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Understanding the Sales & Marketing Plan

The Herbalife Sales & Marketing Plan provides many opportunities to earn income and other rewards. Each Herbalife product has a Volume Point value assigned to it. As you or your downline order products, you will accumulate Volume Points, which are used for qualifications and benefits. You achieve success by accumulating Volume Points to move up to the next level of the Sales & Marketing Plan and develop more ways to earn.

> Loyal Customer

Member

REQUES

STELIFICA

54

New Customer You may be surprised to learn that retail sales are not the only way to earn profit. There are other ways to increase your earnings, too...



1. Profit on Retail explained:

As a Herbalife Member, you may purchase at Wholesale discount of 25% to 50%. As your Volume increases, this discount will increase up to a maximum of 50% when you qualify as a Supervisor. You earn an immediate Retail Profit of 25% to 50% when you sell these products to customers. The difference between the discounted product price paid by you and the retail price is your Retail Profit.

2. Profit on Wholesale explained: (Commissions)

In addition to Retail Profit, as a Herbalife Member, you can also earn Wholesale Profit on the products purchased by your downline (Members who you have sponsored). 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. You can start to qualify to earn Commissions when you achieve Senior Consultant and have at least one downline.

3. Royalties explained:

When you are a Supervisor and have Fully Qualified or Qualifying Supervisors in your first three downline levels, you may then be able to earn Royalty Overrides of 1% to 5% of your Organisation Volume.

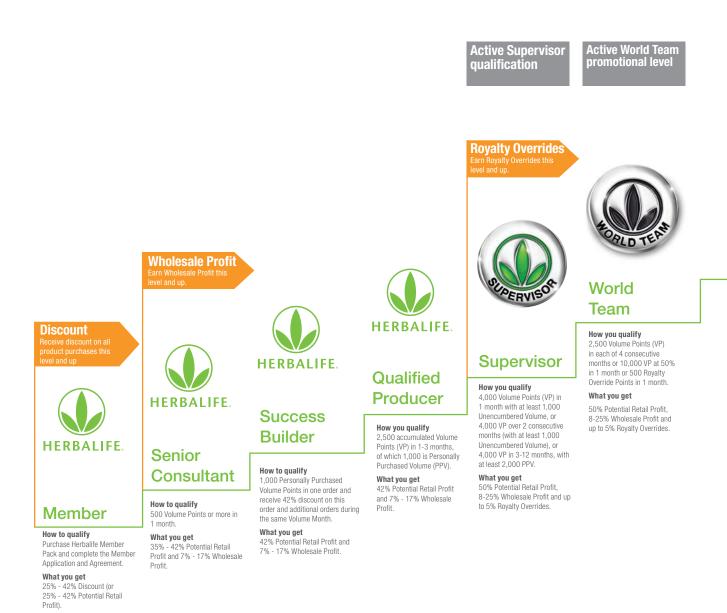
4. Bonus explained:

Once you have qualified as TAB Team, you may be eligible to receive a bonus of between 2% and 7% on your downline Organisation Volume, provided you meet certain requirements.

Sales & Marketing Plan: Member to Supervisor and beyond

As you start on your Herbalife journey, it's important to remember to take it step-by-step. Work with your Sponsor and set achievable goals to help you progress to the next level, ensuring you always build your business in a sustainable way.

Pages 63 to 72 describe the different levels of the Herbalife Sales & Marketing Plan. Each level has specific qualifications and associated benefits to reward Members for their efforts and enhance their success.









TAB Team Top Achievers Business Team This level and up



Global Expansion Team (GET)

How you qualify 1,000 Royalty Override Points in three consecutive months.

What you get 50% Potential Retail Profit, 8-25% Wholesale Profit, up to 5% Royalty Overrides, plus 2% Production Bonus, qualify for special Training Events.

President's Team

How you qualify 10,000 Royalty Override Points in three consecutive months.

What you get 50% Potential Retail Profit, 8-25% Wholesale Profit, up to 5% Royalty Overrides, plus 2% to 7% Production Bonus, qualify for special Training Events.

For more details on Chairman's Club and Founder's Circle, please speak with your Sponsor or visit MyHerbalife.com.au (AUS) or MyHerbalife.co.nz (NZ)

Doing business with honesty and integrity

We know you're itching to get started and put everything you've learnt into practice, but before you do, it's important to familiarise yourself with some of the Rules of Conduct. At Herbalife, we are proud to do business with honesty and integrity and it all starts with your commitment to take the high road in your business dealings.

