

This Addendum highlights the changes to the Herbalife Nutrition Sales & Marketing Plan as it relates to compensation, discount advancements, qualifications and promotions, which took effect in May 2017 for the U.S. and U.S. Territories. The Sales & Marketing Plan section of the Sales & Marketing Plan and Business Rules will be updated and available at a later date. In the interim, please contact your Sponsor or Herbalife Nutrition at 866-866-4744 if you have any questions and/or require additional support.

Required Distributor Training

All Herbalife Nutrition Independent Distributors are required to complete a simple training course; this training course was developed to help ensure all Herbalife Nutrition Independent Distributors know the “Rules of the Road” and have a solid foundation for growing their Herbalife Nutrition business. During your training you will learn how to:

- Use Herbalife Nutrition tools to document retail sales
- Create a business budget and manage income and expenses
- Make appropriate claims
- and much more

As a new Distributor, you must complete this training **before recruiting or receiving any form of compensation**.

Taking the Required Training

The required training is easy and accessible; you have 3 ways to complete your training:

1. Take the training online by visiting the Learning Center on MyHerbalife.com.
2. Download the mobile app by searching for “Herbalife Learning” in the App store or Google Play store to complete the training on your mobile device.
3. Contact us at 866-866-4744; select the language and then select option 1 for Distributors. From the next menu, select option 1 for Automated Services, then select the option for Required Distributor Training and follow the instructions.

Ordering Product

Each time you place an order, you will need to declare the order purpose as follows:

- **Personal Consumption** – Order placed for your own personal use or members of your household.
 - Product ordered for Personal Consumption cannot be retailed.
 - Product Consumption orders will be taxed on the discounted purchase price – not on the full retail price.
- **Customer Direct** – Order placed by you for delivery directly to your Customer.
 - You must provide your Customer’s name, address, phone/email address.
 - You must provide the price at which you sold each item and the total amount paid by your Customer.
- **Retail Inventory** – Order placed for your on-hand product inventory for resale to your Customers, use in your Nutrition Club, or sampling.

Creating and Submitting Retail Receipts

Because qualification and compensation are based on sales activity, product orders on their own will not qualify you to earn under the Sales & Marketing Plan. When you submit a receipt for a profitable customer sale, it becomes **Documented Volume** and qualifies you to work towards increasing your discount, marketing plan levels, promotions, and when eligible, your qualification to earn.

Documented Volume is fully explained on the following page.

Receipts may be created and submitted to Herbalife Nutrition in several different ways:

Automatic Creation and Submission of Retail Receipts:

- Customer Direct Orders: You place your customer order as a “customer direct” order and let us ship the product for you. The retail receipt will be created and submitted automatically at the time the order is placed. This is the quickest, most efficient way to submit receipts for retail sales to your customers.
- Orders placed by Customers on GoHerbalife.com.
- Orders placed by Distributors through MyHerbalife.com if you enter the Customer’s purchase price with your order.
- Purchases by Preferred Members directly with Herbalife Nutrition.

If you purchase retail inventory, you will need to submit the receipt to Herbalife Nutrition when you sell the product to your customer. You may create and submit a receipt by any one of the following methods:

- The Herbalife Nutrition Receipt Capture Tool available on MyHerbalife.com*
 - Submit receipts 24/7 to us after your sales to Customers
- The Herbalife Nutrition Point of Sale Mobile Tool (Herbalife POS)*
 - Submit receipts to us & your Customers simultaneously at the time of your sales 24/7
 - Submit Nutrition Club consumption receipts to us daily 24/7

*The electronic tools are highly recommended as a quick and efficient method to submit your receipts.

Valid Receipt Components

- Herbalife Nutrition’s has received a fully completed profitable customer receipt – via tools or paper
- A profitable retail sale including cost of product, tax, freight, method of payment, sale date and complete price.
- Includes the Customer’s first and last name
- Contains 2 of the 3 required components of a receipt
 - Customer’s address
 - Customer’s phone
 - Customer’s email

NOTE: Profitable Retail Sales do not include product purchases for: personal consumption, sampling at Nutrition Clubs or elsewhere; charitable contributions; and gifts to anyone including sports teams, family, etc. and, therefore, will NOT contribute to Documented Volume.

What is Documented Volume (DV)?

