



Discover the Herbalife Opportunity

Sales & Marketing Plan



SALES & MARKETING PLAN

Overview

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

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

- The time, effort and commitment put into the Herbalife business and
- The product sales made by a 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 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 Distributor is the Herbalife Distributor Pack (HDP). Each HDP contain the Herbalife Distributorship Application and Agreement, which you must complete and submit in order to receive an Herbalife Identification Number and purchase products.

Registration

You officially become an Herbalife Distributor when your properly completed Application has been processed and accepted by Herbalife. The quickest and easiest method of completing your registration is online at <https://www.myherbalife.com/en-ZA>. Once your Application has been accepted, your contract with Herbalife becomes effective immediately, giving you all the rights, responsibilities and privileges of an Herbalife Distributor.

Customers and Downline Distributors

There are two type of customers:

- **Preferred Customer** – Anyone who submitted a Preferred Customership Application and Agreement and is entitled to purchase Herbalife products for their household's personal consumption at a discount directly from the company.
- **Retail Customer** – Anyone who is not an Herbalife Distributor or Preferred Customer who purchases Herbalife products from a Distributor.

Retail Customers and Preferred Customers may not sell products, recruit or sponsor others, or receive compensation under the Sales & Marketing Plan.

A Preferred Customer may introduce and refer friends and family to also become Preferred Customers. These will be known as Referrals.

A **downline Distributor** is anyone who you introduced to the business opportunity and who has submitted their Distributorship Application and Agreement which has been accepted by Herbalife, you become their sponsor, and they become your downline.

Downline Levels

Your First Level Downline are those Distributors you personally sponsored. When Distributors in your First Level sponsor other Distributors, those new Distributors become your Second Level. When your Second Level, in turn, sponsors others, those they sponsor become the Third Level in your Herbalife organization.

Every Distributor starts at the same place on the Herbalife Sales and Marketing Plan and each level has specific qualifications, income opportunities and associated benefits to reward Distributors for their sales.

Annual Distributorship Services Fee

Each year on the anniversary date of your original Agreement with Herbalife, you will be required to pay an Annual Services Fee.

Herbalife tries to remind Distributors by electronic mail of the deadline for payment. However, the Distributor is responsible for paying the Fee on time.

If the Fee is not paid by your due date, it will result in the following:

- **Distributor (non-Supervisor):**
The Herbalife Independent Distributorship will become deleted and you will no longer be able to purchase Herbalife® products at a discount, nor will you be able to refer or sponsor new Preferred Customer or downline Distributors. Any existing Preferred Customers or downline Distributors will be permanently moved to your first upline Sponsor. This also applies to your Preferred Customers.
- **Supervisor and above:**
The Herbalife Independent Distributorship will remain active; however, as a Supervisor, you will be unable to purchase Herbalife® products until the Annual Distributorship Services Fee is paid and current. If the fee remains unpaid, this may result in your Distributorship becoming deleted and any existing downline Distributors or Preferred Customers will be permanently moved to your first upline Sponsor.

Income Opportunities

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

Immediate Retail Profit

The amount of profit that a Distributor earns on a retail sale.

- Retail Profit is the difference between the price at which the Distributor sells the product to the Retail Customer and the Distributor Price.
- $\text{Selling Price} - \text{Distributor Price} = \text{Retail Profit}$

Wholesale Profit (also known as Commissions)

When a Distributor qualifies for a higher Discount Percentage than a Preferred Customer, or a Distributor in their downline, then the Upline Distributor may earn a Wholesale Profit

- Wholesale Profit is equal to the Earn Base value of the product times the difference between the Upline Discount Percentage and the Downline Discount Percentage.
- $\text{Earn Base} \times (\text{Upline Discount Percentage} - \text{Downline's Discount Percentage}) = \text{Wholesale Profit}$

Monthly Royalty Override Income

As a Supervisor, you can earn up to 5% on the Earn Base value of the sales from your three active levels of downline Supervisors.







Monthly Production Bonus

TAB Team can earn an extra 2% to 7% Production Bonus.

Mark Hughes Bonus

A bonus that eligible President Team members and above may qualify to earn in recognition of outstanding performance.

STEPS TO SUCCESS

Distributor	Senior Consultant	Success Builder	Qualified Producer	Supervisor	World Team
					
	500 Volume Points or more accumulated in 1 to 2 months	1,000 Personally Purchased Volume Points (PPV) [†] or more in one month*	2,500 Volume Points accumulated in 1 to 6 months which a minimum of 500 Volume Point is PPV [†] , all orders must be purchased directly through Herbalife *	4,000 Volume Points (VP) in 1 month or 4,000 accumulated over 2 consecutive months (with a minimum of 1,000 of those VP Unencumbered) or 4,000 accumulated VP within 12 months of which a minimum of 1,000 is PPV [†]	2,500 Volume Points (VP) in each of 4 consecutive months or 10,000 VP at 50% in 1 month or 500 Royalty Override Points in 1 month

Global Expansion Team	Global Expansion Team 2,500	Millionaire Team	Millionaire Team 7,500	President's Team	15K President's Team	20K President's Team
						
1,000 Royalty Override Points in 3 consecutive months	2,500 Royalty Override Points in 3 consecutive months	4,000 Royalty Override Points in 3 consecutive months	7,500 Royalty Override Points in 3 consecutive months	10,000 Royalty Override Points in 3 consecutive months	Gold & Diamond Cufflinks & Earrings 15,000 Royalty Override Points in 3 consecutive months	20,000 Royalty Override Points in 3 consecutive months







30K President's Team	40 K President's Team	50K President's Team	60K President's Team	70K President's Team	80K President's Team	90K President's Team
						
30,000 Royalty Override Points in 3 consecutive months	Herbalife - Branded Movado Watches 40,000 Royalty Override Points in 3 consecutive months	50,000 Royalty Override Points in 3 consecutive months	White Gold and Diamond Necklace and Cufflinks 60,000 Royalty Override Points in 3 consecutive months	White Gold and Diamond Signet Rings 70,000 Royalty Override Points in 3 consecutive months	White Gold and Diamond Ring and Earrings 80,000 Royalty Override Points in 3 consecutive months	Piaget Herbalife - branded Diamond Watch** and White Gold Diamond Logo Bracelet 90,000 Royalty Override Points in 3 consecutive months

*It is not necessary to become a Senior Consultant, Success Builder or Qualified Producer before qualifying as Supervisor. For complete qualification details, visit <https://www.myherbalife.com/en-ZA>.

