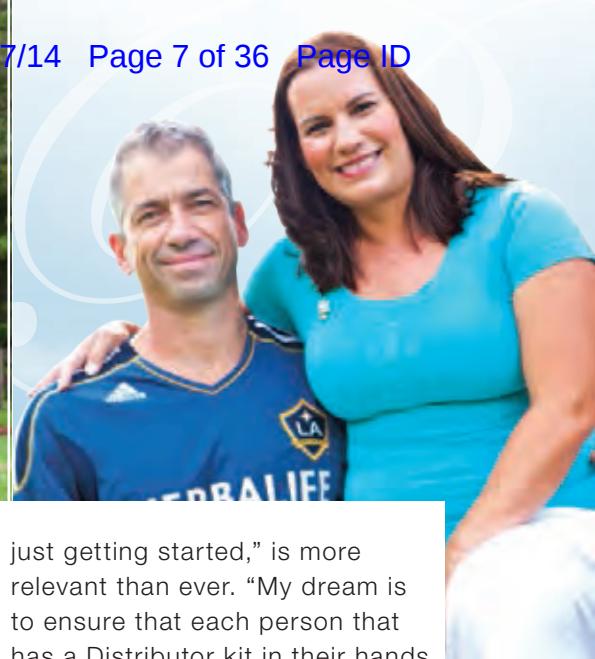
Together with passion, leadership and the highest values, that vision has allowed her to exceed all her professional and material goals. Today, she lives in a spacious ranch in Florida, and has a lifestyle that she couldn't

"SO IN ORDER TO RECRUIT MY FIRST DISTRIBUTORS, I SHARED WITH THEM WHAT WAS HAPPENING TO ME."

have imagined in her wildest dreams. "It's true that with my Herbalife business, I've reached a lot of material goals, but what is more gratifying is the free time I have to spend with my family. As a mother, I've enjoyed having time for my three children: Alejandro, who before Herbalife I couldn't support; Estefanía who rides horses and has a



Today, Paulina lives in a spacious ranch in Florida, and has a lifestyle that she couldn't have imagined in her wildest dreams.



horse of her own; and,"she adds laughing, "Esteban, the youngest, who drives us crazy with his cheerfulness."

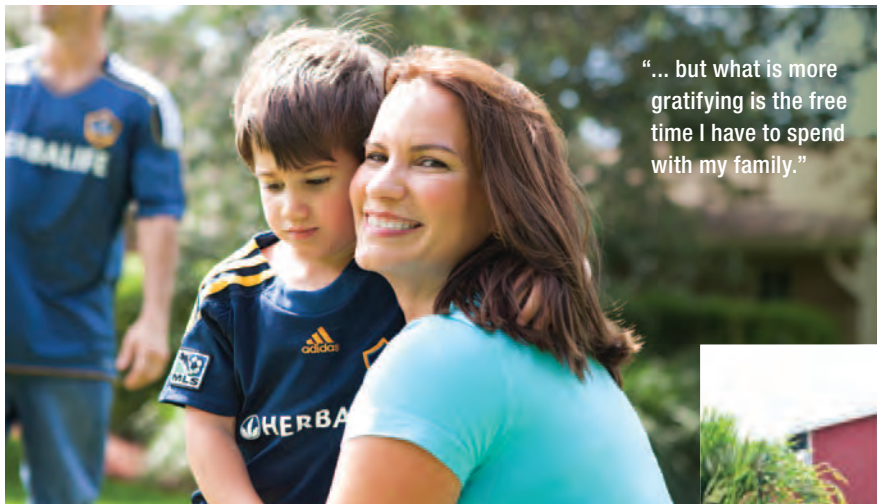
In 20 successful years, Paulina has been able to travel all over the world. Plus, she's left a mark of inspiration everywhere she's visited, sparking in each Independent Distributor the same passion with which she's worked since the beginning. "It's an excellent product, and an excellent product requires extraordinary Distributors. The company's strength lies in its Independent Distributors, and a Distributor's great strength lies in the passion

together for us: the product, the technology, the science. But without the Distributor's passion, nothing works."

As a leader, Paulina sees a future of unlimited possibilities. "The growth within these last few years has been marvelous, but it's only the tip of the iceberg. The future will be even more amazing, because if we've traveled this far with just

just getting started," is more relevant than ever. "My dream is to ensure that each person that has a Distributor kit in their hands has the same opportunity I had. My responsibility – and that of our leaders – is to take care of them. In our reputation and in our credibility lie our organization's dreams. It's an honor and a great responsibility to have reached the Chairman's Club, but I'm

convinced that this is only the beginning."**†



"... but what is more gratifying is the free time I have to spend with my family."

passion and a few tools, with all the growth, products and infrastructure we have today, what awaits us is nothing short of extraordinary."

So with that tremendous future on the

horizon, Paulina says she feels that Mark Hughes' phrase "We're

"WHAT AWAITS US IS NOTHING SHORT OF EXTRAORDINARY."

to make his or her business grow. The rest has been put



*Incomes applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation of U.S. Supervisors at Herbalife.com and MyHerbalife.com.

† An extensive questionnaire generated responses from more than 200 U.S. Herbalife Independent Distributors 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.

WHERE INSPIRATION MEETS SUCCESS

At a crossroads in their lives, these Distributors took the high road, and turned their inspiration into success.