Documented Volume (DV) is volume that can be used towards your qualification to earn (earning %), qualification to achieve higher discounts, advancement in the marketing plan, and qualification for promotions. There are 6 ways to accumulate Documented Volume:

1 & 2. Profitable customer retail sales supported by a receipt that is submitted and accepted by Herbalife Nutrition for:

- A sale made in any country by you or your U.S./U.S. territory downline that contributes to your personal volume.
- A sale made in the U.S./U.S. territories by your non-U.S./U.S. territory downline that contributes to your personal volume.

3 & 4. All purchases made by your first line Preferred Members or the first line Preferred Members of downline that contribute to your personal volume.

5 & 6. All purchases made by your non-U.S./U.S. territory downline that contribute to your personal volume made outside the U.S. for sale to Customers in the market in which the purchase was made.

Other Key Terms To Understand

Non-Documented Volume (NDV)

Volume that cannot be used towards your earning percentage, qualification to higher discounts and marketing plan levels. This is volume from orders declared as Retail Inventory where receipts were not provided, or the sales were not -profitable.

Primary Personal Consumption (PPC)

Volume from orders declared for personal consumption that is within the defined limit (currently \$235, between 185-260 in Volume), which is subject to change each year.

Secondary Personal Consumption (SPC)

Volume from orders declared for personal consumption that exceeds the defined monthly personal consumption limit.

Primary Rewardable Volume (PRV)

The sum of Documented Volume (DV) and Primary Personal Consumption (PPC). Your Uplines will be compensated on this volume in accordance with the Sales & Marketing Plan as long as the DV meets the 2/3 – 1/3 Rule, which is explained on the next page.

Secondary Rewardable Volume (SRV)

The sum of Non-Documented Volume (NDV) and Secondary Personal Consumption (SPC).

- If sales receipts indicate a non-profitable sale, then they will be considered as SRV.
- SRV will be moved to the Accumulate & Allocate (A&A) bucket and redistributed as explained later.

2/3 – 1/3 Rule

Herbalife Nutrition will pay out wholesale profit, royalty overrides and production bonus on the earn base of Primary Rewardable Volume (PRV) component (Documented Volume + Primary Personal Consumption) of US sales. In addition, when Herbalife Nutrition meets the requirement of the 80% rule, it will increase the payout on the PRV to account for the Secondary Rewardable Volume (SRV) component (Non-Documented Volume + Secondary Personal Consumption) of US sales using the Accumulate & Allocate (A&A) process.

The 2/3 - 1/3 Rule requires that at least 2/3 of the PRV must come from Documented Volume. If this threshold is not met, we must move some of the Primary Personal Consumption out of PRV so that there is twice as much Documented Volume as Primary Personal Consumption volume remaining in the PRV. Example: If a Distributor has 10,000 PRV and 5,000 was Documented Volume and 5,000 was Primary Personal Consumption then 2,500 of that Primary Personal Consumption must be moved out of the PRV. This leaves twice as much Documented Volume (5,000) in the PRV as Primary Personal Consumption (2500).

For Royalty Overrides and Production Bonus, the Primary Personal Consumption Volume that is moved is shifted to the SRV bucket and used to increase the payout on remaining PRV through the A&A process. This should allow the earner to retain their normal payout. For Wholesale Profit, the Primary Personal Consumption Volume that is moved is rolled up to the first upline wholesale profit earner that can absorb that volume and not violate the 2/3 - 1/3 rule themselves. This means that, for Wholesale Profit, a Distributor will still earn on the PRV and the SRV will still be used to increase the payout on remaining PRV through the A&A process. However, unlike with Royalty Overrides and Production Bonus, the Wholesale Profit earner will not be able to earn on the Primary Personal Consumption that was moved nor will they be able to use what was moved to increase the payout on the PRV through the A&A process.

80% Rule and Accumulate & Allocate (A&A)

- As long as 80% of U.S. and Puerto Rico Net Sales in Herbalife Nutrition's fiscal year (effectively a typical calendar year) is Primary Rewardable Volume (Documented Volume + Primary Personal Consumption), Herbalife Nutrition will make payments under the Accumulate & Allocate process (Secondary Rewardable allocation payout) based on their Primary Rewardable amounts.
- The A&A process is the method by which Herbalife Nutrition will make payouts on U.S. and Puerto Rico earnings so that any orders not paid via the Primary Rewardable method can be paid.
- If less than 80% of U.S. and Puerto Rico Net Sales in Herbalife Nutrition's fiscal year is Primary Rewardable Volume, Herbalife Nutrition can only pay out on Primary Rewardable Volume and the Secondary Rewardable Volume payout will not be paid.

How do you Qualify to Earn?

FIRST: You **'Qualify to Earn'** based ONLY on your Documented Volume from the 6 different categories previously identified.

