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CHAPTER 1 GETTING STARTED

1.1 No Forced Purchases or Debt

Encouraging debt or requiring any purchase other than the IBP is prohibited.

1.2 Distributors Are Self-Employed

Distributors are independent contractors who work for themselves, they are not employees, franchisees or agents of Herbalife or other Distributors and may not state or imply otherwise. A Sponsor may not treat other Distributors or their downline like employees simply by virtue of being in their downline.

If a Sponsor has an employment relationship with any other Distributor, such Sponsor is bound to comply with all employment laws.

Employees may not engage in Distributor activities.

CHAPTER 2 SELLING PRODUCTS

2.1 Prohibited Locations

Distributors may not display and/or sell Herbalife products in, pharmacies, kiosks, food courts, swap meets, flea markets, food trucks, shipping containers, restaurants, food service establishments, or any similar location.

Distributors are allowed to operate Clubs as open bars in non-franchised wellness locations, such as gyms, spas, wellness centers, mediation centers, and yoga or Pilates studios, without needed to be in enclosed spaces. In all other services establishments, the Club must be in an enclosed room.

Distributors may sell product consumptions to potential customers at closed events where temporary stands or roadshows are permitted.

2.2 Sales Receipts or Records

The Independent Distributor must keep copies of the receipts or records of the sales of products to their customers, whose information includes the list of products sold, the sale price, the name, address and telephone numbers of the customer, and must maintain copies of such records for a period of two (2) years.

Herbalife has the right to request copies of customer product sales records to verify transactions and the terms of that sale, which must be made available upon request.

2.3 Required Refund for Customers

Distributors are required to offer their Customers a 30-day money-back guarantee.

The Customer must be offered the choice of whether they are provided a full refund, inclusive of any shipping and handling charges, or product credit in exchange for other Herbalife products.

Distributors should refer Preferred Members to the Company for refunds.

2.4 High-Pressure Sales

Distributors may not engage in high-pressure selling to their Customers, Preferred Members and Distributors.

2.5 Product Sales to Non-Distributors for Resale

Distributors may not provide Herbalife products for resale to non-Distributors.

2.6 Modifications to Products, Labels and Materials

Distributors may not modify or tamper with the labels, literature, materials, or packaging of Herbalife products. Distributors may not repackage Herbalife products or sell individual products that are not labeled for resale.

CHAPTER 3 ADVERTISING

3.1 Claims

A Claim or representation is any statement, story, image or video about Herbalife products, the Herbalife business opportunity, or their benefits. Distributors may make Claims, provided they:

- are truthful, non-misleading and supported by written documentation.
- comply with all applicable Rules and law.
- are in accordance with the product label.
- make no therapeutic, disease or medical claims.
- do not imply guaranteed earnings or employment opportunity; and
- do not imply or depict exorbitant earnings or a lavish lifestyle.

Herbalife reserves the right to require removal of any Claim that violates these Rules, applicable law, or tarnishes Herbalife's brand or image.

3.2 Independent Distributor Websites

Independent Distributors who operate their own website to promote or offer Herbalife products or opportunity, must clearly disclose their relationship with Herbalife by displaying their full name, business address, and the statement " Herbalife Independent Distributor" in a visible and clear manner.

The use of aliases or anonymous postings is prohibited. Additionally, Independent Distributors are not allowed to purchase Herbalife-related keywords in search engines to increase the visibility of their websites.

Before any product sale can occur through a personal website, the Independent Distributor must have had direct, personal contact with the customer.

Each website must be managed and operated by only one Distributor, shared or jointly managed sites are not permitted.

3.3 Prohibitions of Sales on Ecommerce, Auction or Similar Sites

Independent Distributors may not (directly or indirectly through any intermediary or instrumentality) offer for sale or facilitate the offering of Herbalife products for sale through ecommerce sites, on auctions sites or similar. This prohibition includes, but is not limited to, selling Herbalife products on Mercado Livre, Shopee, Magazine Luiza, Amazon, or similar

3.4 Social Media as a Sales and Promotion Forum

Social media sites may not be used as a forum to conduct sales of Herbalife products. Online sales of Herbalife products may only be made using platforms created by Herbalife, an Independent Herbalife Distributor's website or through direct messaging.

3.5 Price Advertising

Distributors may not provide any indication of discounted price or discount information to the general public, unless as permitted by Herbalife on its platforms.

When advertising consumptions on Distributor webpages or social media, Distributors may use terms as "specials".

However, any product pricing can only be shown on password-protected pages of personal websites. Access to these pages must be shared directly with customers through personal interaction.

CHAPTER 3 ADVERTISING (cont.)

3.6 Herbalife's Intellectual Property

Herbalife makes copyright materials available for use by Distributors and grants a limited revocable license to use Herbalife's trademarks so long as:

- they are used solely to promote the sale and use of Herbalife products or the business opportunity.
- the assets are downloaded from authorized company platforms.
- the text, images and trademarks are not modified, cropped, or altered in any way.
- Distributors state that the materials are the property of Herbalife.
- Distributors never use the name or likeness of Mark Hughes in any advertisement.
- Distributors do not use them in the domain name of any website, in any registry, or on any external sign.
- Distributors may not use the term Herbalife or any of its trademarks in any paid search advertisements.
- Distributors cease using any copyright or trademarked material upon request by Herbalife; and
- Distributors remain in good standing

To the extent Herbalife discloses any trade secret to a Distributor the Distributor will hold the trade secret in confidence and will not disclose them, even after termination or resignation.

3.7 Broadcasting Prohibited

Distributors may not broadcast or advertise on television, radio, or any similar medium.

CHAPTER 4 SALES AND MARKETING PLAN FUNDAMENTALS

4.1 One Distributorship Permitted Per Person

Individuals may only work in one Herbalife Distributorship, except as permitted in our Inheritance Policy. An Independent Distributor may not also be a Preferred Member. Married Couples and Life Partners must work under the same Distributorship unless they were both at Supervisor level at the time of Marriage or Life Partnership.