Inspired to CHANGE HERSELF

Deisy T. cleaned houses and sold jewelry to earn extra money. After a long day at work, she had to go home and cook, clean and take care of her family. It was an enormous sacrifice, and she never achieved her goal, her “American dream.”

During that time, she had slowly become 50 pounds overweight, until one of her clients convinced her to try Herbalife® products. “I used the Weight Management products with excellent results, and those results got me inspired. With the support and guidance of my Herbalife Sponsor, I substituted my traditional breakfast for an Herbalife healthy breakfast. I consciously started eating healthy and exercising until I shed the 50 pounds I wanted. I also used the Heart Health products.”

She says she became an Herbalife Independent Distributor to share the products with her family and friends. “People started asking about my results. By selling the products, I started my own business. Eventually I attended an Herbalife event, which created vision. From that moment on, I made training events part of my business plan. I’ve never missed an event, and I motivate others to attend. This has been key to growing my organization.



“I have also grown as a person. This is a business where your result is your best pitch. You only have to put in the hard work along with dedication, patience and discipline, attributes you can learn at the events. Herbalife is a real opportunity for everyone who is willing to focus and work for his or her goals. Plant a seed every day and you will harvest lifetime success.

“It brings tears of joy to my eyes. We are really changing people’s lives. Just use the products, wear the brand, and talk to people. Treat people with genuine respect and love from your heart and the impact you will make in them will last forever.”**†



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Inspired to help LOVED ONES

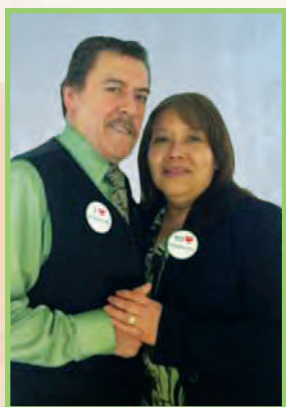
Kajal K. learned about Herbalife from a neighbor, and became interested for the sake of her husband Sanjay, as well as herself.

"He's now lost 42 pounds, and I've lost 10 pounds and two dress sizes," she says. "My main goal is to keep my family healthy. And in the process, I've been able to help a lot of other people."

She decided to try selling Herbalife® products as a hobby. So she started her own Weight Loss Challenge, and 20 people showed up. "Then they asked me to do it again, so I decided to look into the Nutrition Club. And that's how the business began."

As a former physician's assistant, Kajal has always been interested in helping others. "Now [as a coach] I'm able to provide support for those who have the willpower and desire to make changes. And it's a great thing for my daughter to see. I received an email from a nurse telling me I helped get her self-esteem back. It's just made me want to be a part of everyone's journey."

"My dad is an engineer," she adds, "always doing something with a purpose. I kind of lost that. Now my customers inspire me. And it's great to get up every morning and love what you do."**†



Your success will give others INSPIRATION



Juan C. worked 31 years mowing lawns and fertilizing gardens as a field-worker. He came to the United States to "pursue his dream," but never seemed to achieve the better lifestyle he'd imagined. Making matters worse, he had poor nutritional habits.

"I was 235 pounds," he recalls.

Then his wife discovered Herbalife. "Shortly after starting with Herbalife® products, eating healthy and being

physically active, I was feeling better than ever. I eventually lost 85 pounds."

"My friends and acquaintances started asking me what I was doing and, by recommending the products, my business began." He and his family opened a Nutrition Club and spread the word in their community. "Our focus is helping other people. We want to take good care of our customers and help them achieve their nutrition goals. And we genuinely want our downline to earn more because when they grow, we grow. Our organization gets excited when they see us in the VIP row. With hard work, they know it can – and will – happen to them."

"Now we are setting the example for our six kids. I can spend time with my family and feel good about what I do for a living. I was a field-worker, and now I have my own business. That tells you how powerful this opportunity can be."**†

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QUALIFIED APRIL 2012

Ludmila Rutman

“Looking back 21 years later, I see a successful international business that I managed to build from scratch.”

Ludmila Rutman was born and raised in Russia as the fourth child in her family. When she was only 17, she lost her parents, driving her to learn responsibility at a young age. Then, through her first job as a photographer, Ludmila met her husband Evgeniy Mindlin.

At the age of 30, Ludmila decided to change her profession and she went to study commodity research at the Moscow Trade University. It was at that time that the Soviet Union disintegrated, so she and her husband immigrated to Israel with only two suitcases and their two kids.

Once in Israel, Ludmila tried many ways to earn a steady income but, because she didn't know the language very well and competition was tough, she couldn't earn enough to support her family. One evening, in total despair, Ludmila saw an ad about the Herbalife business opportunity. So, she called to arrange an appointment.

After the first month, Ludmila already had many clients and she soon qualified for Supervisor status. Now, she has strong leaders in her organization, many of whom are GET, Millionaire and President's Team members. "Looking back 21 years later, I see a successful international business that I managed to build from scratch," says Ludmila. "I have the opportunity to help people improve their nutrition and to change their lives and financial situation." Ludmila's family has not only supported her over the years but her daughter, son and son-in-law have all joined her in the business, creating a new opportunity for even greater success.