SECOND: After you have Qualified to Earn, then you are eligible to earn: Wholesale Profits, Royalty Overrides, Production Bonuses, Vacations, and other compensation *

* Eligibility is based on you reaching the corresponding qualifications.

Important: Your Personal Consumption purchases will **NOT** count toward qualifying to earn Wholesale Profits, Royalties, Bonuses or other compensation or to achieve higher levels of discount.

What You Earn On

Once you are qualified to earn in the Sales & Marketing Plan, there is a two-step process in the calculation of your Wholesale Profit, Royalty Overrides and Production Bonus:

- Earn 8%-25% Wholesale Profit from your downline purchasing at less than 50% discount, and your Charter Preferred and Preferred Members purchasing at 25% - 42% discount levels.
- Earn Royalty Overrides and Production Bonus on the documented sales of your downline Supervisors at 50% & Chartered Preferred Members at 50%. Royalty Overrides and Production Bonuses are paid out using the Primary Rewardable and Secondary Rewardable methods described below.

Step I (Primary Rewardable Method):

Documented Volume and Primary Personal Consumption are calculated (Primary Rewardable Volume) and paid out based on the 2/3-1/3 rule.

If your Documented Volume is less than 2/3 of your Primary Rewardable Volume, a portion of your Primary Personal Consumption Volume will be re-allocated as Secondary Rewardable Volume in order to meet the 2/3 ratio of Documented Volume to Primary Rewardable Volume.

Step II (Secondary Rewardable Method):

Non-documented purchases and Secondary Personal Consumption are calculated (Secondary Rewardable Volume) and are paid out using the Accumulate & Allocate (A&A) process.

The Accumulate and Allocate Process is the method used to pay Distributors in proportion to their rewardable organizational earn base, as a percentage of Herbalife Nutrition's total primary rewardable volume in the U.S. and Puerto Rico. This process is subject to change and even elimination in certain circumstances.

Important to consider:**Wholesale Profit**

If more than 1/3 of the Primary Rewardable Earnings consists of Primary Personal Consumption, then a portion of that Primary Personal Consumption will be rolled up to the first Upline Wholesale Profit earner whose Downline's Primary Personal Consumption is less than 1/3 of their Primary Rewardable Earnings.

Royalty Overrides and Production Bonus

If more than 1/3 of the Primary Rewardable Volume consists of Primary Personal Consumption, then a portion of that Primary Personal Consumption will be moved to the Secondary Rewardable Volume.

We recognize that the process described above is complex and will take time to understand. However, please remember that Herbalife Nutrition will be tracking your qualifications and eligibility to earn for you.

- Use MyHerbalife to see the 'My Volume' and BizWorks reports including the 'Linear View Plus' report and more.
- Throughout the month, you can track the Volume on which you are eligible to earn and how you and your organization are tracking toward Qualifying to Earn.

It is critical to create and submit receipts for all of your retail sales and teach every Distributor in your organization to do the same.

SALES & MARKETING PLAN

Introduction

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

The Herbalife Nutrition 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 Nutrition 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 Nutrition's Sales & Marketing Plan. Each level has specific qualifications and associated benefits to reward Distributors for their efforts and enhance their success.

Table of Contents

Sales & Marketing Plan

Steps to Success

President's Team Plus Awards and Recognition

Achievement Awards and Anniversary Pins

Understanding Volume

Distributor Benefits

Royalty Override Income

President's Team Plus

TAB Team Production Bonus Payout Guidelines

Glossary of Terms

Ordering Procedures

Becoming a Distributor – The Important First Step

The only required purchase in order to become an Herbalife Nutrition Distributor is the International Business Pack (IBP). Each IBP contain the Herbalife Nutrition Distributorship Application and Agreement, which you must complete and submit in order to receive an Herbalife Nutrition Identification Number and purchase products.

Registration

You officially become an Herbalife Nutrition Independent Distributor when your properly completed Application has been processed and accepted by the Herbalife Nutrition Corporate Office. The quickest and easiest method of completing your registration is online at MyHerbalife.com. You may also mail your Application; however, this process might take a few days. Once your Application has been accepted, your contract with Herbalife Nutrition becomes effective immediately, giving you all the rights, responsibilities and privileges of an Herbalife Nutrition Independent Distributor.

Income Opportunities

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

Immediate Retail Profit

25% to 50%

The profit from direct sales to customers.