The Rules of Conduct have been established for YOUR protection. They represent the code of ethics and standards by which all Herbalife Members must operate.

Take some time to study the following rules and once finished, complete our quiz on page 60 to see just how much you've learnt!

When making product claims, representations, and testimonials, you:

- Must be lawful, truthful and not misleading.
 - Must have a reasonable basis in fact and this must have been substantiated in writing in advance of publication or communication.
 - Must be consistent with the claims and representations made in current Herbalife marketing publications, and on current Herbalife product labels.
 - Must by law, always include appropriate disclaimers.

When making weight management claims

The following claims may not be used in Australia/New Zealand:

- Claims which suggest that health could be affected by not consuming Herbalife products.
 - Claims which make reference to recommendations of Doctors or other health professionals.

When making references to weight management, you must:

 Relate to the Herbalife weight management program as part of a healthy active lifestyle and not direct any results to particular product.

All weight management representations, including testimonials, must be accompanied by the following disclaimer:

For Australia: "These results are not typical. Individual results will vary."

For New Zealand: "These results are not typical. Individual results will vary.

All references to weight management relate to the Herbalife Weight Management Program which includes, amongst other things, a balanced diet, regular exercise, an adequate daily fluid intake, nutritional supplementation where required and appropriate rest."



⁴⁴ Every day that you continue to build your business in the right way... every time you deliver a great Herbalife experience... and with each and every longterm customer and Herbalife Member you develop, you make Herbalife stronger. ³³

Michael O. Johnson Chairman and Chief Executive Officer, Herbalife

Good retailing practices

Herbalife Members are committed to treating their customers ethically and fairly. When presenting Herbalife products to your customers:

- Tell customers who you are, and what products you are selling.
 - Provide accurate and truthful information regarding the price, quality, performance, quantity and availability of the products/ services you are offering.
 - Provide a clear and descriptive written receipt.
 - Ensure you identify yourself as a Independent Herbalife Member.
 - Provide guidance regarding product usage prior to them purchasing Herbalife products.
 - Explain the Herbalife Gold Standard Guarantees.
 - Explain the Herbalife 30 day money-back guarantee, and how to obtain a refund for an order, should they choose to.
 - Respect your customer's privacy by calling at times that suit their wishes.
 - Respect your customer's right to end a sales call.
 - Ensure Herbalife products are stored in a cool, dry place.
 - Do not store Herbalife products in direct sunlight or leave the product in hot places, such as the boot of your car etc.
 - Always ensure the products are delivered to customers in a timely manner and in good condition.

eBay and other online auction sites: X

Offering Herbalife Products for Auction

Auction sales and sales on auction sites weaken the personal relationships which Members must develop with their customers, as well as the Herbalife brand and the image which Herbalife wants to establish for its products. Therefore, Members may not (directly or indirectly through any intermediary or instrumentality) offer or facilitate the offering of Herbalife products for sale by soliciting or receiving open bids. This prohibition includes, but is not limited to, soliciting or receiving bids for Herbalife products on the Internet, through a commercial auction website, online auction marketplace, or otherwise. Furthermore, **commercial auction websites or online auction marketplaces, and any other sites determined by Herbalife to have an auction focus, are prohibited sales channels even when the proposed sales are at a fixed price.**

Retail Order Form:

Herbalife Members are required by law to provide a Retail Order Form to their customer following a sale.

Ready to test your study skills? Take our quiz!

1. A Herbalife Member must provide an official completed Retail Order Form to all retail customers when the sale is completed.



 A Herbalife Member must not make any verbal or written medical, therapeutic or curative claims about Herbalife products.



3. Herbalife Members have to ensure that products are not stored in direct sunlight or in hot places.



 Claims, representations and testimonials must be consistent with claims and representations made in current Herbalife marketing publications, and on current Herbalife product labels.



5. A Herbalife Member may have office signage on the exterior of their location, subject to limitations as to content.

True
False

6. Herbalife products have a 15-day money-back guarantee for the retail customer.



7. eBay and other similar auction sites are an acceptable and effective way of retailing Herbalife products.