Today, Ludmila is an energetic and financially independent person. "Thanks to Herbalife, I have travelled the world, met and continue to meet lots of interesting people who I would never have met in my 'old' life," says Ludmila, "I am very grateful to Mark Hughes and Jim Rohn, to my Sponsors, Leon and Irina Waisbein, and to my big and friendly organization for their support and faith in me. My Herbalife business gave me a unique lifestyle; it is the only way of living I can imagine."

Ludmila's organization now includes many successful clubs, which have helped her meet the Chairman's Club qualification. It is a great achievement, but Ludmila is confident that it is just the beginning!*

*Incomes applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation of U.S. Supervisors at Herbalife.com and MyHerbalife.com.



QUALIFIED APRIL 2012

*Tatiana & Alexander
Naimushin*



**INTERNATIONAL EXECUTIVE
PRESIDENT'S TEAM MEMBER 20K**

Tatiana Naimushin began to worry about her family's health and nutrition. "That's when I discovered Herbalife® products," she says. Seeing the potential that the business opportunity offered, Tatiana signed up as an Independent Distributor. In time, her husband, Alexander, left his high-paying jobs and joined her in the business. Now their organization stretches throughout Europe, Asia and the United States. "We've secured our future, as well as the future of our children and grandchildren," says Tatiana.*



EXECUTIVE PRESIDENT'S TEAM 15K

Kevin Gross was a teacher, and his wife Laurie ran a day care and taught fitness classes. Although they worked hard, they wanted to earn more money. Then Kevin's sister suggested they try Herbalife® products and the business opportunity, so they became Independent Distributors. Eventually, their small income turned into a larger one. "We've enjoyed helping others, as others have helped us," Kevin says.*



QUALIFIED MAY 2012

Kevin & Laurie Gross



QUALIFIED JANUARY 2012

Terri & John Wright



EXECUTIVE PRESIDENT'S TEAM 15K

Terri and John Wright were each working two jobs and still living paycheck to paycheck. By using Herbalife® products and starting a healthy, active lifestyle, Terri lost 43 pounds. Soon her acquaintances and co-workers started asking her about the products and Terri became aware of the awesome business opportunity. "There's nothing I would rather do than help others with their health and wealth," she says. "Thanks to Herbalife, we reshaped our future."**†

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QUALIFIED MAY 2012

Danielle & Graeme Edwards



EXECUTIVE PRESIDENT'S TEAM 30K

Danielle and Graeme Edwards were introduced to Herbalife® products through a Nutrition Club. Inspired by their weight-loss results, they attended one Herbalife Extravaganza, and afterward decided to open their own Nutrition Club. Through hard work, they moved up the Marketing Plan and now enjoy the lifestyle that they always dreamed of. "We're so grateful for Mark Hughes' vision, Jim Rohn's words of wisdom, the strength of our mentors and our incredible team!" they say.*†



SENIOR EXECUTIVE PRESIDENT'S TEAM 30K

Amber and Jason Wick used to work 70 hours a week as engineers, and rarely saw each other. They wanted more quality time – and the freedom to travel. Then a friend introduced them to Herbalife. They got such great results with the products that they decided to become Independent Distributors. To move up the Marketing Plan, they attended every event and qualified for every promotion. Now they've replaced two engineering salaries with Herbalife income.*

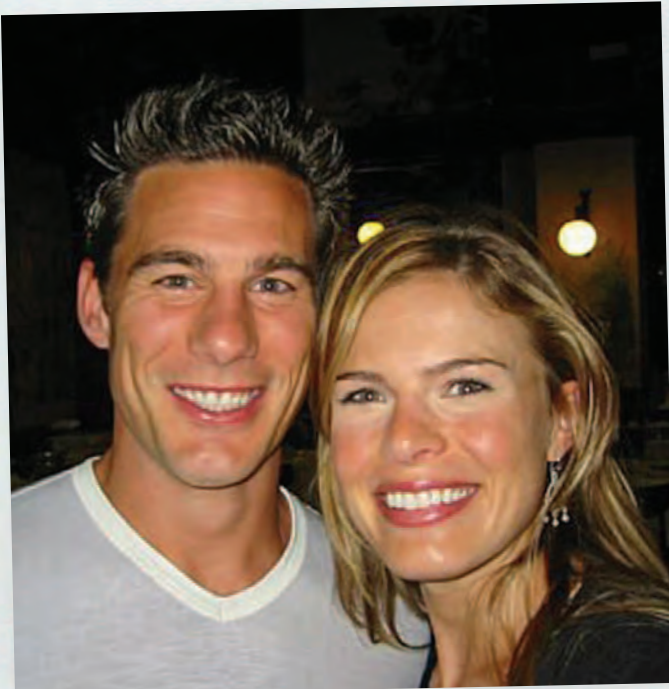


QUALIFIED MAY 2012

Amber & Jason Wick

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QUALIFIED APRIL 2011

Mark & Jill Addy

20

EXECUTIVE PRESIDENT'S TEAM 20K

Mark and Jill Addy were working long hours in well-paid sales and consulting jobs. However, they wanted more control over their time while still having a good income. A friend, an Herbalife Independent Distributor, told them about Herbalife, and they soon became Distributors themselves. Now with their successful business, they have completely transformed their lives. "We have time to do the things we love and be great parents to our daughter Ava," they say.*