Wholesale Profit (also known as Commissions)

Up to 25% of Earn Base value

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

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 month | 1,000 Personally Purchased Volume Points or more in one order* | 2,500 accumulated Volume Points accumulated in 1 to 3 months, all orders must be purchased directly through Herbalife Nutrition* | 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 | 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



1,000 Royalty Override Points in 3 consecutive months

Millionaire Team



4,000 Royalty Override Points in 3 consecutive months

President's Team



10,000 Royalty Override Points in 3 consecutive months

15K President's Team



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

20K President's Team




20,000 Royalty Override Points in 3 consecutive months

30K President's Team




30,000 Royalty Override Points in 3 consecutive months

40 K President's Team



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

50K President's Team



50,000 Royalty Override Points in 3 consecutive months

60K President's Team




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

70K President's Team



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

80K President's Team



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

90K President's Team













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

*It is not necessary to become a Senior Consultant, Success Builder or Qualified Producer before qualifying as Supervisor. For complete qualification details, refer to your IBP.


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

President's Team Plus Awards and Recognition

| | | | | |
|---|--|---|---|--|
| <p>1 Diamond</p>  <p>Executive President's Team</p> <p>1 first-line, Fully Qualified President's Team member* in any line of your organization</p> | <p>2 Diamond</p>  <p>Senior Executive President's Team</p> <p>2 first-line, Fully Qualified President's Team members* in 2 separate lines of your downline organization</p> | <p>3 Diamond</p>  <p>International Executive President's Team</p> <p>3 first-line, Fully Qualified President's Team members* in 3 separate lines of your downline organization</p> | <p>4 Diamond</p>  <p>Chief Executive President's Team</p> <p>4 first-line, Fully Qualified President's Team members* in 4 separate lines of your downline organization</p> | <p>5 Diamond</p>  <p>Chairman's Club</p> <p>5 first-line, Fully Qualified President's Team members* in 5 separate lines of your downline organization</p> |
|---|--|---|---|--|


| | | | | |
|--|--|--|--|--|
| <p>6 Diamond</p>  <p>Chairman's Club</p> <p>6 first-line, Fully Qualified President's Team members* in 6 separate lines of your downline organization</p> | <p>7 Diamond</p>  <p>Chairman's Club</p> <p>7 first-line, Fully Qualified President's Team members* in 7 separate lines of your downline organization</p> | <p>8 Diamond</p>  <p>Chairman's Club</p> <p>8 first-line, Fully Qualified President's Team members* in 8 separate lines of your downline organization</p> | <p>9 Diamond</p>  <p>Chairman's Club</p> <p>9 first-line, Fully Qualified President's Team members* in 9 separate lines of your downline organization</p> | <p>10 Diamond</p>  <p>Founder's Circle</p> <p>10 first-line, Fully Qualified President's Team members* in 10 separate lines of your downline organization</p> |
|--|--|--|--|--|

Baume & Mercier Watches†



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

Gold and Diamond Marquis Rings




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

Piaget Gold and Diamond Watches†



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

Piaget Diamond Watches†



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

*For complete qualification details, refer to your IBP.

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

ACHIEVEMENT AWARDS AND ANNIVERSARY PINS

1 Million Lifetime Achievement Award



1 Million Volume Points

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

2 Million Lifetime Achievement Award



2 Million Volume Points

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

3 Million Lifetime Achievement Award



3 Million Volume Points

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

4 Million Lifetime Achievement Award



4 Million Volume Points

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

1-Year Anniversary



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

3-Year Anniversary



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

5-Year Anniversary



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

7-Year Anniversary



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

10-Year Anniversary



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

15-Year Anniversary



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

20-Year Anniversary



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

25-Year Anniversary



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

30-Year Anniversary



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

*For complete qualification details, refer to your IBP.

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 Nutrition 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 International Business Packs (IBP), 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 Nutrition 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 by a Supervisor on a Volume Month basis. The Volume Month begins on the first business day of the month and ends on the last business day of the month. If the last day 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 Nutrition 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 Nutrition.

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 Nutrition 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 Nutrition 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 Nutrition using your Herbalife Nutrition Identification Number.

Downline Volume (DLV)

Downline Volume is achieved on orders placed by your non-Supervisor downline directly from Herbalife Nutrition.

| Downline Volume Example | | |
|--------------------------------|---------------------------------------|-------------------------------------|
| | Purchases/ Discount % | Downline Volume |
| A Supervisor | 2,500 Volume Points @ 50% discount | * |
| B Senior Consultant | 500 Volume Points @ 35% Discount | 900 Volume Points (C&D's Volume) |
| C Senior Consultant | 500 Volume Points @ 35% Discount | 400 Volume Points (D's Volume) |
| D DISTRIBUTOR | 400 Volume Points @ 25% Discount | 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 non-Supervisor downline, down to your first Fully Qualified Supervisor.