[†]Volume accumulated by your personally enrolled Preferred Customers will contribute to your Personally Purchased Volume (PPV) requirement.

**Actual watch model may vary based on availability at time of qualification.

PRESIDENT'S TEAM PLUS AWARDS AND RECOGNITION

<div>1 Diamond</div> <div></div> <div>Executive President's Team</div> <div>1 first-line, Fully Qualified President's Team member* in any line of your organization</div>	<div>2 Diamond</div> <div></div> <div>Senior Executive President's Team</div> <div>2 first-line, Fully Qualified President's Team members* in 2 separate lines of your downline organization</div>	<div>3 Diamond</div> <div></div> <div>International Executive President's Team</div> <div>3 first-line, Fully Qualified President's Team members* in 3 separate lines of your downline organization</div>	<div>4 Diamond</div> <div></div> <div>Chief Executive President's Team</div> <div>4 first-line, Fully Qualified President's Team members* in 4 separate lines of your downline organization</div>	<div>5 Diamond</div> <div></div> <div>Chairman's Club</div> <div>5 first-line, Fully Qualified President's Team members* in 5 separate lines of your downline organization</div>
<div>6 Diamond</div> <div></div> <div>Chairman's Club</div> <div>6 first-line, Fully Qualified President's Team members* in 6 separate lines of your downline organization</div>	<div>7 Diamond</div> <div></div> <div>Chairman's Club</div> <div>7 first-line, Fully Qualified President's Team members* in 7 separate lines of your downline organization</div>	<div>8 Diamond</div> <div></div> <div>Chairman's Club</div> <div>8 first-line, Fully Qualified President's Team members* in 8 separate lines of your downline organization</div>	<div>9 Diamond</div> <div></div> <div>Chairman's Club</div> <div>9 first-line, Fully Qualified President's Team members* in 9 separate lines of your downline organization</div>	<div>10 Diamond</div> <div></div> <div>Founder's Circle</div> <div>10 first-line, Fully Qualified President's Team members* in 10 separate lines of your downline organization</div>
<div>Baume & Mercier Watches[†]</div> <div></div> <div>250,000 Royalty Override Points in 12 consecutive months (calendar year)</div>	<div>Gold and Diamond Marquis Rings</div> <div></div> <div>500,000 Royalty Override Points in 12 consecutive months (calendar year)</div>	<div>Piaget Gold and Diamond Watches[†]</div> <div></div> <div>750,000 Royalty Override Points in 12 consecutive months (calendar year)</div>	<div>Piaget Diamond Watches[†]</div> <div></div> <div>1,000,000 Royalty Override Points in 12 consecutive months (calendar year)</div>	

*For complete qualification details, visit <https://www.myherbalife.com/en-ZA>.

†Actual watch model may vary based on availability at time of qualification.

ACHIEVEMENT AWARDS AND ANNIVERSARY PINS

<div>1 Million Lifetime Achievement Award</div> <div></div> <div>1 Million Volume Points</div> <div>Lifetime Achievement Awards are given to Distributors who have achieved 1 million Volume Points or more during their Herbalife career*</div>	<div>2 Million Lifetime Achievement Award</div> <div></div> <div>2 Million Volume Points</div> <div>Lifetime Achievement Awards are given to Distributors who have achieved 2 million Volume Points or more during their Herbalife career*</div>	<div>3 Million Lifetime Achievement Award</div> <div></div> <div>3 Million Volume Points</div> <div>Lifetime Achievement Awards are given to Distributors who have achieved 3 million Volume Points or more during their Herbalife career*</div>	<div>4 Million Lifetime Achievement Award</div> <div></div> <div>4 Million Volume Points</div> <div>Lifetime Achievement Awards are given to Distributors who have achieved 4 million Volume Points or more during their Herbalife career*</div>	<div>5 Million Lifetime Achievement Award</div> <div></div> <div>5 Million Volume Points</div> <div>Lifetime Achievement Awards are given to Distributors who have achieved 4 million Volume Points or more during their Herbalife career*</div>	
<div>1-Year Anniversary</div> <div></div> <div>1-year anniversary are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>	<div>3-Year Anniversary</div> <div></div> <div>3-year anniversary are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>	<div>5-Year Anniversary</div> <div></div> <div>5-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>	<div>7-Year Anniversary</div> <div></div> <div>7-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>	<div>10-Year Anniversary</div> <div></div> <div>10-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>	
<div>15-Year Anniversary</div> <div></div> <div>15-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>	<div>20-Year Anniversary</div> <div></div> <div>20-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>	<div>25-Year Anniversary</div> <div></div> <div>25-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>	<div>30-Year Anniversary</div> <div></div> <div>30-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>	<div>35-Year Anniversary</div> <div></div> <div>35-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>	<div>40-Year Anniversary</div> <div></div> <div>40-year anniversary packages are awarded to Distributors in recognition of their contributions and longevity with Herbalife</div>

*For complete qualification details, visit www.myherbalife.com/en-ZA.

Understanding Volume

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

Each Herbalife product has a Volume Point value ("Volume") (see order forms and price lists for exact information). Official Herbalife Distributor Packs (HDPs), literature items and sales tools do not count as volume. As you order products, you accumulate 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 assigned to you in various ways depending on who purchased the product, their status and discount, your own status and other factors of the Herbalife Sales & Marketing Plan. Volume is calculated on the accumulated Volume Point value of products ordered in a Volume Month.

Explanation of Volume Month

Definition of Volume Month

Volume is assigned to and accumulated 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 falls on a weekend, 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

Volume is assigned to the Volume Month in which the order is both placed and full payment is received by Herbalife.

Add-On Volume

The following conditions must be met for an order to be accepted as Add-On volume:

1. Order must be placed no later than the designated last order day of a Volume Month
2. Full payment must be made, or initiated, on the same last order day of the month. For example if payment is mailed, the postmark must be stamped the designated last order day of a volume month. If the payment is a wire transfer, direct deposit or other bank transaction, then it must be initiated on the last order day of a volume month.
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 weekend or a holiday, then the payment must be received by the last business day before the 5th. If for any reason, a payment is not accepted or received, then the order will be canceled and the Volume will not be applied.

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

Personally Purchased Volume (PPV)

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

Downline Volume (DLV)

Downline Volume is achieved on orders placed by your Preferred Customers and non-Supervisor downline directly from Herbalife

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

*For Fully Qualified Supervisors, Downline Volume is counted towards Personal Volume or Group Volume.