20

PRESIDENT'S TEAM 20K

While *Enrique Carrillo* was studying at New Mexico State University, he was introduced to Herbalife® products. Along with a healthy diet and exercise, he eventually lost weight, and decided to become an Herbalife Independent Distributor. He grew his business by consistently working hard and having a positive attitude. Enrique is now making more money than he could have imagined. He shares, "My Herbalife Independent Distributorship has transformed my life with health, wealth and happiness."**



QUALIFIED MAY 2012

Enrique Carrillo

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QUALIFIED APRIL 2012

Tim Files



EXECUTIVE PRESIDENT'S TEAM 20K

Tim Files was a master personal trainer whose business was hurt by the economic downturn. His dream to work for himself seemed impossible. After experiencing positive results with Herbalife® products, Tim decided to become an Independent Distributor. He used the Nutrition Club model to move up the Marketing Plan. Now, Tim has the business he's always dreamed of. "The most satisfying part of being an Herbalife Independent Distributor is watching people change their lives through health and wealth," he says.*



EXECUTIVE PRESIDENT'S TEAM 20K

Tamara Geitzenaver used to juggle her roles as wife, mother of four daughters, physical education teacher and varsity coach. Then a friend, an Independent Distributor, introduced her to Herbalife. "I started the program and felt more energized," she recalls. She soon signed up as an Independent Distributor. And today she gathers up to 20 participants in Weight Loss Challenges. "I get this awesome feeling when someone says, 'Thank you for giving me my life back!'" explains Tamara.*



QUALIFIED MAY 2012

Tamara Geitzenaver



QUALIFIED MAY 2012

Brook Kirwin

20

EXECUTIVE PRESIDENT'S TEAM 20K

Brook Kirwin enjoyed training athletes to get into peak condition. But she had no time to work out and became overweight. When she discovered Herbalife® products and a healthier lifestyle, she lost weight, and became a part-time Independent Distributor. Eventually, she quit her job as a trainer and moved up the Marketing Plan. "I also learned how to better lead my organization. Now two athletes I trained are in my downline," she adds.*†

20

EXECUTIVE PRESIDENT'S TEAM 20K

Mike and Cindy Patterson were facing financial difficulties. Cindy's parents, Executive President's Team members Gerald and Jerrie Reding, introduced them to Herbalife® products. Mike and Cindy both experienced great results using them, so Cindy decided to become an Herbalife Independent Distributor. They agreed that if she didn't earn a certain amount per month within a year, she would find a different job. "Cindy earned that amount and more!" exclaims Mike. "Most important to us are the friendships we've developed," the couple explains.*



QUALIFIED APRIL 2012

Mike & Cindy Patterson

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QUALIFIED APRIL 2012

*Kris & Andrea
Bickerstaff*



EXECUTIVE PRESIDENT'S TEAM 15K

Kris Bickerstaff was a personal trainer and his wife, Andrea, worked in the medical field. When the economy worsened, so did Kris' personal training business. A nutrition coach encouraged Kris to try the Herbalife® products, and Kris decided to become an Herbalife Independent Distributor. The couple's primary method of growing their business was leading Weight Loss Challenges. Kris advises, "Be consistent with your retailing and recruiting and most of all, never quit believing!"*



EXECUTIVE PRESIDENT'S TEAM 15K

Keegan Cervin was a college student who worked part time as a waiter. He discovered Herbalife® products through family members who were already Herbalife Independent Distributors, and realized that the business opportunity was the best way to gain his independence. Keegan cites operating Nutrition Clubs and organizing Weight Loss Challenges as crucial to expanding his business. Today, Keegan lives happily, having achieved financial stability and independence. He says, "What gives me the most satisfaction is that through the Herbalife business opportunity, I'm making a positive impact on people's lives."*



QUALIFIED MAY 2012

Keegan Cervin



QUALIFIED APRIL 2012

David Hayes



EXECUTIVE PRESIDENT'S TEAM 15K

David Hayes worked as a landscaper by day and aspiring musician by night. A friend recommended Herbalife® products and after David experienced positive results, he shared them with his family and friends. He opened a Nutrition Club as people were making New Year's resolutions to improve their wellness. His customers' positive results fueled David's business. Now, he has achieved his dream of improving his music career, his wellness and his income. He shares: "By fighting for other people's dreams, we put ourselves within reach of our own dreams!"*



PRESIDENT'S TEAM 15K

Kelly Heffernan worked grueling 16-hour shifts in the oil industry, surviving paycheck to paycheck. After learning about the Herbalife business opportunity, Kelly was inspired to become an Independent Distributor. Using the Herbalife® products, along with healthy eating habits and exercise, his wife, Lenna, lost 30 pounds of weight, while Kelly gained 30 pounds of lean muscle. To grow their business, they used flyers and print media, as well as Internet-based methods. Now, they have the freedom to work from home and focus on raising their toddler.*†



QUALIFIED MAY 2012

Kelly & Lenna Heffernan

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QUALIFIED MAY 2012

Larry & Heather Hulsey



PRESIDENT'S TEAM 15K

Life as a waiter was tough, but 18-year-old *Larry Hulsey* wasn't sure what his options were. Then he came across the Herbalife business opportunity. During the first few years in business, he learned how to be consistent by using 90-Day Plans. Slowly but surely, he and Heather's business grew. "We love helping people with these incredible products and reaching out to them with the business opportunity," he says. "And this is only the beginning!"*

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QUALIFIED MAY 2012

Jake Dwyer

After graduating college, *Jake Dwyer* was determined to work in the film industry. He soon landed a job as a production assistant, and found himself working grueling 16-hour days. After a year and a half, Jake had simply had enough. "I was highly dissatisfied with the quality of my life," he says. He had also gained 40 pounds.