4.2 Proper Purchasing

Non-Supervisor Distributors may only purchase Herbalife® products directly from Herbalife, their Sponsor, or first upline Fully Qualified Supervisor. Distributors may not place or pay for orders in other Member's name unless Herbalife has written permission from that person.

4.3 Sales & Marketing Plan Manipulation

Distributors may not attempt to manipulate the Sales & Marketing Plan.

4.4 Responsibility for Conduct of Others Assisting with Distributorship

Distributors are responsible for the actions of anyone who helps them with their business, including their spouse, Life Partner or services provided to Distributors by vendors.

4.5 Period of Inactivity

Any Distributor intending to sign a new Distributorship Application and Agreement under a different Sponsor must wait one year (Supervisor and below) or two years (World Team and above) during which they may not conduct any Distributor activities.

This requirement also applies to any former participant (meaning a former Distributor, spouse, life partner, or an individual who assisted in the Distributorship).

Preferred Customers must complete a 90 day waiting period, starting from the date of their last order or from the time they referred another Preferred Customer.

Any attempt to bypass the Period of Inactivity through assistance or any other way is prohibited.

CHAPTER 5 SPONSORING AND LEADERSHIP

5.1 TAB Team Acknowledgment

When a Distributor reaches the TAB Team, they must sign a TAB Team Acknowledgment form before they can get paid a Production Bonus.

5.2 Training

Sponsors are responsible for providing training to their downline Distributors but may not profit from it.

5.3 Non-Interference

Distributors may not interfere with the business of any other Distributor.

5.4 Association with Herbalife

Distributors may not suggest that Herbalife is associated with religious, political or social beliefs, any organizations, or any other businesses.

5.5 Solicitation of other Opportunities

Distributors may not promote other business opportunities to Distributors or Preferred Members.

Distributors also may not sell products from other MLMs or direct-selling companies to Distributors or Preferred Members.

5.6 Leads

Distributors may not buy or sell Leads, but they can generate Leads for themselves or give them for free to others.

5.7 Sale of Business Tools Not for Profit

Distributors may not profit from selling Business Tools to other Distributors and Herbalife reserves the right to prohibit the sale or use of a Business Tool that violates its Rules, the law or damages Herbalife's reputation or image.

CHAPTER 6 NUTRITION CLUBS AND OFFICES

6.1 Multiple Clubs

An Independent Distributor may not operate more than two Clubs per Distributorship and must be present during each Club session.

6.2 Responsible Club Operator

One Distributor must be designated as the primary Club operator, who is responsible for and oversees all Club operations.

The primary Club operator must designate another Distributor to be responsible when they are not present.

6.3 Sharing Club Premises

A Club operator may only charge other Distributors for the cost of using their Club, not for a profit. All Distributors subleasing space within the Club must complete the Commercial Club requirements.

6.4 Product Preparation

Distributors must prepare products served in Nutrition Clubs in accordance with acceptable preparation practices and make the product label and allergen information available to customers upon request. No product claims may be made if mixtures are not prepared according to the product label.

Only Herbalife products and add-ons such as fruits, vegetables, and flavors are permitted to be served, sold, or promoted in the Club. Individual tablets may not be sold or served, and selling repackaged and dry product is also prohibited.

6.5 Delivery

While Distributors may use third-party services to deliver preparations to their customers, the delivery service cannot accept orders or payments directly from the customer.

In addition, Distributors cannot service customers by drive thru or walk-up window.

6.6 Sale of Clubs and Sharing Club Premises for Profit

Transfer of Lease: The sale of Clubs for profit is not allowed. However, transfer of the lease and recouping the incurred costs of assets as well as the buildout is permitted. Upon request, the Distributor must provide records demonstrating the costs.

Additionally, a Club operator who shares their Club premises with others may only charge other Distributors for the cost of using their Club, not for a profit.

Before entering into a lease or subleasing space within the Club, the Distributor must first satisfy the commercial club operator requirements.

CHAPTER 6 NUTRITION CLUBS AND OFFICES (cont.)

6.7 Commercial Club Signage and Name

Distributors are required to submit details regarding proposed exterior signage for Herbalife review before placing exterior signage.

If a Distributor uses an exterior sign they may not:

- imply that Herbalife products are available for purchase.
- use signage as an identifier to a specific group (Geographical Location, Distributor Organization, Nutrition Clubs, etc.) in such a way that it may be construed as a Franchise or part of a chain of Nutrition Clubs; or
- use Herbalife Intellectual Property, product names or brands.
- display “before and after” photographs
- display information related to prices

This would include anything visible from the exterior that might suggest that the location is a franchise.

6.8 Cooperating with Herbalife’s Reviews

Distributors are required to cooperate with Herbalife’s reviews.

CHAPTER 7 INTERNATIONAL BUSINESS

7.1 Activities in Countries or Territories Not Yet Open

Distributors may not engage in any Herbalife business activity in any country not yet officially opened.

7.2 No Exporting of Products

Distributors may not ship, sell, export, or distribute products from one country to another. Subject to applicable law, Distributors may carry up to 1,500 Volume Points of products per month with them for use while traveling.

7.3 Activities in China

Only Chinese Nationals may do business in China. Distributors may not ship or bring Herbalife product into China even for personal consumption.

7.4 Prohibited Countries/Regions and Persons

Distributors may not be a resident of, or conduct Herbalife business activities within, a “Prohibited Country/Regions”.

A Distributor may not directly or indirectly conduct any Herbalife business activities with an individual or entity who the Distributor has reason to believe is:

- (i) a resident of, or operating businesses in, a Prohibited Country/Region.
- (ii) engaged in sales to individuals residing in a Prohibited Country/Region.
- (iii) owned or controlled by an entity located in, or an individual ordinarily residing in, a Prohibited Country/Region.
- (iv) included on the list of [Specially Designed Nationals](#) maintained by the U.S. Treasury Department’s Office of Foreign Assets Control or any person, entity or organization owned or controlled by someone listed.