As a non-Supervisor Distributor you may purchase directly from Herbalife Nutrition, 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% as well as all orders purchased by your downline Distributors, Senior Consultants, Success Builders and Qualified Producers at 25% to 42% discount count as your Personal Volume.

| Personal Volume Example | | |
|--------------------------------|---|----------------------------|
| | Purchases/Discount % | Personal Volume |
| A Supervisor | 1,000 Personal Volume Points + B, C & D's Volume | = 2,800 Personal Volume |
| B Success Builder | 1,100 Volume Points + C & D's Volume @ 42% Discount | = 1,800 Personal Volume |
| C Senior Consultant | 300 Volume Points + D's Volume @ 35% Discount | = 700 Personal Volume |
| D Distributor | 400 Volume Points @ 25% Discount | = 400 Personal Volume |

Group Volume (GV)

Group Volume is the volume on orders purchased at a temporary 50% discount 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 the Sales & Marketing Plan and Business Rules for complete details.)

| Group Volume Example | | |
|--------------------------------|--|--|
| | Purchases/ Discount % | Personal Volume |
| A Supervisor | 2,500 Volume Points + B & C's Volume | 6,500 Personal Volume +1000 = <u>Group Volume</u> 7,500 Total Volume |
| B Qualifying Supervisor | 1,000 Volume Points @ Temporary 50% Discount + C's Volume | = 5,000 Personal Volume |
| C Distributor | 4,000 Accumulated Volume Points | = 4,000 Personal Volume |

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 | |
| 2nd Level Supervisor | 10,000 Total Volume Points | = 30,000 Organization Volume |
| 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 | | | 2,500 |
| | Total Volume Points +B & C's Volume | = | | Unencumbered for A 5,000 Encumbered to A |
| B Qualifying Supervisor | 1,000 | | | 1,000 |
| | Total Volume Points + C's Volume | = | | Unencumbered for B 4,000 Encumbered to B |
| C Qualifying Supervisor | 4,000 Accumulated | | | 4,000 |
| | Total Volume Points | = | | Unencumbered for C |

DISTRIBUTOR BENEFITS

Retail Profit

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

| Retail Profit Example | | | | |
|------------------------|-----------|---|---|--|
| Suggested Retail Price | Earn Base | Discounted Amount (at 25% discount taken from the Earn Base Amount of \$100) | Your Cost (Discounted Amount of \$25 taken from the Suggested Retail Price of \$110) | Your Profit (Suggested Retail Price of \$110 minus Your Cost of \$85) |
| \$110 | \$100 | \$25 | \$85 | \$25 |

Wholesale Profit (Commissions)

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

If your downline purchase their product directly from Herbalife Nutrition, then Herbalife Nutrition pays the Wholesale Profit to the eligible Senior Consultant, Qualified Producer, Qualifying Supervisor and/or Fully Qualified Supervisor based on their respective final discount percentage achieved at the end of the month. This payment is made during the monthly Royalty Override process. If you sell products directly to your downline, you can earn up to 25% Wholesale Profit. These payments are called Wholesale Profit. (See the "Wholesale Profit [Commissions] Example" that follows.)

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

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

Senior Consultant

Improve Your Profits With the Discount Scale

As you and your non-Supervisor Downline sell more Herbalife Nutrition 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 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.

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

| Level | Monthly Volume | Discount | Eligibility |
|------------------------------|--|-----------------|---|
| Senior Consultant | Achieve 500 Volume Points | 35% | All orders will be placed at 35% discount until you become eligible for a higher discount. |
| Senior Consultant | Achieve 2,000 Volume Points | 42% | Once you have achieved 2,000 Volume Points, you are eligible to place this order and all orders for the remainder of the Volume Month at a 42% discount. |
| Success Builder | Minimum 1,000 (One Order) | 42% | Your own Personally Purchased Volume order of 1,000 Volume Points or more entitles you to a 42% discount on this order and all Volume Points orders for the remainder of the month. |
| Qualified Producer | Accumulate 2,500 Volume Points within 1-3 months | 42% | As a Qualified Producer you are entitled to a 42% Discount on every order until you become for a higher discount. |
| Qualifying Supervisor | 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 | Temporary 50% | Once Qualifying Volume Points are achieved additional orders are purchased at a Temporary 50% discount. |
| Supervisor | 3 ways to qualify: See "Qualifying as a Supervisor" in this section of the Sales & Marketing Plan and Business Rules for details | 50% | As a Supervisor, you are entitled to a 50% discount 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 Nutrition Independent Distributor, you have an opportunity to purchase a single order of 1,000 Volume Points directly from Herbalife Nutrition 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.