Personal Volume (PV)

As a Fully Qualified Supervisor, Personal Volume is achieved from your own purchases and purchases made by your Preferred Customers and non-Supervisor downline, down to your first Fully Qualified Supervisor.

As a non-Supervisor Distributor you may purchase directly from Herbalife, from your Sponsor or your first upline Fully Qualified Supervisor. Please note that purchases made from your Sponsor or first upline Fully Qualified Supervisor may not be used for Supervisor Qualifications, only orders placed with the Company count towards these levels.

Therefore, if you are a Fully Qualified Supervisor, all of your own orders purchased at 50% discount off Earn Base as well as all orders purchased by your Preferred Customers and Distributors, at 15% to 42% discount off Earn Base count as your Personal Volume.

Personal Volume Example		
	Purchases / Discount % off Earn Base	Personal Volume
A Supervisor	1,000 Volume Points + B, C & D's Volume	= 1,000 Personally Purchased Volume + 1,800 Downline Volume <u>Points (B, C & D's Volume)</u> = 2,800 Personal Volume
B Success Builder	1,100 Volume Points + C & D's Volume @ 42% Discount off Earn Base	= 1,100 Personally Purchased Volume + 700 Downline Volume <u>Points (C & D's Volume)</u> = 1,800 Personal Volume
C Senior Consultant	300 Volume Points + D's Volume @ 35% Discount off Earn Base	= 300 Personally Purchased Volume + 400 Downline Volume <u>Points (D's Volume)</u> = 700 Volume Points
D Distributor	400 Volume Points @ 25% Discount off Earn Base	= 0

Group Volume (GV)

Group Volume is the volume on orders purchased at a temporary 50% discount off Earn Base by Qualifying Supervisor(s) during the qualifying month.

This Temporary 50% Volume is accumulated as Personal Volume for the Qualifying Supervisor who is purchasing, and it is Group Volume for the first upline Fully Qualified Supervisor. As a Fully Qualified Supervisor you will earn Royalty Overrides on 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 % off Earn Base	Personal Volume
A Supervisor	2,500 Volume Points + B & C's Volume	= 6,500 Personal Volume + 1,000 <u>Group Volume</u> = 7,500 Total Volume
B Qualifying Supervisor	1,000 Volume Points @ Temporary 50% Discount off Earn Base + C's Volume	= 1,000 Personally Purchased Volume + 4,000 <u>Downline Volume Points</u> = 5,000 Volume Points
C Distributor	4,000 Accumulated Volume Points	= 4,000 Volume Points

Total Volume (TV)

Total Volume is the sum of 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 (OV)

Organizational Volume is the accumulated Volume amount on which a Supervisor earns Royalty Overrides. (See the “Organizational Volume Example” that follows.)

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

Encumbered and Unencumbered Volume**Encumbered Volume**

Encumbered Volume is volume being used by your downline to qualify for Supervisor.

Unencumbered Volume

Unencumbered Volume is volume not being used for Supervisor qualifications by your downline.

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

Encumbered and Unencumbered Volume		
A Supervisor	2,500 Total Volume Points + B & C’s Volume	= 2,500 Unencumbered for A 5,000 Encumbered for A
B Qualifying Supervisor	1,000 Total Volume Points + C’s Volume	= 1,000 Unencumbered for B 4,000 Encumbered for B
C Qualifying Supervisor	4,000 Accumulated Total Volume Points	= 4,000 Unencumbered for C

DISTRIBUTOR BENEFITS

Understanding Retail and Wholesale Profit

Please review the information below to better understand these terms and how Retail and Wholesale Profit are calculated:

Suggested Retail Price:

- This is the suggested selling price* to Retail Customers which may include taxes and/or shipping costs (depending on market).
- Each Distributor is free to set their own selling price to their Retail Customers.

**Please contact your local Member Services Office to request further information on what charges are included in the Suggested Retail Price for your market*

Retail Price:

- This is the starting price for all Customers and Distributors.
- It is the price before any taxes and shipping costs (depending on market) and the price from which the Discount Amount is deducted.

Earn Base:

- This is the monetary value assigned to each product on which all discount and earning calculations are based.
- The Earn Base value of a product is typically less than the Retail Price. This is because the Retail Price includes administrative/processing fees, and in some markets shipping costs, which do not generate earnings and do not qualify for discounts.
- Like in all retail businesses, product margins and pricing can vary, and in some cases, the Earn Base value of a product may be set further below the Retail Price in order for the product to be priced more competitively.

Discount Percentage:

- This is the percent discount of the Earn Base that a Distributor is entitled to, based on their performance and their qualification level in the Marketing Plan.
- The Discount Percentage can range from 25% to 50%.
- The Discount Percentage is always applied to the Earn Base to determine the Discount Amount.

Discount Amount:

- This is the monetary value/amount of the discount calculated on Earn Base and is deducted from the Retail Price to determine the Distributor Price of the product (before any taxes and in some markets shipping charges).
- $\text{Discount Percentage} \times \text{Earn Base} = \text{Discount Amount}$.

Distributor Price:

- This is the price the Distributor pays for the product before any taxes and in some markets shipping charges.
- $\text{Retail Price} - \text{Discount Amount} = \text{Distributor Price}$

Retail Profit:

- This is the amount of profit that a Distributor earns on a retail sale.
- Retail Profit is the difference between the price at which the Distributor sells the product to the Retail Customer and the Distributor Price.
- $\text{Customer Price} - \text{Distributor Price} = \text{Retail Profit}$
- Retail Profit percentage is not the same as the Discount Percentage because:
 - (a) each Distributor is able to set their own selling price to their Retail Customer.
 - (b) Discount Percentage is calculated off of Earn Base, which is lower than Retail Price.