CHAPTER 8 CONDUCT

8.1 Compliance with Applicable Laws and Rules

Distributors must follow all laws (including Rules, Regulations, ordinances, and licensing requirements) and Herbalife Rules in every country they work in and cannot encourage others to break them.

If there is a conflict between Herbalife Rules and the law, the law prevails.

Distributors must also follow the terms of service for any third-party service utilized in conducting their Herbalife business.

8.2 Truthful Submissions and Communications with Herbalife

All information given to Herbalife, must be true, complete, and on time, including the Application, forms, receipts, contact information, and orders.

8.3 Maintaining Reputation and Image of Herbalife

Distributors may not harm the reputation, image, products, intellectual property or goodwill of Herbalife.

8.4 Conduct Regarding Harassment, Discrimination and Inappropriate Conduct

Herbalife prohibits harassment, unlawful discrimination and inappropriate conduct.

8.5 No Anti-Competitive Behavior

Distributors are independent business owners and must not form agreements with other Distributors regarding:

- the price at which they sell Herbalife products.
 - territories in which they sell.
 - methods of distribution; or
 - allocation of Customers, Preferred Customer or Distributors.
-

8.6 Personal Transformation Activities

The Personal Transformation Activities (hereinafter “Activities”) are a method of operation available for all Herbalife Independent Distributors. The objective is to help participants achieve a better version of themselves with an active and healthy lifestyle, through commitment and constant communication.

Personal Transformation Activity types: **Personal Transformation Challenges (herein after “Challenges”)**: Minimum duration is 21 days and may include prizes*.

Marathons: Minimum duration is 10 days, and may not include any prizes. In Brazil cash prizes are not allowed.

CHAPTER 9 ADMINISTRATIVE

9.1 Distributorship Eligibility

9.1.1 Distributorship Minimum Age

A person must be at least 18 years old to apply for Distributorship or participate in another Distributor's Herbalife business.*

*Minimum age requirements vary from country to country. 18-years under may apply if emancipated. For age requirements in other countries, contact Consultant Services.

9.1.2 Special Rules for Applicants Age 16-17

A minor who is at least 16 years of age who lives and proposes to conduct business in Brazil may submit an application accompanied by the birth certificate that contains the applicant Distributor emancipation*.

*Herbalife reserves the right to accept the request without upline consent and may require additional information at its sole discretion.

9.1.3 Recognition of Spouse and Life Partner

A Distributor may add their spouse or Life Partner to their Contract record to support them in the business and for recognition purposes*.

The Distributor will remain as the Member of record. However, in the event the Distributor separates from their spouse or Life Partner, the Distributor's ownership or entitlement of the Contract may be impacted*.

*As an example, recognition allows Herbalife event attendance, recognition for new business and Marketing Plan achievements.

**In the event of a separation/divorce or dissolution of Life Partner Relationship where a legal and/or financial aspect of the Distributorship becomes disputed, whether the spouse or Life Partner is added to the account or not may impact the local court's decision.

9.2 Transferring Your Distributorship

9.2.1 Assignment, Sale, or Transfer of Distributorship

The sale, assignment, or transfer of any right or interest in a Distributorship is not permitted without prior written consent by Herbalife in its sole and absolute discretion. A Distributor may not transfer a Contract in order to circumvent the Rules or the law. If Herbalife becomes aware that the former Distributor (Transferor) and/or his spouse or Life Partner has engaged in conduct or activity that would violate the Rules after granting the transfer request, Herbalife may apply sanctions to the transferred Distributorship.

9.2.2 May Only Be Sold, Assigned or Transferred to a Non-Herbalife Distributor

A Distributorship can only be sold, assigned, or transferred to an individual who is not a Distributor, except as allowed by Inheritance Rule. Herbalife will not consider a transfer request if the proposed Distributor (Transferee) has been involved in the Herbalife business in any way in the previous 12-month period.

9.2.3 Status and Benefits

The achievements of a Distributor are personal, and if a sale, assignment, or transfer is approved, the status and benefits achieved by the Distributor may not be transferred with the Distributorship. The Transferee may be required to achieve all qualifications for status and earning requirements after the assignment or transfer is made. This includes Supervisor status, TAB Team status, vacation qualifications or any other rights of the individual Distributor.

CHAPTER 9 ADMINISTRATIVE (cont.)

9.2.4 Responsibility After Transfer

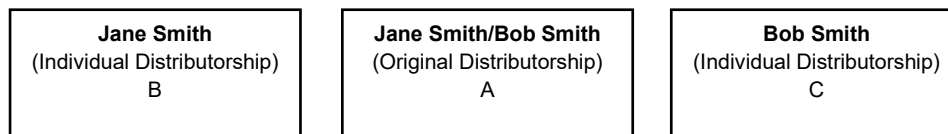
After transfer of the Distributorship:

- the Transferee shall be responsible to Herbalife for any and all violations of the Rules committed by or on behalf of the Transferor in connection with the Distributorship.
- for a period of six months following the effective date of the transfer, acts by the Transferor and/or the Transferor's spouse or Life Partner, which would violate the Rules if the Transferor were still a Distributor, shall be treated as though the violations were the Transferee's violation.

9.3 Separation, Divorce, and Dissolution of Life Partner Relationship

9.3.1 Establishing a new Distributorship

If a Distributor's spouse or Life Partner wishes to continue in the Herbalife business during divorce proceedings or immediately after a divorce or dissolution of a Life Partner relationship, the Distributor and spouse/Life Partner each must start a new separate Distributorship under the original Distributor's Sponsor. Herbalife will deactivate the buying privileges of the original Distributorship and credit each new separate Distributorship with the business activity of the original Distributorship through an "Association." (See Divorce and Dissolution of a Life Partner Relationship and the Herbalife Sales & Marketing Plan Rule) Each Distributor must use the new ID number in his or her business.



The original Distributorship and its downline cannot be divided between the Distributor and the former spouse/Life Partner. For example they may not "divide" the Distributorship by giving each person a 50% ownership.