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

- The Success Builder level is a Personally Purchased Volume qualification; Downline Volume may not be used towards this discount opportunity.

Qualified Producer

You have the opportunity to achieve Qualified Producer status by accumulating 2,500 Volume Points within 1-3 month. All volume achieved towards this qualification must be from orders purchased directly from Herbalife Nutrition.

You will automatically receive the 42% 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% immediately after qualifying for this status
- Earn a 42% Retail Profit
- Earn up to 17% Wholesale Profit (Commissions) on the Earn Base value from purchases made by your downline Distributors at a 25% or 35% discount

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

Fully Qualified Supervisor

At the Supervisor status you will earn the highest discount of 50%, 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
- Earn up to 25% Wholesale Profit (Commission) on the Earn Base value from purchases made by your downline Distributors at a 25% - 42% discount
- 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 Nutrition Independent Distributors.

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

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). Distributors have the opportunity to qualify via this method when purchasing their orders directly with Herbalife Nutrition.

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.

Distributors that are qualifying for Supervisor in line with their downline Distributors may require a Supervisor Qualification Form. This form can be downloaded from MyHerbalife.com – Documents and Policies or can be obtained from Herbalife Nutrition.

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 for the remainder of the Volume Month in which your qualifying Volume Points were achieved.

Orders purchased at a 50% discount must be purchased directly from Herbalife Nutrition.

The Volume from orders purchased at a Temporary 50% 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 Nutrition 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 | Matching Volume Requirement for Supervisor "A" | | |
| Sponsoring Supervisor | 4,000 Personal Volume | | |
| | + <u>1,000 Group Volume</u> | | |
| | = 5,000 Total Volume | | |
| B | | | |
| Qualifying Supervisor | 1,000 Volume Points | = | 1,000 Group Volume for "A" |
| | @ Temporary 50% Discount | | |
| 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 Nutrition will notify you of the insufficient Volume and allow you to place a Matching Volume Order for the amount you are short. The Order Department will be authorized to accept the Matching Volume Order for the appropriate month.

To place this volume, the order must be clearly identified 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 Nutrition if the Company has identified a Matching Volume problem and notified you accordingly and has authorized the Order 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 Nutrition.

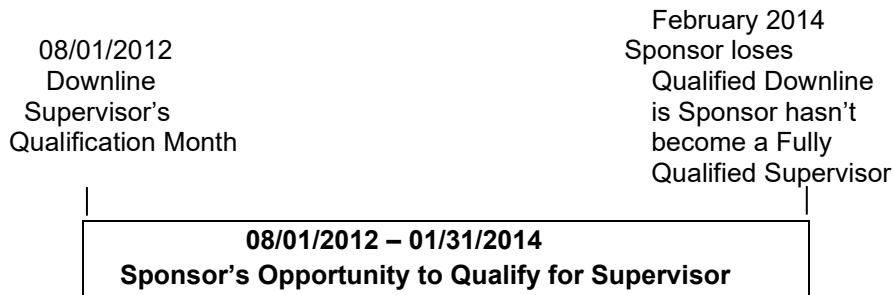
If you are short volume and fail to place an order to match that Volume, a Matching Volume Penalty will be assessed. The penalty is that you will permanently lose the Supervisor who qualified the month in question and that Supervisor's downline.

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:



Supervisor Requalification

Once you become Supervisor status and above you must requalify your Supervisor status annually between February 1 and January 31 (i.e. upon qualifying as a Supervisor, you will have at least twelve (12) months during which to requalify as a Supervisor) 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 4,000 Unencumbered Total Volume Points over the 12-month requalification period.

When requalifying by accumulating 4,000 Unencumbered Volume Points between February 1 and January 31 you will retain your Supervisor status and 50% 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 on your requalification orders.

In addition to requalifying your Supervisor status, you must assure your Annual Distributor-Services Fee is current and paid. Failure to pay the Annual Distributor Services 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 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 Nutrition Independent 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 Nutrition 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 Nutrition 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 |

Royalty Points are calculated as follows:

- 1% to 5% **Royalty Points** are achieved from the Total Volume of personally sponsored first-level qualified Supervisors.
- 1% to 5% **Royalty Points** are achieved from the Total Volume of personally sponsored second-level qualified Supervisors (e.g. a Supervisor who has been sponsored in turn by your personally sponsored Supervisor).
- 1% to 5% **Royalty Points** are achieved from the Personal Volume of personally sponsored third-level qualified Supervisors (e.g. a Supervisor who has been sponsored in turn by a second-level Supervisor).

