

Sales and Marketing Plan

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 immediate and ongoing income.

The Herbalife opportunity and the Marketing Plan is 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 and 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

To become a Distributor you must purchase an International Business Pack (the official Herbalife Distributor Kit) from an Herbalife Distributor, who becomes your Sponsor.

Registration

You officially become an Herbalife Distributor when your properly completed Application has been processed and accepted by Herbalife World 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 from the Herbalife Order Department at the applicable discount. Once your Application has been processed, 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% - 50%

Profit from direct sales to customers

Daily Wholesale Profit

up to 25%

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 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

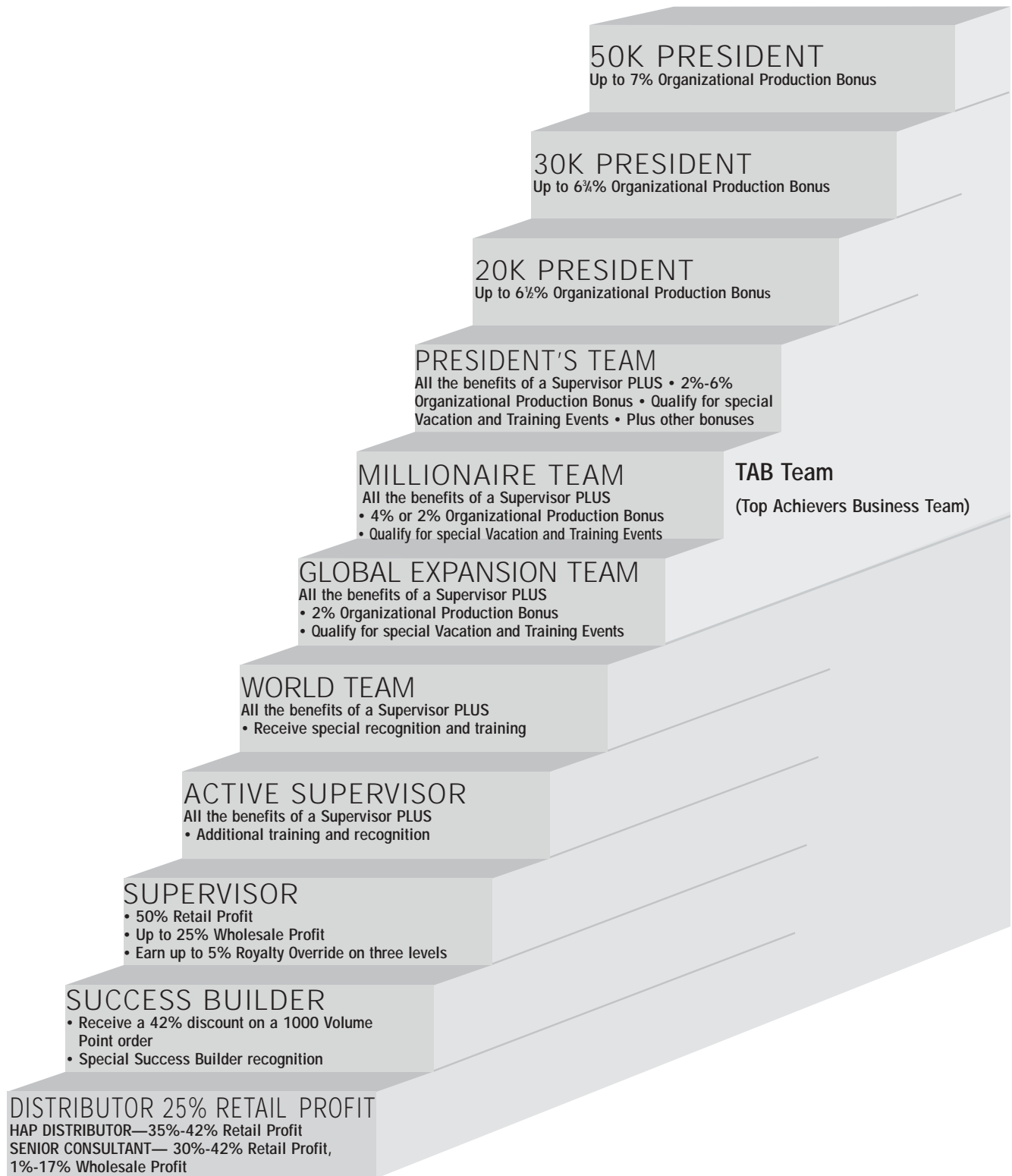
Qualify for Special Vacation and Training Events

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

Plus other special promotions and bonuses throughout the year.