Herbalife must receive the following documents to establish new Distributorships:

From a Divorcing Couple

- Newly completed and signed Agreements for the Distributor and spouse, sponsored by the Sponsor of the original Distributorship.
- A signed and notarized Divorce and Separation Form.
- A copy of the Petition for Dissolution of Marriage, Settlement Agreement, or final divorce judgment.
- Newly completed and signed TAB Team Production Bonus Acknowledgment Forms for the Distributor and spouse, reflecting the ID number of the new separate Distributorship (TAB Team level Distributorships only).

From Partners in Dissolution of Life Partner Relationship

- Newly completed and signed Agreements for the Distributor and Life Partner, sponsored by the Sponsor of the original Distributorship.
- A signed and notarized Dissolution of Life Partner Relationship Form from both parties. (If both parties do not provide the signed and notarized Form, a court order indicating that the relationship has ended will be required).
- Newly completed and signed TAB Team Production Bonus Acknowledgment Forms for the Distributor and Life Partner, reflecting the ID number of the new separate Distributorship (TAB Team level Distributorships only).



If a Distributor remarries or designates a new Life Partner, that person's new spouse or Life Partner may be added to the Distributor's new separate Distributorship to support the Distributor in the business and for recognition purposes.

Jane Smith
(Individual Distributorship)
B

Jane Smith/Bob Smith
(Original Distributorship)
A

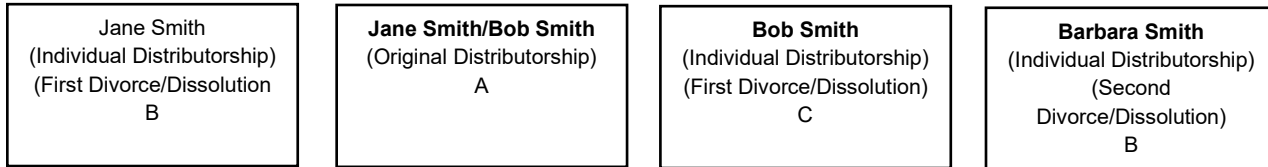
Bob Smith
(Individual Distributorship)
Barbara Smith
(New Spouse)
C

CHAPTER 9 ADMINISTRATIVE (cont.)

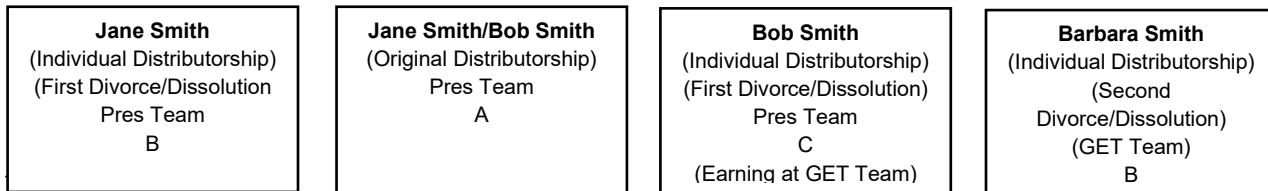
More than one Dissolution or Divorce:

Herbalife will only associate one set of divorced or dissolved Distributorships. In the case of more than one Divorce or Dissolution of Life Partner Relationship, the divorced Spouse or the dissolved Life Partner may establish a separate Distributorship, but the Distributorship will have no association.

For example, if Bob and Barbara divorce, Barbara may start a new Distributorship (“D”) under the original Distributorship Sponsor, but it will not be associated to Bob’s Distributorship (“C”).



The Sales & Marketing Plan level of Barbara’s Distributorship (“D”) will be established based upon the business activity achieved under Distributorship (“C”). For example, the business activity of Distributorship (“C”) is earning at GET Team, so Barbara’s new Distributorship (“D”) will be established at GET Team level.



9.3.2 Requests to Modify the Original Distributorship

Herbalife will accept requests to make changes to the original Distributorship. All requests must be signed by both parties unless Herbalife receives a certified copy of the court’s final judgment.

Removing a spouse or Life Partner’s Name: Herbalife must receive a completed Request to Remove spouse Form, or a Request to Remove Life Partner Form to remove the name of a spouse or Life Partner from the Distributorship record.

Payments: Herbalife must receive a completed Request to Pay Form to make payment changes. Subsequent requests must be signed and notarized by both parties. The income statements for the original Distributorship will be mailed to the address of record unless both parties submit a signed and notarized letter of instruction.

Transfers: Herbalife must receive a completed Divorce and Separation Form, or Dissolution of Life Partner Relationship Form, to transfer a Distributorship to someone who is not the Distributor, a former spouse or former Life Partner.

If after a Distributor transfers their Distributorship and decides to establish a new Distributorship:

- the new Distributorship must operate independently from their original Distributorship.
- advancement within the Sales & Marketing Plan, Royalty Overrides, Production Bonuses, and other payments will be based solely on the achievements of the new Distributorship.

For Herbalife to accept the new Agreement within one year of the transfer:

- the Sponsor of the original Distributorship must sponsor the new Distributorship.
- The new Contract’s status will be equal to the status of the original at the time of the transfer.

If the Distributorship to be transferred is associated with another Distributorship as a result of a previous divorce, the transferred Distributorship will no longer be associated with that Contract.

CHAPTER 9 ADMINISTRATIVE (cont.)

9.3.3 Joining Under a Different Sponsor/Participating in another Distributorship

To join under a different Sponsor, the Distributor or spouse or Life Partner must provide Herbalife with the following required documents:*

From a Divorcing Couple

- A newly completed and signed Agreement.
- Signed and notarized Divorce and Separation Form.
- Copy of the Petition for Dissolution, Settlement Agreement, or final divorce judgment, or documentation from a court which declares an interim determination that the marital community has ended.

From Partners in Dissolution of Life Partner Relationship

- A newly completed and signed Agreement.
- Signed and notarized Dissolution of Life Partner Relationship Form from both parties. (If both parties do not provide the signed and notarized Dissolution of Life Partner Relationship Form, a court order indicating that the relationship has ended will be required).