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 Points | = | Earn 5% Royalty Override on Second, Third and Fourth-Level Supervisors |
| Second-Level Supervisor | 2,500 Total Volume Points 5% Royalty Points | = | Earn 5% Royalty Override on Third and Fourth-Level Supervisors |
| Third-Level Supervisor | 500 Total Volume Points 1% Royalty Override | = | Earns 1% Royalty Override on Fourth-Level Supervisor |
| Fourth-Level Supervisor | 1,000 Total Volume Points No Royalty Override | = | Supervisor does not have downline to earn Royalty Overrides |

World Team

Qualifying as a World Team member is an important step in your Herbalife Nutrition 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, World Team pin and Herbalife Nutrition daily journal

Plus You Become Eligible to:

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

TAB Team

Successful Supervisors have the opportunity to proceed to the higher scale of the Herbalife Nutrition Sales & Marketing Plan, which is the Top Achievers Business (TAB) Team. There are three levels within the TAB Team: Global Expansion Team (GET), Millionaire Team and President's Team.

Achieving TAB Team status is a prestigious recognition within the Herbalife Nutrition Sales & Marketing Plan. 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. Upon achieving TAB Team status you will be eligible to receive additional benefits and earn leadership status. Reaching each new level enables you to participate in advanced training, earn generous Production Bonuses and qualify for exceptional awards and incentives.

TAB Team Production Bonus

As a TAB Team, you have the potential to receive 2% to 7% Production Bonus on your entire downline organization's activity on a monthly basis. It is necessary to submit a completed TAB Team Production Bonus Acknowledgment Form to be eligible for Production Bonus payments. The TAB Team Production Bonus is, in part, a reward for your leadership and undivided loyalty. (Please refer to the "Sample Forms" section of the Sales & Marketing Plan and Business Rules.) The Acknowledgment Form must be accepted and approved by Herbalife Nutrition in order to receive payments; the form will be sent to you by Herbalife Nutrition during your qualification period. (See individual team qualifications for specific Production Bonus qualifications.)

Annual Bonus

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

Vacation and Training Events

Reward, recognition and training are of the utmost importance at Herbalife Nutrition. As an Herbalife Nutrition Independent Distributor you have the opportunity to be eligible to qualifying for various Vacation and Training Events (when offered). Vacations and Training Events are both fun and informative and are held in exciting locations around the world; these events will teach you how to meet your goals, increase your earning power and build an international business. You'll learn all this while enjoying an exciting, adventurous vacation.

TAB – The following levels represent both recognition and earning levels within the TAB team.

Global Expansion Team (GET)

To Qualify:

Achieve 1,000 Royalty Points each month for three consecutive months; the first of the following month you will be updated to Global Expansion Team (GET)

Benefits

- All the benefits of a Supervisor
- A Global Expansion Team Recognition Certificate and pin
- Eligible to immediately earn up to 2% monthly TAB Team Production Bonus on your downline organization's volume. (Please refer to the "TAB Team Production Bonus Payout Guidelines" section in the Sales & Marketing Plan and Business Rules.) Upon completion of your qualification, you will receive a detailed communication that further specifies your monthly TAB Team Production Bonus earning requirements-
- Eligible to qualify for Company training event promotions.
- Eligible to participate in special advanced trainings.
- Eligible to participate in special conference calls.

Millionaire Team

To Qualify:

Achieve 4,000 Royalty Points each month for three consecutive months; the first of the following month you will be updated to Millionaire Team.

Benefits

- All benefits of a Supervisor
- A Millionaire Team Certificate and pin
- After a waiting period of 2 months, you will be eligible to earn up to 4% monthly TAB Team Production Bonus on your downline organization's volume. (Please refer to the "TAB Team Production Bonus Payout Guidelines" section in the Sales & Marketing Plan and Business Rules.) Upon completion of your qualification, you will receive a detailed communication that further specifies your monthly TAB Team Production Bonus earning requirements-
- Eligible to qualify for Company training event promotions.
- Eligible to participate in special conference calls.

President's Team

To Qualify:

- President's Team: Achieve 10,000 Royalty Points in three consecutive months.