Wholesale Profit (Commissions)

In addition to Retail Profit, as an Herbalife Distributor, you can earn Wholesale Profit on products purchased by your downline. When a Distributor qualifies for a higher Discount Percentage than a Distributor in their downline, then the Upline Distributor may earn a Wholesale Profit

- Wholesale Profit is equal to the Earn Base value of the product times the difference between the Upline Discount Percentage and the Downline Discount Percentage.
- $\text{Earn Base} \times (\text{Upline Discount Percentage} - \text{Downline's Discount Percentage}) = \text{Wholesale Profit}$

Retail and Wholesale Profit Example



FORMULA 1

- Volume Points: 23.95
- Retail Price: €49.32
- Earn Base: €44.44

Retail Profit Example:

Gary is a Supervisor so he has a Discount Percentage of 50%. He orders a can of Herbalife Formula 1 to sell to his Retail Customer

- Gary's Discount Amount is €22.22. The Discount Amount is calculated by taking the *Earn Base* (€44.44) x *Discount Percentage* (50%)
- Gary's Distributor Price is €27.10. The Distributor Price is calculated by taking the *Retail Price* (€49.32) - *Discount Amount* (€22.22), + *taxes*.
- Assume that Gary sells to his Retail Customer at Retail Price (€49.32). In that situation, Gary's Retail Profit is €22.22. Retail Profit is calculated by taking the *Selling Price* (€49.32) - *Distributor Price* (€27.10) = *Retail Profit*

Retail Price	Earn Base	Discount Amount	Discounted Retail Price	Taxes	Distributor Price	Suggested Retail Price*	Retail Profit
		(50%) x B	A-C	(0%) x D	D+E		G-F
A	B	C	D	E	F	G	
€49.32	€44.44	€22.22	€27.10	0	€27.10	€49.32	€22.22

Wholesale Profit Example:

Gary's downline (Sue) is a Senior Consultant at a 35% Discount Percentage who also sells a can of Herbalife Formula 1

- Sue's Discount Amount is €15.55. The Discount Amount is calculated by taking the *Earn Base* (€44.44) x *Discount Percentage* (35%)
- Sue's Distributor Price is €33.77. The Distributor Price is calculated by taking the *Retail Price* (€49.32) - *Discount Amount* (€15.55) + *taxes*.

Retail Price	Earn Base	Discount Amount	Discounted Retail Price	Taxes	Distributor Price	Suggested Retail Price*	Retail Profit
		(35%) x B	A-C	(0%) x D	D+E		G-F
A	B	C	D	E	F	G	
€49.32	€44.44	€15.55	€33.77	0	€33.77	€49.32	€15.55

Since Gary's Discount Percentage is 50% and Sue's Discount Percentage is 35%, Gary also earns a Wholesale Profit on Sue's sale/order

Gary's Wholesale Profit is €49.32x 15% (50%-35%) = €7.40. *Earn Base* x (*Gary's Discount Percentage* - *Sue's Discount Percentage*) = *Wholesale Profit*

***Special Note to Wholesale Profit:** If Sue is a Distributor outside the United States or US Territories, Gary will earn Wholesale Profit on the products Sue orders from Herbalife as calculated above. If Sue is a Distributor in the United States or US Territories, Gary will earn Wholesale Profit only on the products Sue sells to her Retail Customers (not what she orders from Herbalife), and only where Sue submits a valid Receipt for the sale to her Retail Customer showing the required customer and pricing information showing that the sale was profitable.

SENIOR CONSULTANT

Improve Your Profits With the Discount Scale

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

Discount Scale

As a Distributor you may purchase at a 25% discount off Earn Base on all orders until you become eligible for a higher discount by achieving the Senior Consultant level. Thereafter, your discount on purchases will be determined by the Discount Scale as indicated below at no less than a 35% discount off Earn Base.

A Senior Consultant is eligible to:

- Purchase at 35% or 42% off Earn Base immediately after qualifying for this status
- Earn a 35% or 42% Retail Profit off Earn Base
- Earn up to 27% Wholesale Profit (Commissions) on the Earn Base value from purchases made by your downline Distributors at a 25% or 35% discount off Earn Base, or Preferred Customers between 15% - 35% discount off Earn Base

Volume Points accumulate either from orders placed by you directly with Herbalife , which are referred to as Personally Purchased Volume, or from orders your Preferred Customers and Distributors place with Herbalife , which are called Downline Volume. Both types of volume may be used to achieve Senior Consultant Level at a 35% or 42% discount off Earn Base.

Level	Monthly Volume	Discount	Eligibility
Senior Consultant	Achieve 500 Volume Points in 1-2 months	35%	All orders will be placed at 35% discount off Earn Base until you become eligible for a higher discount.
Senior Consultant	Achieve 2,000 Volume Points in 1-2 months	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 off Earn Base.
Success Builder	1,000 Personally Purchased Volume Points (PPV) accumulated in one month	42%	Once you have accumulated 1,000 Personally Purchased Volume Points or more you are eligible for a 42% discount off Earn Base on all orders for the remainder of the month plus the following month. Volume Points accumulated by your personally enrolled Preferred Customers will contribute to your PPV requirement.
Qualified Producer	Achieve 2,500 Volume Points in 1-6 months, of which a minimum 500 are Personally Purchased Volume (PPV)	42%	As a Qualified Producer you are entitled to a 42% discount off Earn Base on every order until you become eligible for a higher discount. Volume can be achieved with PPV or utilizing up to 2,000 Downline Volume Points, with the remaining 500 as Personally Purchased Volume. Volume Points accumulated by your personally enrolled Preferred Customers will contribute to your PPV requirement.
Qualifying Supervisor	<ul style="list-style-type: none"> - Achieve 4,000 Volume Points in one volume month with a minimum 1,000 Volume Points Unencumbered or - Achieve 4,000 Volume Points over two consecutive months, with a minimum 1,000 Volume Points Unencumbered or - Accumulate 4,000 Volume Points within 12 months with a minimum of 3 months required (a minimum 1,000 PPV required). Volume Points accumulated by your personally enrolled Preferred Customers will contribute to your PPV requirement.	Temporary 50%	Once Qualifying Volume Points are achieved additional orders are purchased at a Temporary 50% discount off Earn Base.
Supervisor	3 ways to qualify: See section "Qualifying as a Supervisor" for details	50%	As a Supervisor, you are entitled to a 50% discount off Earn Base on every order. (Must requalify annually).

Note:

Your Personal Volume, plus your downline's Volume, count as your Total Volume. Once you are on the Discount Scale, your discount will never be less than 35% for as long as you remain an active Distributor and/or until you become eligible to a higher discount. The more you sell, the greater your profit potential. Remember that each Volume Month you begin again at a 35% discount and can work your way up to 42% and 50% discount.

Success Builder

As an Herbalife Distributor, you may accumulate 1,000 Personally Purchased Volume Points (PPV) in one month to achieve the Success Builder qualification and a 42% discount off Earn Base. As a Success Builder, you will be able to order at a 42% discount off Earn Base for the remainder of the Volume Month plus the following month. Volume Points accumulated by your personally enrolled Preferred Customers will contribute to your Personally Purchased Volume Point requirement. Downline Volume may not be used towards this discount opportunity.