SALES AND MARKETING PLAN

The best Distributor Marketing
Plan in the industry



Plus other bonuses and incentives that are announced from time to time

UNDERSTANDING VOLUME

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 accumulated on a monthly basis. You begin accumulating volume on the first of every month and continue until the last business day of the month.

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 and Marketing Plan. Volume is calculated on the accumulated Volume Point value of products ordered in a Volume Month.

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

Personal Volume

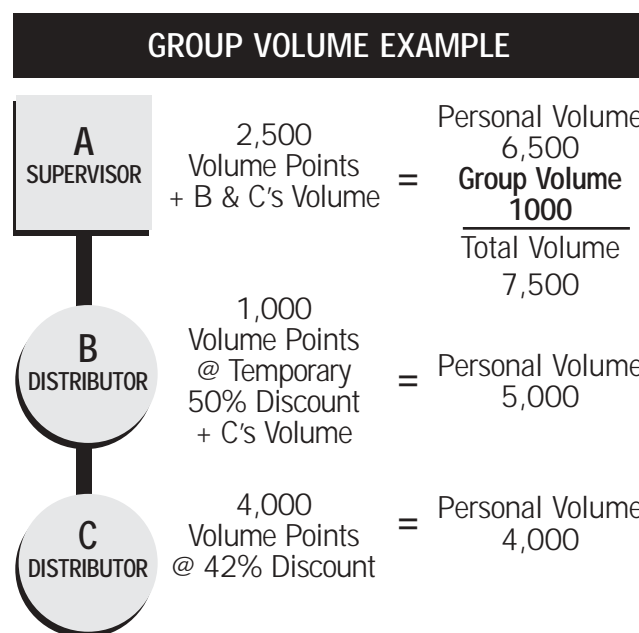
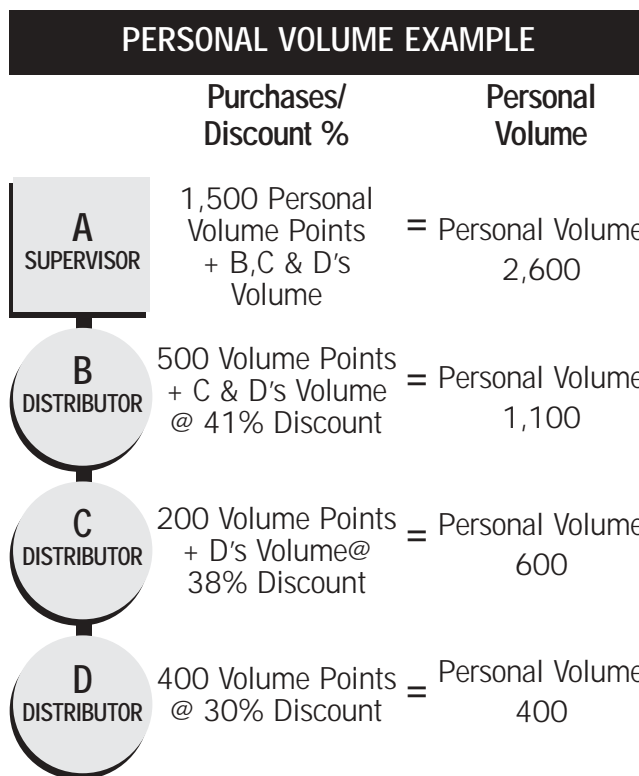
The volume purchased by you and all others in your downline Distributor organization, down to the first Fully Qualified Supervisor, excluding any orders placed at 50% discount.