In addition, the Distributor or spouse or Life Partner must comply with the Period of Inactivity. The Period of Inactivity will be determined as stated in Period of Inactivity Rule or by the issuance date of the court document received, whichever is later.

Note: Establishing a new Distributorship under a different Sponsor requires the purchase of an IBP, and benefits will begin at a 25% discount with no association to the original Distributorship.

* Forms and Agreements are available through Herbalife.

9.3.4 Divorce and Dissolution of a Life Partner Relationship and the Herbalife Sales & Marketing Plan

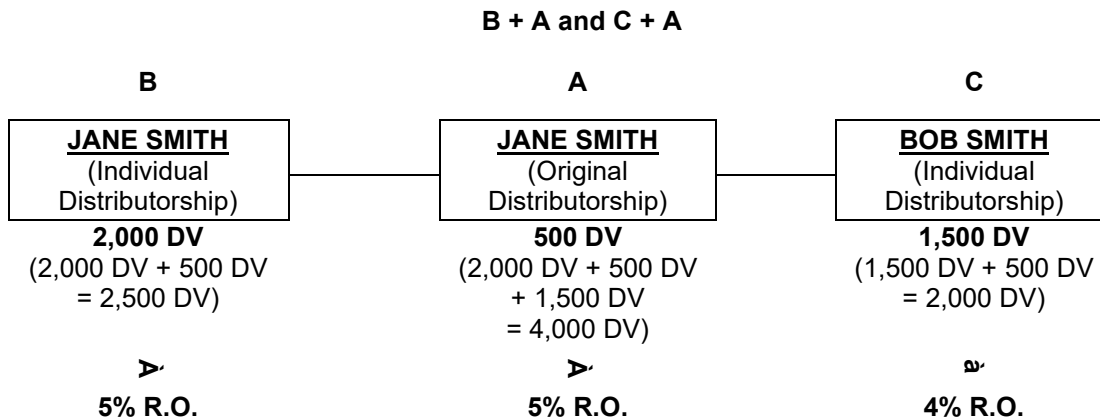
Documented Volume: Each individual Distributorship will receive Documented Volume credit from the original Distributorship to combine with its own Documented Volume ("Association"). This will determine each individual Distributorship's eligibility to earn Royalty Overrides, qualifications, re-qualifications and/or Production Bonuses.

For the purpose of Royalty Override percentage eligibility, the original Distributorship will include its own Documented Volume and the Documented Volume of each individual Distributorship. Production Bonus percentage eligibility for the original Distributorship will be based on the highest of the two individual Distributorships.

Example:

Documented Volume (DV)

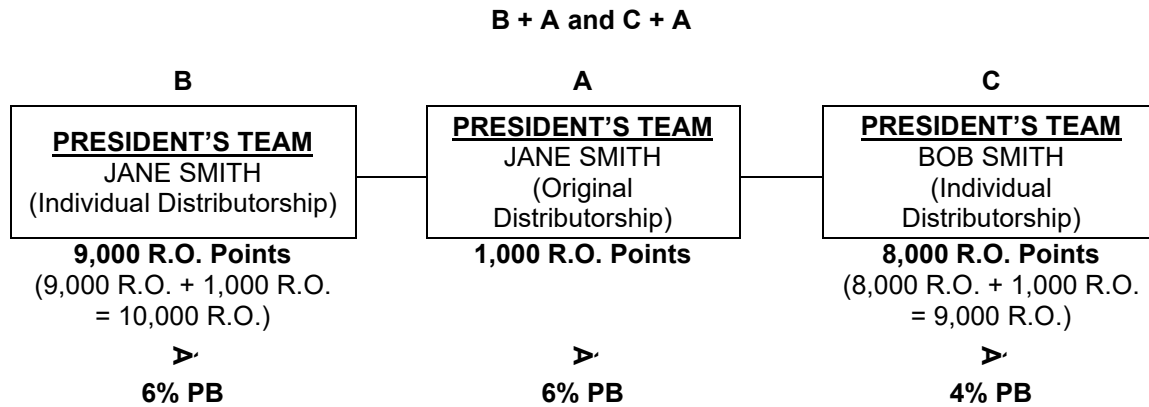
Volume for B and C will be as follows:



CHAPTER 9 ADMINISTRATIVE (cont.)

Royalty Points

The Royalty Override Points for Production Bonus purposes are combined as follows:



Requirements: Each individual Distributorship must comply with all requirements to earn Royalty Overrides. Each Distributorship must also achieve the necessary Documented Volume to meet the Matching Volume requirements for their own downline who are qualifying for Supervisor status. The buying privileges of the original Distributorship will be temporarily granted to accommodate any Matching Volume requirements for its downline qualifiers.

Recognition: Each Distributorship will be recognized for its own accomplishments under the Sales & Marketing Plan. The original Distributorship will not receive recognition. If an individual Distributorship, combined with the original Distributorship, reaches the level of President's Team, only one diamond will be awarded to the upline President's Team member, which remains consistent with the diamond allocation for Distributorships that are not part of a divorce or dissolution of a Life Partner relationship. If the individual Distributorship qualifies for a diamond, only that Distributorship will advance within the diamond status(es).

Events: Rules related to event attendance are specific to each event and may vary. Please refer to event materials for information about accommodations, tickets, transportation, and other event details.

9.4 Inheritance*

The Distributorship of a deceased Distributor may be transferred to an heir, subject to applicable laws, Rules, and Herbalife approval which shall not be unreasonably withheld.**

A Distributor may own and operate a maximum of three Distributorships – the Distributor's own, plus up to two others acquired by inheritance. An inherited Distributorship may be transferred to the individual heir directly, or in the case of a Distributorship that is TAB Team level, to a Corporation owned by the heir.***

The Period of Inactivity (as specified in Period of Inactivity Rule) for an inherited Distributorship shall be waived if the lineage relationship between the heir's existing Distributorship and the inherited Distributorship(s) are vertical (in the same line).