Distributors (non-Supervisors) who do not achieve Success Builder are able to order at a 42% discount off Earn Base once they have accumulated 2,000 Volume Points in one to two months or have achieved the Qualified Producer level.

Qualified Producer

You have the opportunity to achieve Qualified Producer status by accumulating 2,500 Volume Points within 1-6 months of which 2,000 points can be from Downline Volume with the remaining 500 as Personally Purchased Volume. Volume Points accumulated by your personally enrolled Preferred Customers will contribute to your Personally Purchased Volume requirement. All volume achieved towards this qualification must be from orders purchased directly from Herbalife.

You will automatically receive the 42% discount off Earn Base once the qualification has been achieved; and will be updated to this status on the 1st of the month following the month your qualification volume was achieved.

A Qualified Producer is eligible to:

- Purchase at 42% discount off Earn Base immediately after qualifying for this status
- Earn a 42% Retail Profit on Earn Base
- Earn up to 27% Wholesale Profit (Commissions) on the Earn Base value from purchases made by your downline Distributors at a 25% or 35% discount off Earn Base, or Preferred Customers between 15% - 35% discount off Earn Base

Once you achieve Qualified Producer status, all purchases will be at a discount of no less than 42% discount off Earn Base as long as your Annual Services Fee remains current and paid.

Fully Qualified Supervisor

At the Supervisor status you will earn the highest discount of 50% discount off Earn Base, plus Retail and Wholesale Profit, and become eligible to earn Royalty Overrides (RO).

A Fully Qualified Supervisor is eligible to:

- Earn a 50% Retail Profit on Earn Base
- Earn up to 35% Wholesale Profit (Commission) on the Earn Base value from purchases made by your downline Distributors at a 25% - 42% discount off Earn Base, or Preferred Customers between 15% - 35% discount off Earn Base
- Earn RO-of 1% to 5% on their first, second and third-level active Supervisor
- Attend special workshops and training sessions
- Qualify for special Supervisor recognition

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

As a Supervisor, purchases may only be made by you directly from Herbalife.

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 4,000 Volume Points over two consecutive months (with a minimum of 1,000 of those 4,000 Volume Points Unencumbered over the same two-month period).
- Accumulated Qualification: Achieve 4,000 Volume Points within 12 months (of which a minimum of three months is required). You can use up to 3,000 Downline Volume Points with the remaining 1,000 as Personally Purchased Volume. Volume Points accumulated by your personally enrolled Preferred Customers will contribute to your Personally Purchased Volume Point requirement.

For all methods of Supervisor Qualification, once achieved, you are automatically updated to Supervisor status on the 1st of the month following completion of your qualification.

Qualifying Supervisor

Eligibility for Temporary 50% Discount

Once you have achieved the required Volume Points toward Supervisor Qualification you will be considered a **Qualifying Supervisor** until the 1st of the following month, when you will become a **Fully Qualified Supervisor**. As a **Qualifying Supervisor**, you are eligible for a temporary 50% discount off Earn Base for the remainder of the Volume Month in which your qualifying Volume Points were achieved.

Orders purchased at a 50% discount off Earn Base must be purchased directly from Herbalife.

The Volume from orders purchased at a Temporary 50% discount off Earn Base is considered Personally Purchased Volume for the purchaser and Group Volume for the Fully Qualified Supervisor.

Matching Volume

Matching Volume is the Personal and Total Volume a Supervisor must have in order to validate the Supervisor qualifications in your downline.

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 be moved to the next upline Supervisor.

The following 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. This volume obligation for the Supervisor is considered to be their Matching Volume requirement.

Matching Volume Example			
A Sponsoring Supervisor	Matching Volume Requirement for Supervisor "A"		
	4,000 Personal Volume		
	<u>+ 1,000 Group Volume</u>		
	= 5,000 Total Volume		
B Qualifying Supervisor	1,000 Volume Points		
	@ Temporary 50% Discount off Earn Base	=	1,000 Group Volume for "A"
C Qualifying Supervisor	4,000 Accumulated		
	Volume Points	=	4,000 Personal Volume for "A"

Insufficient Matching Volume

As the first upline Fully Qualified Supervisor, if you do not have enough Volume in the qualifying month(s) to substantiate your downline's Supervisor qualification you will be "short" Matching Volume. Herbalife will notify you of the insufficient Volume and allow you to place a Matching Volume Order for the amount you are short. The Member Services Department will be authorized to accept the Matching Volume Order for the appropriate month.

To place this volume, the order must be clearly identified a "Matching Volume Order for Month of _____."

Matching Volume Order

To receive proper credit for the Matching Volume Order, the order must be clearly identified as Matching Volume Order for the appropriate month and year, with full payment included. A Matching Volume Order can only be accepted by Herbalife if the Company has identified a Matching Volume problem and notified you accordingly, and has authorized the Member Services Department to accept the order from you as the sponsoring Supervisor. This order will be applied to the Volume Month specified.

Appropriate adjustments will be made on Matching Volume order to your upline Royalty and Production Bonus receiving Supervisors. However, Royalty points and TAB Team production Bonuses percentages will not be adjusted when a Matching Volume Order is placed after the Volume Month in question. If multiple occurrences of Matching Volume take place, as the Sponsoring Supervisor, you will not be paid the Royalty earnings for up to four months on the qualifying line and this earning will be paid to the next upline Royalty receiving Supervisor.

Failure to Match Volume

In order to avoid a penalty, you must place the Matching Volume Order once you have received notification from Herbalife.

If you are short volume and fail to place an order to match that Volume, a Matching Volume Penalty will be assessed. The penalty is that you will permanently lose the Supervisor who qualified the month in question and that Supervisor's downline.

Failure to Qualify as a Supervisor

If your sponsored downline becomes a Fully Qualified Supervisor before you do, you will have one year from the date of your downline's qualification to also become a Fully Qualified Supervisor.

If you do not become a Fully Qualified Supervisor within the one year following your downline's Supervisor qualification, you will permanently lose that downline to your first upline Supervisor at the end of your downline Supervisor's first requalification year.

Example:

08/01/2012 Downline Supervisor's Qualification Month	February 2014 Sponsor loses Qualified Downline is Sponsor hasn't become a Fully Qualified Supervisor
08/01/2012 – 01/31/2014 Sponsor's Opportunity to Qualify for Supervisor	

Supervisor Requalification

Once you become Supervisor status and above you must requalify your Supervisor status annually between February 1 and January 31 to maintain your 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 4,000 Volume Points over two consecutive months (with a minimum of 1,000 of those 4,000 Volume Points Unencumbered over the same two-month period.)
- Twelve-Month Requalification: Accumulate 10,000 Unencumbered Total Volume Points over the 12-month Requalification period.