7 out of 7	Excellent work! Pat yourself on the back. Now you can confidently move to the next section of the book to learn more about each level of the Sales & Marketing Plan, and some of the great tools and resources available to help you build a successful and sustainable business with honesty and integrity. Make sure you refer to the full Rules of Conduct (found within the HMP and online at MyHerbalife.com.au (AUS) or MyHerbalife.co.nz (NZ)) or contact your local Member Business Practices & Compliance representative. Thank you for your support to protect the Herbalife brand.
3-6 out of 7	Very good effort, however, you should probably make sure you're fully up to speed on the Rules of Conduct (found within the HMP and online at MyHerbalife.com.au (AUS) or MyHerbalife.co.nz (NZ)) before you embark on your Herbalife business activities. Thank you for your support to protect the Herbalife brand.
1-3 out of 7	Oops! You may have a little more learning to do before you move to the next section of the book. Make sure you're up to speed on the Rules of Conduct (found within the HMP and online at MyHerbalife.com.au (AUS) or MyHerbalife.co.nz (NZ)) before you embark on your Herbalife business activities. Thank you for your support to protect the Herbalife brand.

IMPORTANT! The rules shown in this section are merely excerpts, not a substitution for the rules in their entirety, so please be sure to familiarise yourself with all the important rules, guidelines and practices found in the Rules of Conduct.

The business rules are based on the following principles and standards:

- 1. Protection for Customers, Members and the Company
- 2. Business and Legal Requirements
- 3. Sound Business Practices
- 4. Branding and Advertising
- 5. Direct Selling and Protection of the Member/Customer Relationship
- 6. Protection of the Sponsor
- 7. Protection as an Independent Business owner

Should you have any questions on any of the above, please don't hesitate to contact your local Member Business Practices & Compliance representative.

Thank you for helping us protecting the Herbalife brand.

1. True, 2. True, 3. True, 4. True, 5. True, 6. False, 7. False.

Moving up the Sales & Marketing Plan

Achieving your first goal

As a brand new Herbalife Member, although you may aspire to reach the level of Supervisor, and beyond, your first goal should be Senior Consultant. From day one, it's important you build your business on solid principles like looking after your customers and delivering first class service, retaining a strong customer base and regular product orders, and training your Members for success.

Take it step by step and set small but achievable goals. Your Sponsor should be the first person to speak to you about creating a plan to help you move to the next level.

A typical journey to Senior Consultant may involve:

- Attending your local support structure.
- Engaging in the social life at your Sponsor's office.
- Attending national and international Herbalife events and taking your customers with you.
- Meeting regularly with your Sponsor or mentor to discuss your business metrics and adjust your approach as needed.

TIP

The people that you socialise with and talk to influence who you are and what you do, so it is a good idea to surround yourself with other positive, uplifting Herbalife Members that may help you to grow and thrive. By regularly attending Herbalife events and pushing yourself to talk to people you don't know, you will get increased confidence, which is really important because your business growth is very dependent on talking to people and making connections!







The three 'Pre-Supervisor' levels explained...

Senior Consultant 35 - 42% Product Discount 7% - 17% Profit on Wholesale

Who is a Senior Consultant?

A Senior Consultant is the first step up from joining as a Member and it's at this level that a Herbalife Member starts building their own downlines and taking the first steps to developing their own organisation!

How to qualify and product discount:

- Achieve 500 Volume Points in 1 Volume month to qualify for 35% discount.
- or
- Achieve 2000 Volume Points in 1 Volume month to qualify for 42% discount.
- 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. Minimum discount will then be 35% from the 1st of the next Volume month.

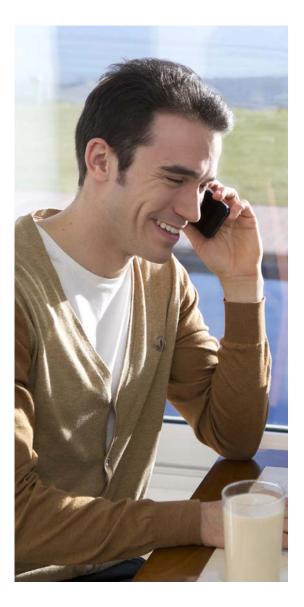
As a Senior Consultant, you are eligible to earn:

- 35% Profit on Retail when you sell to your customers
- Earn 7% 17% Profit on Wholesale (Commissions).

