

Glossary of Terms

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 organisation.

Commission: 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 a Herbalife Member who purchases Herbalife products at retail price.

Cut Off: As a Production Bonus earner, when you have a downline Production Bonus earner earning an equal Production Bonus earning percentage, you will be able to earn your eligible Production Bonus percentage on volume down to and including that person, but will be “cut off” from earning a Production Bonus on any lineage below that person. When you have a downline Production Bonus earner earning at a lower Production Bonus earning percentage than you are, you will earn your full Production Bonus percentage down to and including the volume of that Production Bonus earner and earn the percentage difference on their downline below. For example, if your Production Bonus earning percentage is 6% and the Production Bonus earning percentage of the person downline is 4%, you’ll earn 6% on volume down to and including the volume of that person and 2% (6% to 4%) on the volume down to the next Production Bonus earner.

Distributor: Any Herbalife Member who has risen to the level of Supervisor, or above, in Herbalife is also referred to as a Distributor.

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

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

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

First-Level Member: All Herbalife Members 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 Members who are part of one organisation as a result of sponsoring or being sponsored.

Member: Anyone who purchases an Official Herbalife Member Pack (HMP) and submits to Herbalife a valid and complete Membership Application and whose Application has been accepted by Herbalife.

Production Bonus: A bonus of 2%, 4%, or 6% to 7% on downline Organisational Volume earned by eligible members of the TAB Team who meet certain requirements.

Profit, Retail: The difference between the discounted product price paid by a Member 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 Member 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. This status can be reached by utilising up to 1,000 Downline Volume Points, with the remaining 1,500 as Personally Purchased Volume.

Qualifying Month: The month in which a Member achieves the required volume for Supervisor qualification.

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

Royalty Override: A payment ranging from 1% to 5% made to Fully Qualified Supervisors on the Monthly Volume of their three levels of active downline Supervisors.

Royalty Points: Used for qualification purposes, this is the sum of a Supervisor's Organisational Volumes times their royalty earnings percentage.

Royalty Roll--Ups: Herbalife pays Supervisors the full 5% for each of three active downline Supervisor levels. Royalty Roll--Ups are paid to the appropriate upline Supervisor(s) when a downline Supervisor earns less than the maximum 5% Royalty Override payout per level. In these instances, the difference between 5% and the Supervisor's earning percentage (1% to 4%) results in the Royalty Roll--Ups.

Senior Consultant: A Member who has qualified to purchase at 35% to 42% discount.

Sponsor: A Member who brings another individual into Herbalife.

Success Builder: A Member who places an order of 1,000 Volume Points at 42% discount.

Supervisor's Personal Organisation: Includes all Members in the Supervisor's downline who are at Member, Senior Consultant, Success Builder, Qualified Producer and Qualifying Supervisor levels.

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

10 Retail Customers Rule: A Member must make sales to at least 10 separate retail customers each month to qualify and receive Royalty Overrides and Production Bonus. The 70% Rule: In any given month, a Member must sell to retail customers, and/or sell at wholesale to downline Members, at least 70% of the total value of Herbalife products they hold for resale, in order to qualify for TAB Team and to earn and receive Royalty Overrides and Production Bonus for that month's business.

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

Volume, Downline: As a non-Supervisor, Downline Volume is based on volume which is placed by your downline Members directly from Herbalife ordering between 25% to 42% discount.

Volume, Encumbered: All volume produced by anyone in your personal organisation who has achieved 2,500 Volume Points or more in one Volume Month. This is volume being used by them for Supervisor qualification purposes.

Volume, Group: Orders purchased at a temporary 50% discount, by Qualifying Supervisor(s) in a Supervisor's personal organisation.

Volume, Matching: The Total Volume a sponsoring Supervisor must have in a given month to equal or exceed the volume achieved by their downline Member(s) who are qualifying for Supervisor.

Volume, Organisational: The volume on which a Supervisor is paid a Royalty Override.

Volume, Personal: The volume from orders purchased by you as a Fully Qualified Supervisor and all others in your downline organisation, excluding any 50% orders by Qualifying Supervisors and Qualified Supervisors.

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

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

Volume, Unencumbered: All volume produced by anyone in your personal organisation who has achieved less than 2,500 Volume Points in one Volume Month, and all your own Personal Volume. Volume that is not used by anyone else for Supervisor qualification purposes.

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

Acronym List

90---Day Plan: Daily activity done for 90 days to create business results and momentum

AWT: Active World Team, Position in the Marketing Plan

EOM: End of Month

FMTE: Future Millionaire Team Experience

FPTR: Future President's Team Retreat

GET: Global Expansion Team, Position in the Marketing Plan

HMP: Herbalife Member Pack

HOM: Herbalife Opportunity Meeting

LDW: Leadership Development Weekend --- Regional Corporate Training

Mill: Millionaire Team, Position in the Marketing Plan

NC: Nutrition Club

PDM: Protein Drink Mix

Pres: President's Team, Position in the Marketing Plan

RO: Royalty Overrides --- paid 3 levels deep to supervisors based on organisational volume

SB: Success Builder, Position in the Marketing Plan

STS: Success Training Seminar --- monthly local training

SU: Success University

Sup: Supervisor, Position in the Marketing Plan

WLC: Weight Loss Challenge

WT: World Team, Position in the Marketing Plan