The heir must provide all documentation requested by Herbalife in its sole and absolute discretion.

Requests to cancel a deceased's Distributorship must be made directly to Herbalife.

* For estate planning and inheritance, the Business Continuation Program is available to assist with the continuity of your Distributorship. Please contact the Department of Distributor services for more information.

** The Deceased Transfer Declaration Form is available from Herbalife.

*** Inherited Distributorships are considered to be separate entities, each subject to fulfilling the business activities, volume and compensation terms as set forth in the Sales & Marketing Plan, with the exception of lifetime volume achievements, which permit the combination of the heir's own Total Documented Volume with the inherited Distributorship's Total Documented Volume. The heir is responsible for payment of fees and debts of each Distributorship.

CHAPTER 9 ADMINISTRATIVE (cont.)

9.5 Resignation

A Distributor may resign the contract by submitting a signed letter to Herbalife. Electronic requests will be accepted if they are received from the email address on record. The resignation becomes effective when received and accepted by Herbalife.

9.6 Sales to Consumers

Herbalife is a direct-selling company, whose independent contractors (Distributors) sell Herbalife products directly to Customers and provide them with product guidance and social support.

9.7 Payments and Adjustments

To qualify for monthly Royalty Overrides, Production Bonuses or other bonuses offered by Herbalife, Distributors must meet Documented Volume and Royalty Point requirements that are fully defined in the Sales & Marketing Plan and in other literature and promotional material.

9.8 Maintaining Lines of Sponsorship

9.8.1 Sponsorship Correction

A Distributor who wishes to request a sponsorship correction must complete and submit a: “Change of Sponsorship Request” Form,* “Change of Sponsorship Consent” Form from the current Sponsor, and a letter of acceptance from the proposed Sponsor.

All documents must be notarized. Requests for sponsorship corrections will only be considered if all the following circumstances are met:

- Sponsorship details provided on the Agreement were in error.
- The request is made within 90 days of Herbalife accepting the current Agreement.
- The current and proposed Sponsor are in the same Line.
- The current Distributorship has not reached the level of Supervisor.
- The Distributor making the request has not yet sponsored any other Distributors.

*The required Change of Sponsorship Request and Change of Sponsorship Consent Forms may be obtained from Herbalife. These forms and all other specified documentation must be submitted to Herbalife in order for Herbalife to consider the request.

9.8.2 Applying for Change of Sponsorship

In order to protect the integrity of lineage, which is a fundamental principle of multi-level marketing, a change of sponsorship is discouraged and will only be approved by Herbalife in the most exceptional circumstance.

A Distributor may only apply for a change of Sponsorship within their upline President's Team organization.

A Distributor who wishes to request a sponsorship change should first consult with their upline to discuss and review the circumstances. Should the Distributor then wish to continue, they must complete and submit a notarized “Change of Sponsorship Request” Form,* along with a notarized “Change of Sponsorship Consent” Form from the current Sponsor, and all Royalty Override and Production Bonus earners in the upline. In addition, Herbalife must receive a notarized “Change of Sponsorship Acceptance” Form from the proposed Sponsor.

If both the current and proposed Sponsors share the same upline Sponsor, and each are at equal status and earning levels under the Sales & Marketing Plan, the Distributor requesting the change only needs to obtain a notarized Change of Sponsorship Consent Form from the current Sponsor and a notarized “Change of Sponsorship Acceptance” Form from the proposed Sponsor.

If Herbalife approves the change, the requesting Distributor will not be allowed to keep downline Distributors and Preferred Members.



CHAPTER 9 ADMINISTRATIVE (cont.)

If the request for a change of sponsorship is denied, the Distributor may resign their Distributorship and comply with the Period of Inactivity before reapplying for Herbalife Distributorship or under a different Sponsor.

*The required Change of Sponsorship Request and Change of Sponsorship Consent Forms may be obtained from Herbalife. These forms and all other specified documentation must be submitted to Herbalife in order for Herbalife to consider the request.

9.9 ENFORCEMENT PROCEDURES

The Rules protect the Herbalife opportunity and brand. Violations can adversely influence the opinions of regulators, the media and the public about Herbalife, its products, and its Distributors. While many Rule violations may be resolved by educating the Distributor about the Rules and proper business practices, there are instances where violations of the Rules merit more severe penalties.

Distributors are strongly encouraged to promptly report alleged violations of the Rules to Herbalife in order to protect the goodwill and reputation of Herbalife and its Distributors.

Herbalife generally will only act on complaints brought within one year of when the Distributor knew or should have known of the violation but reserves the right to conduct an inquiry at any time.*

*Herbalife's enforcement of the Rules shall not create liability to pay compensation for loss of profits or goodwill, or any consequential damages.

9.9.1 Complaint Procedure

Distributors should report suspected violations to Herbalife at mpcbrasil@herbalife.com. Required information includes the nature of the complaint and the factual details that support the allegations.* Complaint Form must be signed and include the reporting Distributor's Herbalife ID number.

*Factual details include names, addresses, and telephone numbers of persons involved as well as dates, times, places, etc.

9.9.2 Inquiry

If Herbalife determines, in its sole and absolute discretion, that there is sufficient information to support an allegation, Herbalife will contact the Distributor who is the subject of the complaint to permit the Distributor an opportunity to respond. In certain circumstances it may be necessary to place restrictions on a Distributorship while an inquiry is in process. Restrictions may include a prohibition from attending Herbalife events and suspension or denial of:

- Buying privileges.
 - Payment of Royalty Overrides.
 - Payment of TAB Team Production Bonus.
 - Awards or benefits (i.e., vacations, pins, etc.).
 - Speaking at Herbalife-sponsored training seminars or meetings.
 - Qualifications in progress; and/or
 - The right to represent oneself as an Herbalife Distributor.
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9.9 ENFORCEMENT PROCEDURES (cont.)