Or,

- Accumulate 2,000 Unencumbered Total Volume Points over the 12-month requalification period.

When requalifying by accumulating 2,000 Unencumbered Volume Points between February 1 and January 31 you will retain your Supervisor status and 50% discount off Earn Base buying privileges. However, any downline lineage that includes a Supervisor will be lost and moved to your next upline Fully Qualified Supervisor.

You will automatically requalify as a Supervisor each year if the volume requirements are met during the qualification period. As a reminder, you have the advantage of receiving a 50% discount off Earn Base on your requalification orders.

In addition to requalifying your Supervisor status, you must assure your Annual Fee is current and paid. Failure to pay the Annual Fee prior to or within 90 days after requalification will result in suspension of your ordering privileges and earnings until the fee is paid. If the fee remains unpaid, this may result in your Distributorship becoming deleted and any existing downline Distributors or Preferred Customers will be permanently moved to your first upline Sponsor.

If you do not complete your Supervisor Requalification you will lose all rights and privileges of a Supervisor, including the loss of any lineage that includes a Supervisor. In this case, the entire downline lineage will be moved to your next upline Fully Qualified Supervisor.

As a Supervisor if you fail to requalify each year by January 31 you will be demoted to the position of Qualified Producer.

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. When these Distributors in your First Level sponsor other Distributors those 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, some may choose to set their goals and 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 INCOME

Payment of Royalty Overrides

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

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%

Royalty Overrides are paid as follows:

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

Royalty Override Example			
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

As a Supervisor who meets the specified requirements to earn Royalty Overrides you must also comply with Herbalife 10 Retail Customers Rule and the 70% Rule, to earn and receive both Royalty Overrides and Production Bonus. You must confirm your adherence to these requirements by submitting the Earnings Certification Form each month. If you fail to comply with either of these rules, the Royalty Overrides and Production Bonus will not be paid to you.

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, as a Supervisor you must be at the maximum 5% earning level, based on the Royalty Override Sliding Scale. You may not earn more than 5% Royalty Override on any order.

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	=	Earn 5% Royalty Override On Second, Third and Fourth-Level Supervisors
Second-Level Supervisor	2,500 Total Volume Points 5% Royalty Override	=	Earn 5% Royalty Override On Third and Fourth-Level Supervisors
Third-Level Supervisor	500 Total Volume Points 1% Royalty Override	=	Earn 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, in 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 you will be updated to World Team 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 and a World Team pin

Plus You Become Eligible to:

- Attend special planning and training sessions targeted to accelerate your progress to TAB Team

TAB Team

Achieving TAB Team is a prestigious recognition within the Herbalife Sales & Marketing Plan. TAB Team indicates that the Supervisor has developed a strong, active downline Supervisor base. Upon achieving TAB Team, you will be eligible to receive additional benefits. There are three earning levels within the TAB Team: Global Expansion Team (GET), Millionaire Team (MILL) and President's Team (PRES).

Top Achievers Business (TAB) Team	
Benefits	Qualifications
Global Expansion Team (GET) <ul style="list-style-type: none"> All the benefits of a Supervisor Certificate and pin Potential to earn up to 2% Production Bonus Eligible to qualify for event promotions Eligible to participate in special advance trainings Eligible to participate in special conference calls 	1,000 in Royalty Overrides in each of 3 consecutive months
Millionaire Team (MILL) <ul style="list-style-type: none"> All the benefits of a GET Team A new certificate and pin Potential to earn up to 4% Production Bonus 	4,000 in Royalty Overrides in each of 3 consecutive months
President's Team (PRES) <ul style="list-style-type: none"> All the benefits of a MILL Team Plaque and pin Potential to earn up to 7% Production Bonus Potential to earn a Mark Hughes Bonus in accordance with the rules 	10,000 in Royalty Overrides in each of 3 consecutive months 20K President's Team 20,000 in Royalty Overrides in each of 3 consecutive months 30K President's Team 30,000 in Royalty Overrides in each of 3 consecutive months 50K President's Team 50,000 in Royalty Overrides in each of 3 consecutive months

TAB Team Production Bonus

Following your TAB Team qualification, you have the potential to receive Production Bonus on your entire downline organization's monthly activity. The TAB Team Production Bonus is, in part, a reward for your leadership.

It is necessary to submit a completed TAB Team Production Bonus Agreement Form and also comply with Herbalife's 10 Retail Customers Rule and the 70% Rule to be eligible for Production Bonus payments. The Form must be accepted and approved by Herbalife in order to receive payments; the form will be sent to you by Herbalife during your TAB Team qualification period.

Awards Policies

Herbalife 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 Member Services Department should be contacted in writing (via email or at the postal address below). The request must be received by Herbalife no later than six (6) months after the qualification date associated with the Award.

Awards Replacement and/or Repair Policy:

Herbalife strives to provide the highest quality awards available. In the event that an award was received defective or otherwise damaged, you may return the item(s) for free replacement within six (6) months of the original qualification date associated with the award.

After this six-month period, you may return damaged item(s) to be professionally refurbished or repaired which shall be at their cost paid through an earning deduction form. 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:

Herbalife International South Africa, Ltd.

Ground Floor, Building 32, Woodlands Office Park,
Woodlands Drive, Woodmead,
Gauteng, 2191
South Africa

Member Services

Tel: +27 21 100 4940

PRESIDENT'S TEAM PLUS

President's Team Plus Awards and Recognition

	One Diamond	Executive President's Team To qualify you must have one first-line, Fully Qualified President's Team member in any line of your downline organization
	Two Diamonds	Senior Executive President's Team To qualify you must have two first-line, Fully Qualified President's Team members in two separate lines of your downline organization.
	Three Diamonds	International Executive President's Team To qualify you must have three first-line, Fully Qualified President's Team members in three separate lines of your downline organization.
	Four Diamonds	Chief Executive President's Team To qualify you must have four first-line, Fully Qualified President's Team members in four separate lines of your downline organization.
	Five Diamonds	Chairman's Club To qualify you must have five 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 qualify 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 Months).