You can earn Commissions on the products purchased by your downline Members. The amount you earn is the difference between your discount on the products and your downline's discount (e.g. a Senior Consultant is on a 35% discount and if you have a Member in your downline on a 25% discount, you will earn 10% Wholesale Profit (Commission) on their product purchases).

How many customers do you need to reach this level?

As a guide, if you have five customers who each purchases x2 Formula 1, x1 Instant Herbal Beverage and x1 Herbal Aloe Concentrate, along with your own personal products, you could achieve 500 VP and reach Senior Consultant in one month.



REMEMBER: Work with your Sponsor - Your sponsor is an experienced person who can help you to define and achieve your goals. The more often you are in touch with him/her, the less mistakes you will be making along the way and the faster you will be moving towards the goals you've set.

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

Success Builder

42% Product Discount 7% - 17% Profit on Wholesale

Who is a Success Builder?

A Success Builder is one step up from Senior Consultant. At this level, a Member is building upon the downlines they have created and really beginning to develop their organisation. Not only do they have their own direct downlines but their downlines may also be starting to build their own teams.

How to qualify and product discount:

• Your own Personally Purchased Volume order of 1,000 Volume Points or more entitles you to a 42% discount on this order and all orders for the remainder of the month.

Members (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.

As a Success Builder, you are eligible to earn:

- 35% 42% Profit on Retail when you sell to your customers
- 7% 17% Profit on Wholesale (Commissions).

You can earn Commissions on the products purchased by your downline Members. The amount you earn is the difference between your discount on the products and your downline's discount (e.g. a Success Builder is on a 42% discount and if you have a Member in your downline on 25% discount, you will earn 17% Wholesale Profit (Commission) on their product purchases).



Qualified Producer 42% Product Discount 7% - 17% Profit on Wholesale

How to qualify and product discount:

 Accumulate 2,500 Volume Points in 1-3 months, of which 1,000 is Personally Purchased Volume and receive 42% discount.

Qualified Producer is an annual status, which means you need to requalify every year in order to retain your status.

As a Qualified Producer, you are eligible to earn:

- 42% Profit on Retail when you sell to your customers
- 7% 17% Profit on Wholesale (Commissions).

You can earn Commissions on the products purchased by your downline Members. The amount you earn is the difference between your discount on the products and your downline's discount (e.g. a Qualified Producer is on a 42% discount and if you have a Member in your downline on 35% discount, you will earn 7% Wholesale Profit (Commission) on their product purchases).



Supervisor

50% Product Discount 8–25% Wholesale Profit Up to 5% Royalty Overrides



Plus access to special trainings, bonuses and the opportunity to qualify for promotions including vacations.

How to qualify and product discount:

 4,000 VP in 1 month with at least 1,000 Unencumbered* Volume,

Or

• 4,000 VP over 2 consecutive months with at least 1,000 Unencumbered* Volume,

Or

• 4,000 VP in 3–12 months, with at least 2,000 PPV.

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.

As a Supervisor, you are eligible to earn:

- 50% Profit on Retail when you sell to your customers
- 8-25% Wholesale Profit (Commission)

You can earn Commissions on the products purchased by your downline Members. The amount you earn is the difference between your discount on the products and your downline's discount (e.g. you are on 50% discount and you have a Senior Consultant in your downline on 35% discount, you will earn 15% Wholesale Profit (Commission) on their product purchases).

• Up to 5% Royalties

When you are a Supervisor and you have Fully Qualified or Qualifying Supervisors in your first three downline levels, you may qualify to earn Royalty Overrides of 1-5% on your Organisational Volume.

Plus you become eligible to:

• Qualify for Vacation and training events.



The Benefits of Being a Supervisor

Achieving Supervisor is a significant step in the Sales & Marketing Plan as you get maximum product discount, the opportunity to earn Royalties and attend special events and trainings.

As you begin to have long-term loyal customers and build your downline, you should set your sights on the Active Supervisor Promotion.

Active Supervisor



Qualification

The Active Supervisor Promotion is a perfect way to build momentum in your organisation and help you achieve your business goals. It is also a great way to get recognised for your efforts, commitment and leadership skills.

How you qualify:

• Achieve 2,500 Total Volume Points (TVP) in three consecutive months.

What you receive:

Receive an exclusive Active Supervisor pin and certificate, plus you will be on your way to building a strong and sustainable organisation. As you develop Active Supervisors in your own organisation, you will receive more recognition and promotional opportunities. Check out MyHerbalife.com for more information.



