



## Advisory: Direct Sales

Herbalife products are sold by a network of independent Distributors and may only be sold to consumers through “direct selling,” meaning sales occurring away from a “Retail Location”, whether by long distance or face-to-face, in a transaction in which there is a direct and personal interaction between the Distributor and the customer.

In this setting, the attributes and values of the products can be explained in an unhurried manner by the Distributor and there is an opportunity for potential customers to develop an ongoing relationship with an independent Distributor.

### **Retail Locations**

A “Retail Location” is defined as any physical location where the general public is attracted or solicited for the purpose of making a purchase from a seller.

Accordingly, the term “Retail Location” includes: stores or open or enclosed markets, such as, but not limited to, pharmacies, grocery, health food or military stores, swap meets, flea markets, open-air markets, street/vendor carts, kiosks, booths in malls, outlets; or any other location which Herbalife determines, in its sole and absolute discretion, is inconsistent with the “direct selling” model as described above.

No Distributor may (directly or indirectly through any person, means or device) sell or display the Company’s products, product-related literature or promotional items in a “Retail Location” (as defined above). Those locations are not conducive to personal interaction. They also act to divert future purchases by existing Herbalife customers from the Distributor whose efforts made them customers in the first place.

The Rules of Conduct and Distributor Policies, Rule 22-A Display in Retail and Other Establishments previously prohibited display, but did not mention the sale of Herbalife products in “Retail Locations”. This Rule is hereby changed to prohibit sales as well as display.

Sampling is permitted in most “Retail Locations”; however, it is not permitted in swap meets, flea markets, open-air markets, or on street/vendor carts.

### **Distributor Offices and Nutrition Clubs**

Nutrition Clubs are residential or business locations at which social gatherings occur, bringing together persons who become members wishing to focus on good nutrition. Although Herbalife product may be provided (sampling and sales) at these locations, they are not and may not be operated as restaurants or carry-out establishments.

Distributor Offices are residential or business locations in which Distributors hold organizational and business meetings and trainings. Sometimes, Nutrition Clubs are operated in Distributor Offices.

Both Nutrition Clubs and Distributor Offices provide products and services to persons who have been personally invited. This is in contrast to “Retail Locations” (as defined above) which attract the general public for the purpose of making a purchase from a seller.

**Signage:** The Rules restrict any exterior signage or interior signage that is visible from the exterior that would indicate to passersby that Herbalife products are available inside. A Nutrition Club or an Office may post a sign identifying itself, but that signage is subject to the following restrictions:

- Must ensure that the location is not perceived as a store, restaurant, franchise or other “Retail Location”.
- Must not invite passersby to purchase product.

- Must meet Herbalife’s then current published standards which can be found in the Nutrition Club section of Herbalife’s Career Book, or by accessing the Nutrition Club Rules on Herbalife’s official website at MyHerbalife.com.

Signs may not advertise services offered as part of a Nutrition Club (for example, Herbalife product available, Weight Loss Challenge – etc.). This is because they may attract passersby who are participating in similar programs offered by other Distributors or discourage other Distributors from offering such programs because they believe they cannot compete.

Examples of Signage	
Do’s	Don’ts
Angela’s Wellness Center	Angela’s Shake Café
Healthy Lifestyle’s Club	Healthy Nutrition Bar
The Feel Good Zone	Herbalife Weight Loss Shop

No two commercial locations may have identical or substantially similar names or signage within a (100) mile radius. This would include anything visible from the exterior that might suggest that the location is a franchise.

Exterior signage is not permitted at home locations.

**Display:** Likewise, products, product-related literature or promotional items may not be displayed in a Nutrition Club or office in a manner that is visible from the exterior of the location. An official Herbalife product catalog may be made available, but product pricing may not be posted.

**Service Establishments**

Sales of Herbalife-packaged product and sampling are permissible in service establishments (such as, but not limited to, beauty and barber shops, gyms and health clubs). This is because it is unlikely someone would be attracted to such locations for the purpose of buying products. However, product, product-related literature or promotional items may not be on display as it may attract the attention of persons who are there for other purposes.

**Trade Fairs, Athletic and Community Events**

Sampling, and display of product are permissible at trade fairs, athletic and other community events. Such activities are permitted at these locations because the primary purpose of such events is not for the public to make product purchases. Therefore, existing retail customers are not diverted from the Distributors from whom they normally purchase product.

Branded banners, table skirts, flags, and tents that are approved for use in association with sampling are available for download at MyHerbalife.com.

**Swap Meets, Flea Markets, Open-air Markets, Street/Vendor Carts**

Distributors may not sell, sample, or display Herbalife products at swap meets, flea markets, open-air markets, street/vendor carts or similar locations/events.

**Sampling**

Sampling of Herbalife products is permissible at any of the following locations; “Retail Locations” kiosks, booths in malls and outlets, Nutrition Clubs, Distributor offices, service establishments, trade fairs, athletic and community events. It is the Distributor’s responsibility to obtain written consents from property owners, event organizers, and any other persons whose permission is required to conduct sampling activities.

No activity, including sampling, is allowed in swap meets, flea markets, open air markets, street/vendor carts, or similar locations/events, or other locations that Herbalife determines are not consistent with “direct selling” or are not conducive to the brand image of Herbalife.

Branded banners, table skirts, flags, and tents approved for use in association with sampling are available at MyHerbalife.com.

**Summary**

Distributors must review Herbalife’s Rules of Conduct & Distributor Policies, Supplemental Rules, and Nutrition Club Rules on a regular basis to ensure that they understand and are in full compliance. Compliance with these Rules and this Advisory will help to preserve and protect Herbalife’s sole and exclusive business, which is direct selling. For your quick reference, the table that follows summarizes the main points in this Advisory.

**Effective Date**

The effective date of any Rules changes will be the date set forth when the text of the revised rule is released, generally no sooner than 30 days from publication.

**Direct Sales Advisory - Do’s and Don’ts at a Glance**

	<b>Display</b>	<b>Sales</b>	<b>Promotion or Advertising of Sales</b>	<b>Exterior Signs</b>	<b>Sampling and Branded Materials</b>
<b>Retail Locations</b>	No	No	No	No	Yes
<b>*Temporary Kiosks, Booths in Malls and Outlets</b>	No	No	No	No	Yes
<b>Swap Meets, Flea Markets, Open-air Markets, Street/Vendor Carts</b>	No	No	No	No	No
<b>Distributor Offices</b>	Yes <sup>1</sup>	Yes	No	Yes <sup>2</sup>	Yes
<b>Nutrition Clubs (commercial locations)</b>	Yes <sup>1</sup>	Yes	No	Yes <sup>2</sup>	Yes
<b>Nutrition Clubs (home locations)</b>	Yes <sup>1</sup>	Yes	No	No	Yes
<b>Service Establishments</b>	No	Yes	No	No	Yes
<b>Trade Fairs, Athletic &amp; Community Events</b>	Yes	No	No	Yes <sup>3</sup>	Yes

**NOTE:** In addition to what has been stated within this Advisory, please also refer to Herbalife’s most current Rules of Conduct & Distributor Policies, Supplemental Rules and Nutrition Club Rules available on MyHerbalife.com or through Distributor Services upon request.

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\* Temporary is defined as occasionally present, not permanent. Permanent locations are not permitted.

<sup>1</sup> Not visible from the exterior

<sup>2</sup> Subject to limitations as to content

<sup>3</sup> Allowed for booth identification. Subject to limitations as to content