Then, he met someone at a personal development seminar who told him about Herbalife. So Jake tried the products and started an exercise regimen, and he lost 30 pounds. Motivated by his experience with Herbalife, Jake then became an Independent Distributor. "I was totally blown away by the products," explains Jake. "Since the day I started as a Distributor, I have never missed a training session. I now work full time as a Distributor."

Jake's advice is to make the program your own. "For me, the most important thing is to work the program in a way that fits your personality. I love to work out and exercise, so I've built my Distributorship to cater to people who love to go to the gym and value a healthy, active lifestyle." Jake has been moving up the Marketing Plan and finds enormous satisfaction working with other fitness-minded people. "I love Herbalife!"**

"For me the most important thing is to work the program in a way that fits your personality."



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Sam and Amy Hendricks were newly engaged college students looking for a brighter future. Amy thought that in five years she'd be working, and Sam would still be in school getting a master's degree with higher earning potential. "We didn't like the plan we were signed up for," Sam recalls. "We were looking for financial freedom and time to spend with our family. But the jobs in our fields were not going to provide those things."

Then they attended an Herbalife business presentation. They knew right away that becoming Herbalife Independent Distributors was the answer they had been seeking. "We got started, and the rest is history," they say. "With the fantastic resources available to us, anyone can do this business, even college students."

The Hendricks worked hard, and their Herbalife business took off. "And the most rewarding thing about it is that we are working hard to become a financially free household. Nothing is more important to us than the ability to spend time with our family, and never have to worry about money. Herbalife is helping us do exactly that!" they conclude.*

"Now we have the ability to spend time with our family and never have to worry about money."



QUALIFIED MAY 2012

Sam & Amy Hendricks



QUALIFIED APRIL 2012

Kim Hines

Kim Hines was an overweight, unhealthy, exhausted mother of three. Then she decided her goal was to focus on good nutrition and losing weight. So she pulled out a phone book, looked up an Herbalife Independent Distributor, and started the journey to her new life. She initially became an Independent Distributor because she wanted a discount on products. Then, when people were noticing her weight loss and newfound energy, she found herself talking about the products a lot and realized she would make a good Supervisor. "At first I did shake parties and talked the talk whenever I could." Kim says she tries all the products. "The more products you know firsthand, the better position you are in to sell them. Because knowledge is power."

Kim's nutrition regimen and energy improved, and she continues talking the talk. "I still love helping others achieve their goals. My satisfaction comes from everyone's success." Kim's advice to other Distributors is "have a can-do attitude and never ever quit."

"With Herbalife, I have been blessed to be able to help my family achieve their dreams, with college, weddings, sports and vacations." Now a happy and proud grandmother, Kim adds, "My cup runneth over with gratitude, especially for all of my mentors and downline Distributors."**†

"As an Herbalife Independent Distributor, I have been blessed to be able to help my family achieve their dreams, with college, weddings, sports and vacations."



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Craig Matthews was working as a crew chief for a foundation repair company. The job required long, grueling hours in the rain, snow and extreme heat. It also kept him on the road, leaving his wife, Jamie, to handle maintaining their home while working two jobs. The couple wanted to be active and healthy, but their careers were holding them back.

Several friends told Craig and Jamie about a local Nutrition Club. It was there that the couple fell in love with Herbalife® products. Their positive health and weight-loss results motivated them to become Herbalife Independent Distributors. They opened a Nutrition Club, and Craig's contacts in the nutrition and fitness industries helped them to grow their business.

Now, Craig works on their Herbalife Independent Distributorship full time, selling products he is in love with and changing people's lives. The couple owns and operates a Nutrition Club where they watch customers transform before their eyes. "We advise other Independent Distributors not to be shy about sharing their stories with others when they are out and about," they say. "Everyone needs better nutrition, and you could be what that person is looking for. Your business is more likely to grow when you share your Herbalife product results."*†

"Your business is more likely to grow when you share your Herbalife product results."



QUALIFIED APRIL 2012

Craig & Jamie Matthews

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QUALIFIED MAY 2012

Jim & Carol Meisseier

Carol Meisseier worked long hours in a factory while her husband Jim worked their 250-acre family farm. She used to drop their children off at day care by 6:00 a.m. to be at work on time. "As a mother I felt guilty that our four children were being raised by day care so I really wanted to be a stay-at-home mom. This was not an option with the stress of the farm payments. We were living paycheck to paycheck," Carol recalls.

Carol and Jim wanted to raise their income while having more time to spend with their children. That's when they discovered the Herbalife business opportunity. "We got started from a 'Work From Home' sign," Carol says. That was 15 years ago. Currently the couple's primary methods of growing their Independent Distributorship are the Nutrition Club and Weight Loss Challenges.

Carol and Jim are now able to help their children with college expenses and enjoying a better quality of life. Carol's advice to other Distributors? "Believe in yourself and you will succeed. Have a burning desire to effect a change in your life. Don't prejudge anyone. Attend trainings and qualify for everything."*

"Believe in yourself and you will succeed. Have a burning desire to effect a change in your life."