Remember: All Supervisors must requalify their status annually between 1st February and 31st January to keep their 50% discount and eligibility for Royalty Override earnings. Find out more at MyHerbalife.com.au (AUS) or MyHerbalife.co.nz (NZ) or speak with your Sponsor.

Improve your profits with the discount scale

As you and your non-Supervisor Downline sell more Herbalife products, your 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 Member, 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, which are referred to as Personally Purchased Volume, or from orders your downline Members 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.

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 Volume Points (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 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. (Must requalify annually). Volume can be achieved with PPV or utilising up to 1,500 Downline Volume Points, with the remaining 1,000 as Personally Purchased Volume.
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 in 3-12 months with at least 2,000 Personally Purchased Volume. May use upto 2,000 DLV. 	Temporary 50%	Once Qualifying Volume Points are achieved additional orders are purchased at a Temporary 50% discount.
Supervisor	3 ways to qualify: See Qualifying Supervisor above.	50%	As a Supervisor, you are entitled to a 50% discount on every order. (Must requalify annually).

Success Builder

As a Herbalife Member, you have an opportunity to purchase a single order of 1,000 Volume Points directly from Herbalife 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.

Members (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.

World Team The first step to a

leadership position...



Qualifying as World Team is an important step in your Herbalife business and is your launch pad to move on to qualifying for the TAB Team.

How you qualify:

As a Fully Qualified or Qualifying Supervisor,

• Achieve 2,500 Total Volume Points, each Volume Month, for four consecutive months,

Or

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

Or

• 500 Royalty Override Points in one Volume Month.

What you receive:

- 50% Retail Profit
- 8-25% Wholesale Profit
- Up to 5% Royalty Overrides
- A World Team pack, containing a personalised World Team Certificate, World Team Pin and Herbalife daily journal.

Active World Team

Promotional level



How you qualify:

In a consecutive six month period,

Achieve 2,500 Total Volume Points (TVP) in four consecutive months,

and

• 10,000 TVP in one Volume Month

and

• 500 Royalty points in one Volume Month.

What you receive:

Receive an exclusive Active World Team pin and certificate, and first time non-TAB team qualifiers also receive a US\$500 Special Bonus (paid in local currency).



TAB Team (Top Achievers Business Team)

Supervisors have the opportunity to proceed to the higher scale of the Sales & Marketing Plan, called the Top Achievers Business (TAB) Team. TAB Team is made up of three levels:

- Global Expansion Team (G.E.T)
- Millionaire Team
- President's Team

What you receive:

As TAB Team, you are eligible to receive a 2% to 7% Production Bonus on your entire downline organisation's volume.

Annual bonuses

A bonus payment representing a percentage of Herbalife's worldwide sales is distributed annually among Herbalife's President's Team members in recognition of their outstanding performance in advancing sales of Herbalife products.

G.E.T. Team (Global Expansion Team)



 Achieve 1,000 Royalty Points each month for three consecutive months.

What you receive:

- A G.E.T. certificate and pin
- All the benefits of a Supervisor

Plus you become eligible to:

- Earn TAB Team Production Bonus on your qualification level.
- Participate in special advanced trainings.
- Participate in special conference calls.

G.E.T. Team 2500

How to qualify:

• Achieve 2500 Royalty Points in each of three consecutive months.



What you receive:

- A G.E.T. 2500 certificate and pin
- All the benefits of Global Expansion Team.

Millionaire Team

How to qualify:

• Achieve 4,000 Royalty Points each month for three consecutive months.



What you receive:

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

Plus you become eligible to:

• Earn TAB Team Production Bonus based on your qualification level.

Millionaire Team 7500

How to qualify:

• Achieve 7500 Royalty Points each month for three consecutive months.

What you receive:

- A Millionaire Team 7500 certificate and pin.
- All the benefits of a Millionaire Team.



President's Team

How to qualify:

• Achieve 10,000 Royalty Points in three consecutive months.

What you receive:

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

Plus you become eligible to:

- Eligible to earn a 2% to 7% Production Bonus.
- Earn TAB Team Production Bonus based on your qualification level.
- As a leader, assist with worldwide trainings.
- Participate in special conference calls.

For levels beyond President's Team and more details on the Herbalife Sales & Marketing Plan, please visit MyHerbalife.com.au (Australia) or MyHerbalife.co.nz (New Zealand)