9.9.3 Sanctions

Violations of the Rules may result in legal or regulatory challenges for Herbalife and endanger the business for all Distributors. For this reason, penalties may be substantial. Herbalife shall have sole and absolute discretion to determine the appropriate penalty based on the nature of the violation and consequence that resulted or could result, including:

- suspension of all Distributor rights and privileges.
- monetary sanctions.
- obligation to reimburse Herbalife legal fees.
- Removal from the Speaker Program;
- disqualification from participation in the annual Mark Hughes Bonus.
- disqualification from participation in the Production Bonus program.
- permanent loss of lineage.
- termination of Distributorship (see “Termination or Deletion of a Distributorship” below).

If Herbalife concludes that other Distributors assisted, encouraged or were party to the violations, Herbalife also may hold such Distributors responsible for the violations.

9.9.4 Corrective Measures

Volume and earnings adjustments resulting from corrective measures to resolve dual Contract violations will not include activity occurring more than two (2) years before the date the complaint was received by Herbalife.

9.9.5 Requests for Reconsideration (unrelated to Terminations)

Distributors may submit a request for Herbalife reconsideration of a decision within (15) days of the date of the decision. When requesting reconsideration, the Distributor may submit additional information they believe should be considered and must also state why this information was not provided during the inquiry. If the reconsideration request is not submitted within the (15) days period, the request will be denied, although Herbalife reserves the right to consider evidence submitted beyond the (15) days period in its sole and absolute discretion.

9.9.6 Termination of a Distributorship

Herbalife may, in its sole and absolute discretion, terminate a Distributorship if a Distributor violates the Rules.* The termination is effective on the date in Herbalife written notification to the Distributor. Upon termination, the Distributor will have no claim against Herbalife as a result of the termination.

A terminated Distributor** may no longer:

- Conduct business as a Distributor.
- Represent himself as an Herbalife Independent Distributor.
- Use Herbalife trade name, logo, trademarks, and other intellectual property; and
- Attend Herbalife trainings, meetings, social events, or promotions, even as a spouse or guest of a Distributor.

* Termination means the complete cancellation of a Distributorship and revocation of the Distributor’s right to conduct the Herbalife business. This includes cancellation of the Distributor’s right to receive any further income from the Distributorship.

** These prohibitions also apply to Distributors who resign or otherwise leave the Herbalife business while under an inquiry for possible Rule violations.

9.9 ENFORCEMENT PROCEDURES (cont.)

9.9.7 Appealing a Termination

Distributors may appeal a termination decision within (15) days of the date of the decision. When requesting an appeal, the Distributor may submit additional information they believe should be considered and must also state why this information was not provided during the inquiry. If the appeal request is not submitted within the (15) day period, the request will be denied, although Herbalife reserves the right to consider evidence submitted beyond the (15) daytime frame in its sole and absolute discretion.

The appeal will be reviewed by a committee comprised of an appointed representative from each of the Sales Department, the Distributor Services Department, and the Legal Department (the "Review Committee"). A majority of the Review Committee may uphold the termination, reinstate the Distributorship, or recommend an alternative penalty for the alleged violations. In reviewing a termination decision, the Review Committee will consider whether the alleged violation was material. This decision shall not create liability to pay compensation for loss of profits or goodwill.

9.10 ADDITIONAL LEGAL PROVISIONS

References below to “Agreement” mean the Application and entire contractual relationship between Distributor and Herbalife.

9.10.1 Damages

To the fullest extent allowed by applicable law, neither Herbalife nor Distributor shall be liable to the other for any incidental, consequential, special, exemplary, or punitive damages under any legal or equitable theory, regardless of whether either party knows the possibility of such damages.

9.10.2 Waiver and Delay

Herbalife may address Rules violations or other breaches of the Agreement with any Distributor in its sole and absolute discretion. No failure, refusal, or neglect of Herbalife to exercise any right, power or option under the Agreement shall constitute a waiver of the provisions or a waiver by Herbalife of its rights at any time under the Agreement.

9.10.3 Severability

If any provision in any agreement between Herbalife and Distributor is found to be invalid, illegal, or unenforceable in any respect, it shall be severed from the agreement and have no effect on the remainder of the agreement, which shall remain in full force and effect. Further, there shall be added automatically as part of the agreement a provision as similar as possible to the severed provision that would be legal, valid, and enforceable.

9.10.4 Choice of Law

This Agreement, and any dispute arising from the relationship between Herbalife and Distributor, shall be governed by the substantive laws of the State of Brazil without the application of conflict of law principles.

9.10.5 Indemnification

Distributor will indemnify, defend, and hold Herbalife harmless from any suit, action, demand, prosecution, or claim, including all costs, liabilities, and damages, relating to, or arising from Distributor’s breach of the Agreement or the conduct of Distributor’s Herbalife business. Herbalife may, among other things, offset amounts it owes to Distributor to satisfy any obligations arising under this indemnity.

9.10.6 Claims Between Distributors

Herbalife shall not be liable to any Distributor for any cost, loss, damage, or expense suffered by any Distributor directly or indirectly as a result of any act, omission, representation, or statement by another Distributor.

9.11 PRIVACY AND DATA PROTECTION

Unless otherwise indicated, Herbalife collects uses and shares “Personal Information” (e.g., your first and last name, mailing address, city, state, zip code, telephone number, email address, credit card, and banking information) in accordance with its Privacy Policy located at <http://www.herbalife.com.br/politica-privacidade> .

Because of the unique nature of multi-level marketing, Distributors may receive Personal Information about others directly from Herbalife, such as information regarding other Distributors and Preferred Members in a Distributor’s downline, Customers or referrals who express interest in Herbalife products or services, or individuals who use our online properties and mobile applications (“Sites”). (The downline organization consists of all Distributors and Preferred Members that were personally sponsored by a particular Distributor, and in turn, all other persons sponsored by the subsequent Distributors.) Once Herbalife provides Personal Information to a Distributor, he or she is responsible for it and must keep it strictly confidential. Distributors may only use this Personal Information to develop their Herbalife business relationship with their downline, Customers, or referrals, unless they have received consent from the individual to use his or her Personal Information for other purposes.