President's Team Earning levels

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

The first of the month following completion of your qualification, you will be updated to the appropriate President's Team level based on your qualification.

Benefits

- All benefits of a Supervisor
- A prestigious President's Team Certificate and pin
- After a waiting period of three months, you will be eligible to earn up to 7% TAB Team Production Bonus based on your qualification level. (Please refer to the "TAB Team Production Bonus Payout Guidelines" section in the Sales & Marketing Plan and Business Rules.) Upon completion of your qualification, you will receive a detailed communication that further specifies your monthly TAB Team Production Bonus earning requirements.
- Eligible to qualify for a special President's Team vacation and training event even promotions.
- Eligible to participate in special conference calls and advanced trainings.

Awards Policies

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

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

Awards Replacement and/or Repair Policy:

Herbalife Nutrition 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 Nutrition.

Request may be submitted by phone or in writing to:

Herbalife Nutrition
P.O. Box 80210
Los Angeles, CA 90080-0210
or
toll-free at 866-866-4744.

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.

Qualifications by Team Level

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

Qualifications

Waiting and Earning Periods

| Team | Achieve required Royalty Points each month for 3 consecutive months | Waiting Period | Earning Period |
|-----------------------------|---|----------------|---|
| Global Expansion Team (GET) | 1,000 | None | 12 months from Fully Qualified/Requalified Date |
| Millionaire Team (MILL) | 4,000 | 2 months | 12 months after waiting period is complete |
| President's Team (PRES) | 10,000 | 3 months | 12 months after waiting period is complete |
| President's Team20K (20K) | 20,000 | 3 months | 12 months after waiting period is complete |
| President's Team30K (30K) | 30,000 | 3 months | 12 months after waiting period is complete |
| President's Team50K (50K) | 50,000 | 3 months | 12 months after waiting period is complete |

Production Bonus Earning Percentage Requirements

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

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

TAB TEAM PRODUCTION BONUS PAYOUT GUIDELINES

To help you better understand the TAB Team Production Bonus [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. For example, if you earn a Production Bonus at the 6% level and your downline TAB Team earns a Production Bonus at the 2% level, you will earn 6% on that TAB Team—and the remaining 4% Production Bonus on their downline organization down to the next Production Bonus earner. 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 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".
- When a downline TAB Team earns a Production Bonus at a higher level than you, you will be unable to earn a Production Bonus on that downline and their organization. This is commonly referred to as "Blocking".
- Remember, to be eligible to receive the Production Bonus, your completed TAB Team Production Bonus Acknowledgment Form must have been accepted and approved by Herbalife Nutrition, and all other terms and conditions must be met.

Production Bonus Eligibility Period Examples

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

| Qualification Period | | | Millionaire Team | | | | | | | | | | | | | | |
|--|----------------------------|----------------------------|-------------------|-----|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
| 4,000 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 | | | | | | | | | | | | | | | | | |

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

Production Bonus Requalification

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

Requalification

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

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

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

Requalification Period

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

GLOSSARY OF TERMS

The following terms are used throughout this text. Some have specific Herbalife Nutrition 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.

Charter Preferred Member (CPM): Existing Members who convert between October 1 and January 8, 2017 who only wish to consume the Herbalife Nutrition products at a discount and are not interested in the business opportunity. They are unable to sell the products or recruit others.

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 Nutrition Independent Distributor who purchases Herbalife Nutrition 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% which is allowed after reaching specified sales goals.

Distributor (DS): Uses Herbalife Nutrition products for consumption and is interested in the business opportunity to earn income from the compensation plan. Distributors build their business by selling the products and recruiting and working with their customers, Preferred Members and Distributors.

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

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

Preferred Member (PM): Purchases Herbalife Nutrition products for consumption at a discount; cannot sell or recruit. Anyone who enrolls or converts on or after January 9, 2017 will be considered Preferred Members.

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 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 3 months and is entitled to purchase at a 42% discount and earn split commissions.

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 Nutrition at a temporary 50% discount.

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 Nutrition 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.

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% 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 Nutrition.

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 Distributors, Senior Consultants, Success Builders, Qualified Producers and Qualifying Supervisors.

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

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

Volume, Downline: Volume achieved on orders placed by your non-Supervisor downline directly from Herbalife Nutrition.

Volume, Encumbered: Volume being used by your downline 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, 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 50% orders by Qualifying or Qualified Supervisors.

Volume, Personally Purchased: The volume from orders purchased directly from Herbalife Nutrition using your Herbalife Nutrition 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 Nutrition product that is equal in all countries.