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“Herbalife has provided such a unique quality of life with wonderful income potentials.”

Mona Schultz was a full-time sales representative and her husband Bill works in the hospitality field. Both lived hectic lives, barely having time for their three children. “All I wanted was to be a full-time mom, to see them off to school and be at home to hug them when they got off the bus,” Mona recalls.

They were introduced to the Herbalife® products by Mona’s sister. And what an impact they had on their lives. Mona and Bill each lost weight and gained energy upon switching to a healthy, active lifestyle. After that positive experience they became Independent Distributors. “Each day we use the products, wear the brand and share the products and the business opportunity with everyone.”

Now their lives have been enriched on many levels. They share, “Through our Herbalife business, we have found a unique quality of life with wonderful income potentials.” Mona advises other Independent Distributors, “Keep it simple: Use, Wear, Talk. Attend all the trainings, never miss an event. Try to qualify for all the promotions! Never give up, don’t quit!”**



QUALIFIED MAY 2012

Mona & Bill Schultz

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Heather Schwartz was working for a sports apparel company full time in event marketing. But she wasn't happy with where her career was going and wanted to do work that had a greater impact on people's lives and had always been excited about the wellness industry. She just didn't know how to get involved in the industry.

It was at an event she had organized for her company that she met someone who told her about Herbalife. She signed up, enthusiastic about the business opportunity. At first a part-time Distributor, she concentrated on doing wellness evaluations with clients and helping them with their health goals. But the Weight Loss Challenges became Heather's most lucrative effort and business started to accelerate. "I absolutely love the relationships I get to build through them," she says. She quit her old job and became a full-time Distributor.

Now, Heather has a more satisfying career. "Because of Herbalife," she excitedly shares, "I can use my passion, energy, enthusiasm and ingenuity to help others be the best they ever thought they could be."*



QUALIFIED MAY 2012

Heather Schwartz

**"Because of Herbalife,
I can help others be the
best they ever thought
they could be."**



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QUALIFIED MAY 2012

CLAUDIA & TONY ANEMA

Claudia Anema was a personal trainer. A single mom with two daughters, she was looking for a flexible business opportunity. Then a Personal Wellness Coach introduced her to the Herbalife business opportunity. She became an Independent Distributor and worked hard to climb up the Marketing Plan. Now Claudia views life with a fresh perspective: "Herbalife gave me the opportunity to live the life I want, helping others and earning income."*



QUALIFIED APRIL 2012

KEN & LUANNE BARNAS

Luanne Barnas was a working mom and part-time personal trainer. Her husband Ken was a project manager and home improvement contractor. A family member introduced them to the Herbalife business opportunity, and they tried the products before deciding later to become Independent Distributors. Then the couple attended trainings and built their business out of their home. "Stay consistent, try to attend every event, support your spouse's dream and enjoy the journey!" Luanne concludes.*



QUALIFIED APRIL 2012

LORI A. BAKER

Lori A. Baker, a former college athlete, worked long hours as a systems analyst. She built her dream house, raised three children, coached volleyball, and used Herbalife® products for energy and to build lean muscle mass. After a divorce, she became an Independent Distributor to earn extra cash. "My children have experienced the quality of life that my Herbalife business has provided. We've traveled to places I never would have been able to," says Lori. "Thank you, Mark Hughes!"*



QUALIFIED APRIL 2012

BRAD & KELLI DAVIS

Brad and Kelli Davis used to work three jobs and had little time with their two children. Then a friend introduced them to Herbalife. The couple became Independent Distributors and realized this could be a life-changing opportunity. "We made Herbalife integral to our lives," Brad says. Eventually, their Herbalife business earned enough for Brad to quit his sales job. Now the family travels extensively. "Have faith in yourself, your plan, your leadership, and Herbalife," Brad concludes.*



QUALIFIED APRIL 2012

LISA ESTERBROOKS

Lisa Esterbrooks, an aesthetician and mother of three, dreamed of financial freedom and spending more time with her family. Then she met a friend at a local Nutrition Club and discovered the Herbalife business opportunity. "I first became an Independent Distributor for the products," Lisa recalls. "Then my husband and I found a great location for our own Nutrition Club. Nothing I want to achieve is out of reach!"*



QUALIFIED MAY 2012

SHAYNA & DR. NICK FABRIZIO

Shayna Fabrizio was a physical therapist and her husband Nick a chiropractor. They were looking for a nutritional program to use when they heard about Herbalife through a radio ad. They became Independent Distributors and started running Weight Loss Challenges. Now with a more fulfilling life, Shayna says that "the ability to help people with their overall nutrition and financial goals has been the most rewarding part of being Independent Distributors."*



QUALIFIED MAY 2012

JAMES & SANDRA FORTNER

Jim Fortner and his wife Sandra owned a construction company. Although their income was satisfactory, they had no time to enjoy their lives. They discovered the Herbalife® products and business opportunity from their Sponsor and felt such a positive impact that soon they were sharing their experience with everyone they knew. Now they have achieved their goal of having more quality time together to enjoy with family and friends.*



QUALIFIED MAY 2012

DIANA GARCIA-FERNANDEZ

Diana Garcia-Fernandez was a hairstylist. She was working the most hours she could handle but every month she struggled to make ends meet. She learned about the Herbalife business opportunity and never looked back. "I made my way to Supervisor with Use, Wear, Talk," Diana recalls. Diana kept working her way up the Marketing Plan. Now, she says, "I *feel* and *am* successful, and that's an amazing feeling."*