Distributors may purchase directly from Herbalife or from their Sponsor or first upline Supervisor. Supervisors order directly from Herbalife. Therefore, if you are a Fully Qualified Supervisor, all of your own orders purchased at 50% discount as your Personal Volume, as well as all orders purchased by your downline Distributors, Senior Consultants or Success Builders at 25% - 42% discount.

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. See “Qualifying as a Supervisor” and “Temporary 50%” sections for complete details.



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 all qualifications are based.

Organization Volume

Organization Volume is the accumulated volume amount on which a Supervisor earns Royalty Overrides.

Encumbered and Unencumbered Volume

Encumbered Volume is all volume produced by any Distributor qualifying for Supervisor in your personal organization, down to the first qualified Supervisor, who has achieved 2,500 Volume Points or more at 25% - 42% discount, in one Volume Month.

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 that follows illustrates the use of Encumbered and Unencumbered Volume for each of the Distributors.

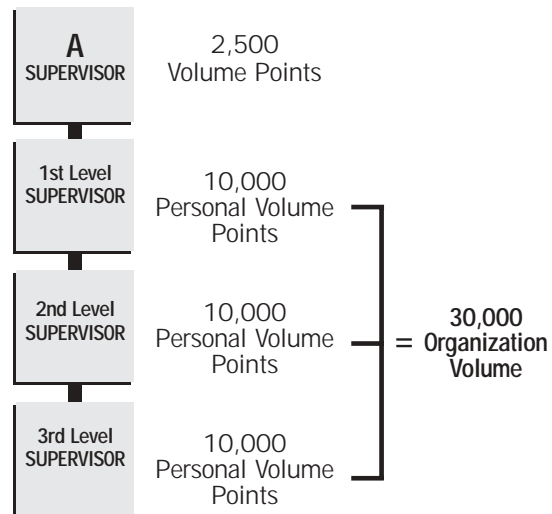
Matching Volume

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

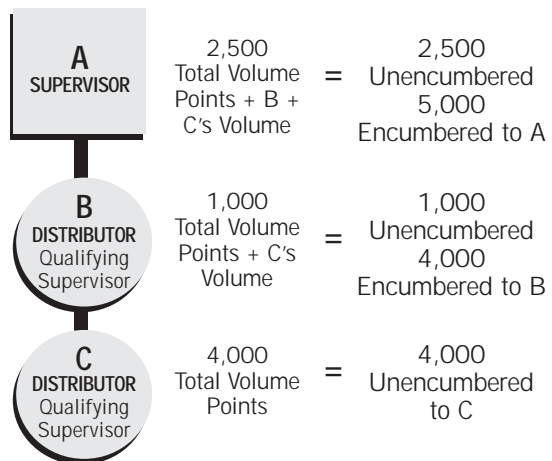
Matching Volume is how Herbalife verifies and validates the qualification of new Supervisors. Whenever a Supervisor sponsors a Distributor to the Supervisor position, the sponsoring Supervisor's Total Volume must be at least the same as the Total Volume of their downline Distributor(s) qualifying within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

The Matching Volume example 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.

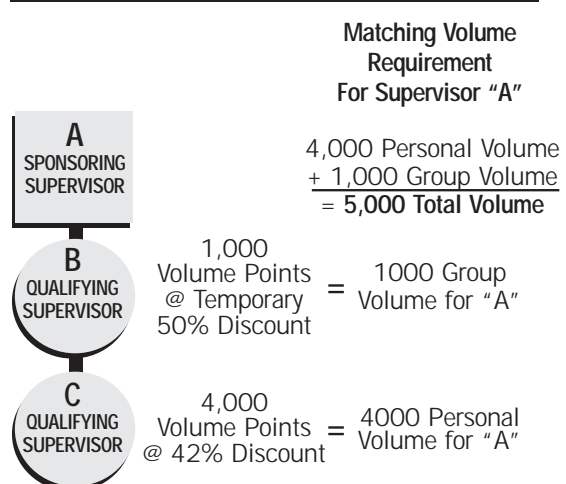
ORGANIZATION VOLUME EXAMPLE



ENCUMBERED & UNENCUMBERED VOLUME



MATCHING VOLUME EXAMPLE



DISTRIBUTOR BENEFITS

Retail Profit

As a Distributor, you may purchase Herbalife products at wholesale at a 25% - 50% discount. 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 example).