One way that Herbalife shares information with Distributors is through Lineage Reports. These reports contain information regarding other Distributors and Preferred Members within a Distributor’s downline, such as their name and contact information, their Herbalife Identification Number, and business metrics such as their level or rank, volume, and sales statistics. Lineage Reports are provided to Distributors in the strictest confidence and for the sole purpose of supporting the Distributors in further developing their Herbalife businesses. Lineage Reports, including all Personal Information and other data contained therein, constitute confidential, proprietary trade secrets of Herbalife. Distributors may not collect, distribute, or gather confidential information or personal or aggregate information about other Herbalife Distributors, their Customers or the Preferred Members they sponsor, except in connection with their downlines and solely for the purposes of promoting their Herbalife businesses, and to manage, motivate and train their downlines.

Distributors may also collect Personal Information from individuals directly or by other means, such as when they collect contact and payment information from Customers to process product orders, or when they collect information from Customers in connection with Wellness Evaluations or contests, such as Sweepstakes, Weight Loss Challenges, and Body Transformation Challenges. Distributors must abide by applicable privacy and data protection laws, including international data transfer restrictions, with respect to all Personal Information obtained by Distributor (from Herbalife or otherwise) in connection with the Distributor’s Herbalife business. In addition, it is the Distributor’s responsibility to maintain the security of all Personal Information that he or she receives and to retain such information only in accordance with applicable laws. Please be aware that privacy and data protection laws often have stricter consent, security, and retention requirements for special categories of Personal Information, such as health data, biometric data, and data relating to children/minors.

9.12 DEFINITIONS

Application: An individual who applied the Herbalife Independent Distributor Proposal to Herbalife and is sponsored by an Distributor to become an Independent Distributor.

Association: In a divorce, or dissolution of a Life Partner relationship, the combination of volume between the original Distributorship and the new separate Distributorship of the divorced couple or the former Life Partners, for the purpose of earnings percentage calculation.

Auto dialer: Equipment that dials, or has the capacity to dial, telephone numbers automatically (even if the Distributor does not actually use the equipment to automatically dial numbers). Any computerized equipment that performs the dialing function or could be modified to do so (such as by installing a software upgrade) should be treated as an Auto dialer, whether or not the machine is pre-programmed with a list of numbers or dials numbers on a random basis.

Broadcast Fax or Blast Fax: Sending a fax to recipients who have not requested the fax, including equipment that can send multiple faxes to multiple recipients.

Business Tool: A sales aid which has not been provided by Herbalife, third party or the Distributor.

Cedent: The Former Independent Member who is transferring the contract to another person.

Club: Nutrition Club.

Customer: Preferred Members or Retail Customers

Distributor Service Department: Department of the Distributor Services that can be contacted on the phones 55-11-3879-7822 / 0300-789-2122 OR BY Intelligent Channel at MyHerbalife.com.br.

Do Not Email List (NEM List): A list created and maintained by a Distributor to track and fulfill requests for non-receipt of emails.

Earnings Claims: Any statement regarding an Independent Member's actual or potential income.

Established Business Relationship: A prior relationship between a Distributor and a telephone subscriber based (1) on the subscriber's purchase or transaction within eighteen (18) months immediately preceding the date of the telephone call if the relationship has not previously been terminated or (2) inquiry about products or services within three months immediately preceding the telephone call, if the relationship has not previously been terminated by a Distributor or the other part.

Fee: Annual Distributorship Services Fee

Former Participant: A former Distributor, Preferred Member, spouse, Life Partner, or an individual who assisted in a Distributorship.

Herbalife Intellectual Property: Includes Herbalife copyrighted materials, trademarks, trade names, trade dress, and trade secrets.

HMP: Independent Herbalife Member Pack.

Leads: Prospects for Herbalife products or the Herbalife opportunity, as well as leads-related advertising, advertising slots, or decision packs.

9.12 DEFINITIONS (cont.)

Life Partner: A person that resides in the same household and maintains a spousal and familial relationship with the Herbalife Distributor (with the absence of a legal document evidencing such) that has designed him/her as their Life Partner using the "Add Life Partner Request Form"

Lifestyle Claims: A form of Earnings Claim

Materials: Herbalife produced literature and sales aids.

MLM: Multi-level Marketing.

Organizational Follow up: These reports have information about others Distributor and Preferred Customers downlines of a determined organization, such as Herbalife identification number (ID), business metrics, such as level, position, volume and sales statistics.

Period of Inactivity: A year waiting period. See the Period of Inactivity Rule.

Preferred Customer: A Preferred Customer is entitled to purchase Herbalife product directly from Herbalife at a discount. A Preferred Customer is not allowed to (1) sell Herbalife product or services; (2) recruit or sponsor others to be Herbalife Distributor or Preferred Customer; or (3) receive compensation under the Sales & Marketing Plan. Pricing Information: Information related to pricing including "special offer," "% off," "free shipping," and "discounts."

Prior Express Written Consent: A written agreement or email between a Distributor and consumer clearly stating (a) the consumer agrees to receive advertisements automated or prerecorded from the Distributor regarding the Herbalife products or opportunity, including the telephone.

Pricing Information: Information that gives any indication of price including "special offers", "X% discount", "free shipping" and "discounts."

Proposal: Application and Herbalife Distributor Agreement.

Review Committee: The committee that reviews an appeal of a termination decision. Consists of an appointed representative from each of the Sales Department, the Members Services Department, and the Legal Department.

Rules: The Herbalife Rules of Conduct and all other rules, policies, and advisories that Herbalife issues from time to time.

Sales & Marketing Plan: The Herbalife Sales & Marketing Plan.

Sponsor: The Distributor who brings another Distributor into the Herbalife business.

Telemarketing: The act of selling, soliciting, marketing, promoting, or providing information about a product or service using a telephone, cell phone, text message, fax machine, auto dialer, pre-recorded or artificial voice recording, or like device.

Transferee: The Distributor to whom a Distributorship is transferred.