	Baume & Mercier Watch 250,000 Royalty Override Points
	Marquis Diamond Ring 500,000 Royalty Override Points
	Piaget Gold and Diamond Watch† 750,000 Royalty Override Points
	Piaget Diamond Watch† 1,000,000 Royalty Override Points

†Actual watch model may vary based on availability at time of qualification.

Production Bonus

Qualification and Requalification by Team Level

Once you achieve TAB Team, there will be a period after you have qualified for Millionaire Team and President's Team, that you need to wait to begin receiving Production Bonus at the higher percentage. Refer to the following tables for each team level waiting period. Requirements to earn are discussed in the Production Bonus Earning Percentage Requirements section.

GET Team

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

In this example:

- **Waiting and Earning Periods:** After completing the GET Team qualification, there is no waiting period to begin earning at this level. After completing the GET qualification, in April you will be recognized as GET Team and eligible to begin earning Production Bonus without a waiting period. The earning period is 12 months from the Fully Qualified GET Team date, April to March.

MILL Team

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

In this example:

- **Waiting and Earning Periods:** After completing the MILL Team qualification, there is a waiting period of 2 months before you will be eligible to earn at the higher Production bonus level. During this waiting period, the minimum Total Volume Point requirement for 2% Production Bonus is 3,000 TV based on your new Millionaire Team status. After the waiting period is complete, as a Millionaire team, you will be eligible to begin earning Production Bonus beginning in June. The earning period is 12 months after waiting period is complete, June to May.

PRES Team

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% to 7% PB from July to June											
			Requalification Period from April to March														

In this example:

- **Waiting and Earning Periods:** After completing the PRES Team qualification, there is a waiting period of 3 months before you will be eligible to earn at the higher Production Bonus level. During this waiting period, the minimum Total Volume Point for 4% Production Bonus based on your President's Team status. After the waiting period is complete, as a President's Team, you will be eligible to begin earning Production Bonus beginning in July. The earning period is 12 months after waiting period is complete, July to June.

Production Bonus Earning Percentage Requirements

Once you have qualified and/or requalified for a particular TAB Team earning percentage level and have completed the waiting period for the Mill Team and PRES Team levels, the following Total Volume (TV) and Royalty Points must be achieved in each of the earning months to receive a TAB Team Production Bonus during your earning period:

TAB Team Recognition Level	Minimum Total Volume Required	Royalty Points Required	Production Bonus %
GET	3,500	1,000	2%
MILL	3000	1,000 - 3,999	2%
		4,000 +	4%
PRES	2,500	1,000 - 3,999	2%
		4,000 - 9,999	4%
		10,000 +	6%
PRES 20K	2,500	1,000 - 3,999	2%
		4,000 - 9,999	4%
		10,000 - 19,999	6%
		20,000 +	6.50%
PRES 30K	2,500	1,000 - 3,999	2%
		4,000 - 9,999	4%
		10,000 - 19,999	6%
		20,000 - 29,999	6.50%
		30,000 +	6.75%
PRES 50K	2,500	1,000 - 3,999	2%
		4,000 - 9,999	4%
		10,000 - 19,999	6%
		20,000 - 29,999	6.50%
		30,000 - 49,999	6.75%
		50,000 +	7%

Production Bonus Requalification

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

To continue earning Production Bonus level, you must requalify each year.

- **To remain at your earning level**, simply achieve three consecutive months of Royalty Points requirements (same as original qualification) every year during your requalification period.
- **If you don't requalify at your current level**, your maximum Production Bonus earning level will become the highest level for which you did requalify and will be subject to the Total Volume Point requirements for that level as illustrated in the table below.

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

TAB Team Recognition Level	Maximum Production Bonus %	Minimum Total Volume Required	Minimum Royalty Points Required
MILL	2%	3,500	1,000
PRES	2%	3,500	1,000
PRES 20K			
PRES 30K	4%	3,000	4,000
PRES 50K			
PRES 20K	6%	2,500	10,000
PRES 30K	6%	2,500	10,000
	6.50%		20,000
PRES 50K	6%	2,500	10,000
	6.50%		20,000
	6.75%		30,000

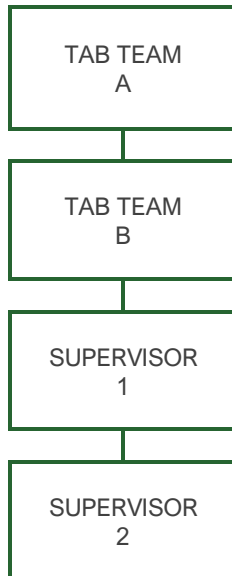
If you requalify for a lower Production Bonus earning % level during your last requalification period and qualify again for a higher level, you will need to observe the waiting period before you start earning at that higher level.

TAB Team Production Bonus Payout Guidelines

There may be instances where there is another TAB Team earner in your downline that may cut-off or block Production Bonus from being earned. Each line is looked individually to determine Production Bonus earners. To help you better understand the TAB Team Production Bonus Payout, we've put together the following guidelines.

When a TAB Team in your downline earns a Production Bonus at a **lower** % level than you, you will earn the % difference on their downline.

Example 1: Downline Has LOWER Production Bonus Earning Percentage



Eligible Production Bonus Earning percentage: 6%

- TAB Team A will earn 6% on TAB Team B
- 4% on Supervisor 1 and Supervisor 2 (6% - 2% = 4%)

Eligible Production Bonus Earning percentage: 2%

- TAB Team B will earn 2% on Supervisor 1 and Supervisor 2

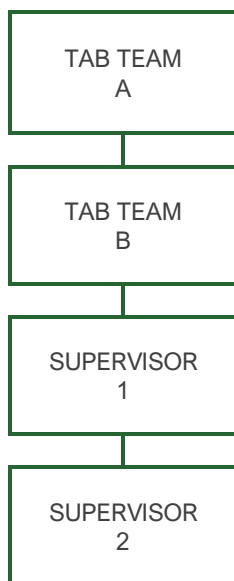
Example 1:

- In this example, if you are TAB Team A and earning a Production Bonus at the 6% level and your downline TAB Team B earns a Production Bonus at the 2% level, you will earn 6% down to TAB Team B and the remaining 4% Production Bonus on their downline organization, Supervisor 1 and Supervisor 2, down to the next Production Bonus earner.
- TAB Team B will earn 2% on Supervisor 1 and Supervisor 2.
- Your Production Bonus earnings below those downline Production Bonus earners will depend upon the earning % of each Production Bonus earner.