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 Fully Qualified Supervisor on the order during the monthly Royalty Override process. These payments are called Commissions and are Wholesale Profit (see example).

SENIOR CONSULTANT

Improve Your Profits With the Sliding Scale

As you sell more Herbalife products and your Total Volume increases, you are promoted to Senior Consultant and entitled to buy products on a Sliding Scale from 30% to 42% discount off the retail price, giving you a greater profit margin. There are three ways to qualify to purchase on the Sliding Scale.

1. Place a single order of 400 Volume Points or more. This automatically puts you on the Sliding Scale, entitling you to receive this and all subsequent orders at 30% to 42% off the retail price.
2. Accumulate 800 Volume Points in Total Volume, comprised of orders each less than 400 Volume Points in one Volume Month, and you also qualify for the Sliding Scale. The first 800 Volume Points would be purchased at 25% discount, but purchases thereafter would be discounted according to the Sliding Scale shown on the next page with the initial 800 Volume Points counted toward the Monthly Volume.
3. Accumulate 400 Volume Points in Total Volume Points in each of two consecutive months, and you will also qualify to purchase on the Sliding Scale. All purchases during these two months would be at 25% discount, unless at some point during this time you fulfill the criteria for (1) or (2) above. At the beginning of the month following these two months, all purchases would be discounted according to the Sliding Scale as illustrated here.

RETAIL PROFIT		
Full Retail	Cost (at 25% discount)	Profit
\$100	\$75	\$25

WHOLESALE PROFIT			
Retail	Your Cost (at 50%)	Your Distributor's Cost (at 25%)	Your Profit
\$100	\$50	\$75	\$25

Example A: A single order of 400 Volume Points entitles you to a 30% discount on that order.

Example B: If your order was for 800 Volume Points, then that whole order would be purchased at a 40% discount.

Example: You place four 200 Volume Point orders during the month at a 25% discount (800 accumulated Volume Points). If you place an additional 100 Volume Point order during the month, it will be at a 40% discount.

SENIOR CONSULTANT SLIDING SCALE	
Monthly Volume	Discount
0 - 424 Volume Points	30%
425 - 549 Volume Points	35%
550 - 799 Volume Points	38%
800 - 999 Volume Points	40%
1,000 - 1,999 Volume Points	41%
2,000 - 4,000 Volume Points	42%

Once 4,000 Volume Points are purchased in one month, additional orders are purchased at a Temporary 50% discount.

Note:

All of your Personal Sales Volume, plus your Distributors' Sales Volume, count as your Total Volume. Once you are on the Sliding Scale, your discount will never be less than 30% 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 30% and can work your way up the scale, up to 42% discount.

While on the Sliding Scale, 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 40%, and your Distributor's is 30%. You earn 10% Wholesale Profit on your downline Distributor's order.

HERBALIFE ADVANTAGE PROGRAM

Activate your HAP order and immediately enjoy a 35% - 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 Sliding 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, mail or fax your completed HAP order form to 310-216-6056. Your monthly HAP order will be sent to you 4 business days after your monthly deadline.
- **Changing Your Monthly Order** - You have a choice of 3 HAP deadlines: the 4th, 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 Benefits

One-time Opportunity

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.

SUPERVISOR BENEFITS

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 a R.O. of 1% - 5% on their first level Supervisor
- Earn a R.O. of 1% - 5% on their second level Supervisor
- Earn a R.O. of 1% - 5% on their third level Supervisor
- Attend special workshops and training sessions
- Qualify for special Supervisor recognition



QUALIFYING AS A SUPERVISOR

There are two 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).