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QUALIFIED APRIL 2012

BRIAN & RACHELL HILL

Brian Hill was an aircraft mechanic and Rachell an optometric assistant. Working and raising two boys left them little time to think about nutrition. Then a friend introduced them to Herbalife® products, and they became Independent Distributors for the discount. But after getting great results with the products, they got serious about the business opportunity – and eventually attended Herbalife Extravaganza 2010 in Los Angeles. “We used the Nutrition Club model and qualified for everything,” Rachell recalls. “We love Herbalife!”*



QUALIFIED MAY 2012

LAURA & JASON MILLER

Laura Miller had a long career as a registered massage therapist. After learning about Herbalife® products and business opportunity from successful friends, Laura was inspired to become a Distributor: “I wanted to build an Herbalife team, so that myself and others could enjoy financial freedom and good nutrition,” she says. Today, Laura is more passionate than ever: “I love my Herbalife business. I enjoy being fit eating healthy and having loads of energy.”*



QUALIFIED APRIL 2012

DIANE & TIM MASEL

Diane Masel was a school administrator and Tim worked as a pharmacy technician. The couple was seeking a business they could do together. “We found Herbalife on the Internet, and discovered it was a great fit,” Diane recalls. The couple worked their way up the Marketing Plan. Eventually, they made enough for Tim to quit his job and Diane to retire. “The business has given us the opportunity to be more involved with our family. It’s a win-win plan!”*



QUALIFIED APRIL 2012

SERGIO & KIM MUNIZ

Sergio Muniz, a pulmonologist, and his wife Kim, a registered nurse, own several businesses and have a large family. While looking for new opportunities, they became Herbalife Independent Distributors after President’s Team member Larry Hulsey introduced them to the business opportunity. “Now we work events, attend trainings, use the products, talk to everyone, wear the button and brand every day!” Kim says. “We’re thrilled with our weight loss. Plus, it’s very satisfying to see others reach their personal nutrition goals.”*†

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QUALIFIED APRIL 2012

JOSÉ & GRACIELA PARRA

José Parra was working two jobs and Graciela was a homemaker, when an email offering a free Herbalife shake sample changed their lives. “We started drinking the shakes and felt great, so we became Distributors.” Motivated, they worked their business by using various methods of advertising. José and Graciela are proud of their Millionaire Team status, but their passion is helping others, “We love knowing that we can help change a person’s life with better health and nutrition.”*



QUALIFIED MAY 2012

MARIA HELENA RAMOS

Maria Helena Ramos worked long hours. She wasn’t happy with her income and wanted a change in her life. She found the Herbalife business opportunity on the Internet. “I was dreaming about having my own business and this sounded like that plan. I immediately signed up as a Distributor,” Maria recalls. “My life changed and my vision about the future is positive.”*



QUALIFIED MAY 2012

KEEGAN & DANIEL RASBAND

Daniel Rasband was a successful account executive and his wife Keegan a nursing student. “I was working 50 to 60 hours a week, not real sure what I wanted to do with my life,” he recalls. That soul search led them to a meeting where they discovered Herbalife® products and the business opportunity. “We instantly fell in love with the products!” Passionate about what Herbalife brought to their lives, they say, “You will be amazed by the accomplishments you can achieve!”*



QUALIFIED APRIL 2012

LINDA & LOU SACCHETTI

Linda Sacchetti used to be a busy, overweight mom and special education teacher. Then a colleague invited her to a shake party, where she bought a Quickstart program. Linda dropped 30 pounds, also incorporating exercise and healthy eating habits. Impressed, she became an Independent Distributor. Her customer base grew, and she eventually retired from teaching. Now Linda and her husband Lou travel and spend time with their grandchildren. “Herbalife will always be my way of life!” Linda exclaims.*†

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millionaire team



QUALIFIED MAY 2012

PETER & CAROL SCHMITZ

Peter Schmitz's career as a software consultant was hectic and fast paced. He learned about the Herbalife business opportunity in a radio ad and, with his new partner Carol on board, Peter started their first Weight Loss Challenge with six people. With hard work and discipline, one short year later, they were coaching 500 Weight Loss Challenge participants. Now, their lives have changed for the better. "Life is still busy but much more rewarding."*



QUALIFIED APRIL 2012

PAM TETZ

After working in international shipping for 18 years, Pam Tetz was looking for a business opportunity that would give her more time with her family. She discovered the Herbalife business opportunity online, and signed up as an Independent Distributor. Eventually, she qualified to Millionaire Team. "I recommend to other Distributors to always push yourself to become a healthier person through proper nutrition and personal development, which in turn will help you help others," Pam concludes.*



QUALIFIED APRIL 2012

LARRY & CARRIE TRIMMIER

Carrie Trimmier, a retail chain supervisor, and her husband Larry, who owned a concrete lifting company, used to struggle to support a family of five. "We dreamed of financial freedom, but never believed it could happen," Carrie recalls. After being introduced to Herbalife, Carrie used the products, held shake parties and Herbalife Opportunity Meetings. Carrie and Larry became Supervisors and later qualified to the Millionaire Team. "Now we have more time and freedom with our family," Carrie concludes.*