When a downline TAB Team earns a Production Bonus at a **higher** than a 2 or 4 % level than you, you will not earn a Production Bonus on that downline and their organization*. This is referred to as "Blocking".

**When a President Team is earning at the 6% Production Bonus level he can earn 6% on downline that are at President's Team at 6.5%, 6.75% and 7% earning level. He won't earn beyond a President's Team at a higher earning % level.*

Example 2: Downline Has HIGHER Production Bonus Earning Percentage



Eligible Production Bonus Earning percentage: 4%

- TAB Team A will not earn Production Bonus on TAB B or their organization

Eligible Production Bonus Earning percentage: 7%

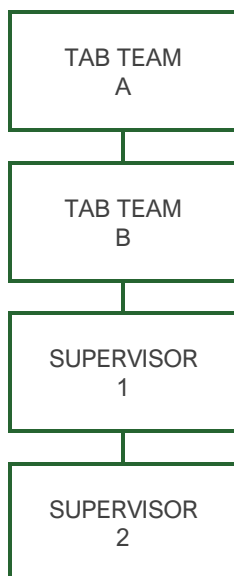
- TAB Team B will earn 7% Supervisor 1 and Supervisor 2

Example 2:

- In this example, if you are TAB Team A and earning a Production Bonus at the 4% level and your downline TAB Team B is earning at 7%, you will be blocked and will not earn on TAB Team B and their organization.
- TAB Team B will earn 7% on Supervisor 1 and Supervisor 2.

When a downline TAB Team earns Production Bonus at the **same** % level as you, you will earn on that TAB Team, but you will be unable to earn a Production Bonus on their downline. This is commonly referred to as “Cut-Off”.

Example 3: Downline Has EQUAL Production Bonus Earning Percentage



Eligible Production Bonus Earning percentage: 6%

- TAB Team A will earn 6% on TAB Team B only

Eligible Production Bonus Earning percentage: 6%

- TAB Team B will earn 6% Supervisor 1 and Supervisor 2

Example 3:

- In this example, if you are TAB Team A and your downline TAB Team B are both earning Production Bonus at 6%, you will earn 6% on TAB Team B only, but then will be “Cut-off” from earning on the remaining downline.
- TAB Team B will earn 6% on Supervisor 1 and Supervisor 2.

To be eligible to receive the Production Bonus, your completed TAB Team Production Bonus Agreement Form must have been accepted and approved by Herbalife, and all other terms and conditions must be met.



Accepted by Herbalife

Mark Hughes Bonus

When you achieve the level of President's Team and have downline President's Team, you may qualify to earn a discretionary Mark Hughes Bonus, which is taken from a pool of 1% of Herbalife's worldwide product earn base sales and distributed annually at the prestigious Herbalife event. Mark Hughes Bonuses are paid in recognition of outstanding performance and leadership. President's Team may refer to the annual Mark Hughes Bonus rules for full details.

Promotions

From time to time, Herbalife also offers extra sales incentives such as training workshops, retreats, vacations, recognition titles and even cash bonuses. Promotion events are a powerful way to share your success with your family and solidify your relationships with other Distributors.

GLOSSARY OF TERMS

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

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

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

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

Cut Off: As a Production Bonus earner, when you have a downline earning an equal Production Bonus percentage, you will be able to earn your eligible Production Bonus on the sales activity down to and including that earner, but will not earn Production Bonus on any lineage below.

When you have a downline earning a lower Production Bonus percentage, you will earn your eligible Production Bonus on the sales activity down to and including the earner plus you will earn the percentage difference on their downline.

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

Distributor: Any Herbalife Independent Distributor*.

**Distributors may be referred to as Members in some countries.*

Distributor: Anyone who purchases an Official Herbalife Distributor Pack (HDP) and submits to Herbalife a valid and complete Distributorship Application and whose Application has been accepted by Herbalife.

Downline: All Preferred Customers and Distributors personally sponsored by you as well as all other persons sponsored by your Distributors.

Earn Base Value: The value assigned to a product, in local currency, on which discounts and 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.

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

Personal Preferred Customer: All Preferred Customers you personally refer are considered your Personal Preferred Customer.

Preferred Customer: Anyone who submitted a Preferred Customer Application and Agreement and purchases Herbalife products for their household's personal consumption at a discount directly from the company. Preferred Customers cannot sell products, sponsor Distributors or engage in the Herbalife business in any way. However, Preferred Customers may convert to Distributors.

Production Bonus: A bonus of 2% to 7% earned on your entire downline organization's activity paid to eligible TAB Team.

Profit, Retail: The difference between the discounted product price paid by a Distributor and the retail price paid by a Retail Customer.

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

Qualified Producer: A Distributor who accumulates 2,500 Personally Purchased Volume Points within 1 to 6 months and is entitled to purchase at a 42% discount off Earn Base. This status can be reached by utilizing up to 2,000 Downline Volume Points, with the remaining 500 as Personally Purchased Volume.

Qualifying Month: The month in which a Distributor meets the requirements for a specific qualification.

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

Referral: A Preferred Customer who is introduced or referred to Herbalife by another Preferred Customer.

Royalty Override: A monthly payment ranging from 1% to 5% made to Fully Qualified Supervisors on the sales activity 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% or 42% discount off Earn Base.

Split Commission: The commission earned from a downline who is purchasing at a lower discount than your discount at the end of the volume month. A commission of up to 25% off Earn Base will be split amongst the eligible Senior Consultant, Qualified Producer, Qualifying Supervisor and Fully Qualified Supervisor in the purchasing Distributor's upline.

Sponsor: A Distributor who brings another individual into Herbalife.

Success Builder: A Distributor who accumulates 1,000 Personally Purchased Volume Points (PPV) or more in one month eligible for a 42% discount off Earn Base on all order for the remainder of the month plus the following month.

Supervisor's Personal Organization: Includes all Distributors in the Supervisor's downline who are Preferred Customers and Distributors.

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

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 at least 70% of the total value of Herbalife products they purchased each volume month in order to qualify 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: Volume achieved on orders placed by your Preferred Customers and non-Supervisor downline directly from Herbalife.

Volume, Encumbered: Volume being used by your downline for Supervisor qualification purposes.

Volume, Group: Orders purchased at a temporary 50% discount off Earn Base, 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, Organizational: The accumulated volume amount on which a Supervisor earns Royalty Overrides.

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

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

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

Volume, Unencumbered: Volume not being used by your downline for Supervisor qualification purposes.

Volume Point: A point value assigned to each Herbalife product that is equal in all countries.