All of your Distributors' Sales Volume plus your own Sales Volume counts as your Total Volume.

Encumbered & Unencumbered Sales Volume

Encumbered Sales Volume is volume used for qualification purposes by someone else in your downline organization. Encumbered Volume is all volume produced by any Distributor qualifying for Supervisor in your personal organization, down to the first qualified Supervisor, who has achieved 2,500 Volume Points or more at 42% discount or less, in one Volume Month. 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 Personal Volume. Therefore, this is volume that is not used by anyone else for Supervisor qualification purposes.

Supervisor Qualification Form

Distributors are promoted to Supervisor on the first 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 Business Administration 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 first of the month following the qualification and received by Herbalife no later than the fifth 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 first of each month following the month the Qualifying Volume was achieved.

Example 1: If a Distributor achieved 4,000 Volume Points in September, to complete a one-month qualification, then a Supervisor Qualification form must be submitted to Herbalife and received between the first and the fifth of October.

Example 2: If the Distributor achieved 2,500 Volume Points in July for their first month of a two-month qualification, then a Supervisor Qualification form must be submitted to Herbalife and received between the first and the fifth of August. If this same Distributor achieves 2,500 Volume Points in August to complete their qualification, then another Supervisor Qualification form must be submitted to Herbalife and received between the first and the fifth of September.

Qualifying Supervisor Temporary 50% Buying Privileges

Once you've achieved 4,000 Volume Points in one month, all subsequent orders during that same month are at a temporary 50% discount. All 50% discount orders must be purchased 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 first 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.

Matching Volume

The Supervisor who is qualifying a downline Distributor to the Supervisor position must have the required volume (Matching Volume) purchased from Herbalife during the qualifying month(s). See the example on Matching Volume in the "Understanding Volume" section and for specific details, see the "Rules of Conduct & Distributor Policies" section, Rule No. 18, in this Career Book.

Supervisor 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 the same as the Supervisor qualification requirements, but you have the advantage of receiving a 50% discount.

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.

Failure to requalify each year by January 31 will cause a Supervisor to be demoted to Senior Consultant and lose all their Supervisor privileges. This includes, but is not limited to, the loss of any lineage that includes a Supervisor, whether or not that Supervisor fulfilled the Supervisor Requalification requirements by January 31. In this case, the entire downline lineage will be moved to the next upline Fully Qualified Supervisor.

ROYALTY OVERRIDE INCOME

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 Organization 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, they 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 Organization 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

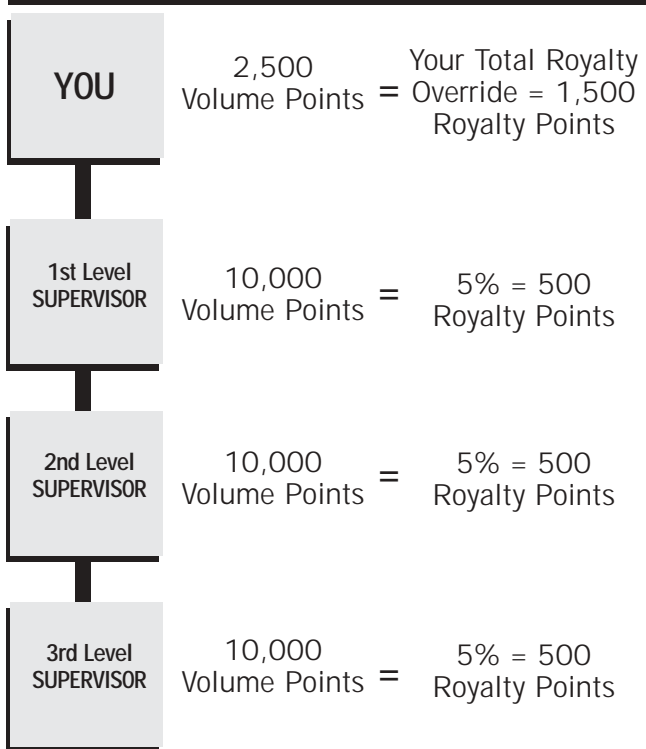
Your Royalty Override percentage is based on your Total Volume for each month; if you produce less than 500 Volume Points, then no Royalty Overrides are earned. If you produce 2,500 Volume Points or more, then a full 5% is earned on three active downline levels. The Royalty Override scale shows the volume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