QUALIFIED MAY 2012

MELISSA & JAY BEAUDRY



Melissa Beaudry and her husband, Jay, worked long hours but struggled to pay their bills every month. They discovered Herbalife® products and the business opportunity, and having experienced positive results in their overall health, they decided to become Independent Distributors. Today, their lives have changed for the better. "I can't imagine life without Herbalife. The health results we are enjoying are incredible, and the opportunities that Herbalife affords our family are amazing," Melissa shares.*



QUALIFIED MAY 2012

JAE OHK "JANE" & JIMMY CHOE



When Jane and Jimmy Choe left Korea and came to the United States, they worked on an assembly line in an electronics factory and eventually opened up a real estate business. A friend of Jane's introduced her to Herbalife, and she became an Independent Distributor. During the 1992 Los Angeles riots, they lost their real estate business, and made their Herbalife business a full-time endeavor. "Now we can travel the world."*



QUALIFIED MAY 2012

MICHAEL & MICHELLE BURTON



Michael and Michelle Burton owned a chain of automobile dealerships, but lost everything when the economy took a downturn. "We had no idea what the future would hold," Michael recalls. Then, they were introduced to Herbalife and realized it was exactly what they were looking for. "We followed the business model and duplicated what works," Michael says. "Now we live the life of our dreams, thanks to Herbalife."*



QUALIFIED APRIL 2012

DAVID & CINDY ENGEL



Dave and Cindy Engel's jobs meant long hours away from their children and each other. Dave was a service technician. His work started before sunrise and ended after sunset. Cindy's job was also stressful, and the pay hardly worth it. Seeking a "work from home" opportunity, the couple discovered Herbalife, started using the products and experienced impressive results. Today, as Independent Distributors, they earn a rewarding income. Cindy exclaims, "We're living a great life!"*



QUALIFIED MAY 2012

STEPHAN P. GRATZIANI



Stephan, a former top U.S. national cyclist, moved to France in 1989 to pursue his dream of racing professionally in Europe. In 1991, he ended his cycling career and became an Herbalife Independent Distributor. Using new business models and concepts, he has grown his organization to over 45 countries. Stephan credits his downline for his success and qualification to the Chairman's Club level. "I feel so privileged to be a part of Herbalife and have never been more excited about the future," he adds.*



QUALIFIED MAY 2012

TRICIA ROBINOW HANN & PAUL HANN



Tricia Robinow Hann worked in the dot-com industry but she went from founder to flounder overnight when the Internet bubble burst. A friend introduced her to the Herbalife® products and the business opportunity, and she steadily worked her way up the Marketing Plan. Now Tricia is focused on helping others achieve that same success. "I want to help my downline reach their goals, dreams and desires, just as I have."*



QUALIFIED APRIL 2012

KEVIN & SHARI HALEY



Kevin Haley used to be an overweight real estate agent. His wife Shari was a day care provider who needed more energy. They discovered Herbalife through a newspaper ad. The couple tried the products, and their impressive weight loss prompted them to become Independent Distributors. They promoted their business through flyers, talking to people, even a Nutrition Club. "We've had many accomplishments and have qualified for and enjoyed Herbalife vacations. And we are just getting started!"**



QUALIFIED APRIL 2012

JERRY & LINDA KLIMAS



Jerry Klimas worked in information technology, putting in long hours without recognition or personal satisfaction. "I knew I was destined for more and could make a positive impact on people," he recalls. Jerry discovered Herbalife through a direct mailer. The timing was perfect and he decided to sign up as an Independent Distributor. His business took off after he opened a Nutrition Club. "My advice to other Team Herbalife members is to never stop working on yourself," he says.*

*Incomes applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation of U.S. Supervisors at Herbalife.com and MyHerbalife.com.

**An extensive questionnaire generated responses from more than 200 U.S. Herbalife Independent Distributors 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.



QUALIFIED APRIL 2012

BILL & ISABELLA MEISNER



Bill Meisner used to be a New York mortgage broker who worked long days and nights. "I made plenty of money but had no lifestyle," he recalls. His wife Isabella, a spa aesthetician, heard about Herbalife from a friend. She and Bill tried the products. Impressed by their results, they became Independent Distributors. After a training event, they decided to devote themselves to their Distributorship. "Now we're living the life we deserve," Bill says.*



QUALIFIED MAY 2012

CHARLENE VIOLA



Charlene Viola was a secretary and not making enough money to make ends meet. She discovered the Herbalife business opportunity in a "Work From Home" ad and decided to become an Independent Distributor. Steadily she grew her business and recently fulfilled her dream of having her own Nutrition Club. She says, "Herbalife is about giving. I receive such heartfelt gratification by helping others become healthier, showing them a way to have a better financial life too."*

*Incomes applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation of U.S. Supervisors at Herbalife.com and MyHerbalife.com.



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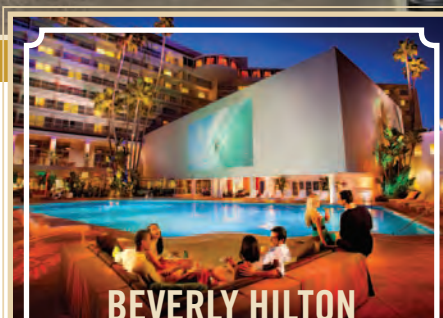
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