Royalty Overrides are paid as follows:

- The 1% - 5% Royalty Override is paid on the Total Volume of personally sponsored first-level qualified Supervisors.
- The 1% - 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% - 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 Organization Volume which gives you 1,500 Royalty Override Points. Royalty Override Points are used for qualification purposes. Royalty Overrides are calculated on the retail price of the products in the country from which the product is ordered. In certain countries, these Royalty Override payments are converted to your local currency.

ROYALTY OVERRIDE EXAMPLE



Additional Requirements

Supervisors who meet the specified requirements to earn Royalty Overrides must also comply with Herbalife's Ten 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.

WORLD TEAM BENEFITS

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:

Qualify by achieving 500 Royalty Points in one Volume Month OR 10,000 Total Volume Points in one Volume Month OR 2,500 Total Volume Points each month for four consecutive months after Supervisor qualification is complete.

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.
- To qualify for special Company qualifications.

TAB TEAM BENEFITS

Successful Supervisors have the opportunity to proceed to the higher echelon of the Herbalife Marketing Plan, which is the Top Achievers Business (TAB) Team. Upon meeting initial requirements, Supervisors can 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. You'll receive additional Company benefits and earn leadership status within the Company. 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 form to be eligible for Production Bonus payments. The application must be 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 top achievers in recognition of their outstanding performance in advancing sales of Herbalife products.

Vacation and Training Events

Because reward, recognition and training are of the utmost importance at Herbalife, we offer Vacation and Training Events that are both fun and informative. 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 for three consecutive months. The first of the following month, you are promoted to Global Expansion Team member.

You Receive:

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

Plus You Become Eligible To:

- Earn 2% Production Bonus on your downline organization's Sales Volume any Volume Month you have a minimum of 5,000 Total Volume Points, a minimum of 1,000 Royalty Points and all other terms and conditions are met.
- The 2% bonus is earned downline to the first eligible TAB Team member.
- 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 for three consecutive months. The first of the following month, you are promoted to Millionaire Team member.

You Receive:

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



Plus You Become Eligible To:

- Earn 2% or 4% Production Bonus on your downline organization's Sales Volume. In the third month after becoming a Fully Qualified Millionaire Team member you are eligible for up to a 4% Production Bonus on any month you have a minimum of 3,000 Total Volume Points and a minimum of 4,000 Royalty Points. The 2% or 4% bonus is earned downline to the first eligible TAB Team member.
- Qualify for Vacation and Training Events.
- Develop your teaching skills and assist with worldwide trainings.
- Participate in special conference calls.

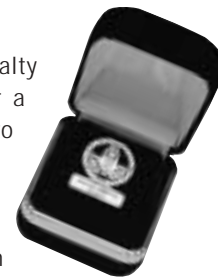
PRESIDENT'S TEAM

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 6½% Production Bonus.
- **30K President:** Achieve 30,000 Royalty Points in three consecutive months. After a waiting period of three months, earn a 2% to 6¾% 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.
- In the fourth month after becoming a Fully Qualified President's Team member, you are eligible for a bonus depending on your team level, for any month you have a minimum of 2,500 Total Volume Points and between 10,000 and 50,000 Royalty Points.
- The 6%, 6½%, 6¾% or 7% bonus is earned downline to the first eligible TAB Team member and 4% bonus on any Global Expansion Team's downline and 2% bonus on any Millionaire Team's downline.

In addition to TAB Team benefits:

- Receive a prestigious President's Team plaque and pin.
- Receive all the benefits of a Supervisor.
- Qualify for Vacation and Training Events.



PRODUCTION BONUS REQUALIFICATION

All TAB Team members are required to requalify their Production Bonus eligibility every year. You will meet your requalification requirements by achieving the minimum Royalty Override Points for your earning level in three consecutive months during the twelve month period following the eligibility month of your Production Bonus or your last Team qualification date, or your last requalification anniversary.

If you fail to requalify during this time, you will still retain your Team status at your current level. However, in order to continue earning Production Bonuses, you must requalify for one of the earning levels: 2%, 4%, 6%, 6½%, 6¾% or 7%. If a member fails to requalify at a particular level, that original qualification must be repeated, as well as any required waiting period, before being eligible to earn again at that level.

PRESIDENT'S TEAM PLUS

President's Team Awards & 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 qualify, you must achieve 10,000 Royalty Points in at least six months between January 1 and December 31 in any given year and have one (1) first line President's Team member who has fulfilled all qualification requirements.



Two Diamonds

Senior Executive President's Team

To qualify, you must achieve 10,000 Royalty Points in at least six months between January 1 and December 31 in any given year and have two (2) first line President's Team members who have fulfilled all qualification requirements.



Three Diamonds

International Executive President's Team

To qualify, you must achieve 10,000 Royalty Points in at least six months between January 1 and December 31 in any given year and have three (3) first line President's Team members who have fulfilled all qualification requirements.



Four Diamonds

Chief Executive President's Team

To qualify, you must achieve 10,000 Royalty Points in at least six months between January 1 and December 31 in any given year and have four (4) first line President's Team members who have fulfilled all qualification requirements.



Five Diamonds

Chairman's Club

To qualify, you must achieve 10,000 Royalty Points in at least six months between January 1 and December 31 in any given year and have five (5) or more first line President's Team members who have fulfilled all qualification requirements.

Ten Diamonds

Founder's Circle

To qualify, you must achieve 10,000 Royalty Points in at least six months between January 1 and December 31 in any given year and have ten (10) or more first line President's Team members who have fulfilled all qualification requirements.

Presidential Plus Awards

The Presidential Plus Awards are based on production (January-through-December volume). These awards are presented annually at Extravaganza.



Cartier Panther Watch
250,000 Royalty
Override Points



Marquis Diamond Ring
500,000 Royalty
Override Points



Gold and Diamond
Cartier Panther Watch
750,000 Royalty
Override Points



Diamond Watch
1,000,000 Royalty
Override Points

GLOSSARY OF TERMS

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

Active Supervisor: A Distributor who has met all the requirements for Supervisor qualification and is now entitled to all Supervisor privileges plus additional training and recognition.

Commission: The difference between the discounted price paid by the Sponsor and the price paid by the downline Distributors. 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.

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

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 Organization 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.

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%-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 Organization Volume times their royalty earnings percentage.

Royalty Roll-Ups: Herbalife pays Supervisors the full 5% for

each of three (3) 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% - 4%) results in the Royalty Roll-ups.

Senior Consultant: A Distributor who has qualified to purchase on the Sliding Scale.

Senior Consultant Sliding Scale: An earned discount of 30% to 42% which is allowed after reaching specified sales goals in one or two calendar months.

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 and Qualifying Supervisor levels.

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

Ten Retail Customers Rule: A Distributor must make sales to at least ten (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, and so on.

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 and all others in your downline organization, excluding any 50% orders by Qualifying Supervisors and Qualified Supervisors.

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

Volume, Total: Total Volume is 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.

THE HERBALIFE CUSTOMER GUARANTEE

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 thirty (30) days from the date the customer receives the product. (Customers residing in Wyoming may exceed the 30 day refund period.) The customer will be instructed to return the product, or the unused portion thereof, 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 following instructions:

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 "Business Administration" section of this Career 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 unused returned product, along with the "Customer Request for Refund Form" and a copy of the original Retail Order Form to Herbalife within thirty (30) days of making the refund to the customer. Herbalife will exchange the returned product with identical replacement product to the Distributor as soon as the product and all 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. 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 some products. See Rule 9-F in the "Rules of Conduct & Distributor Policies" or contact Herbalife's Distributor Relations Department for more information.