

Loyal Customer Program Distributor FAQ

Q1: What is the Loyal Customer Program?

A1: It is a rewards program that provides additional incentives to your retail customers.

Q2: When is the Loyal Customer Program launching?

A2: The program launched on February 15, 2017.

Q3: What are the key customer benefits?

A3: The following are the key benefits for customers:

- No cost to join
- Simple online enrollment
- Customers earn points for consistently purchasing products and engaging in healthy activities
- Customers have fun and earn rewards for staying on track with their goals
- Customers have access to the program's portal, including:
 - 24/7 online ordering with their Herbalife Independent Distributor
 - Tracking their progress toward reward levels
 - Nutrition education, including meal plans and healthy meal options
 - Shake videos
 - Exercise videos based on their fitness level to target their goals
- In exchange, the customer agrees to work directly with their Distributor for a period of 30 days, so the Distributor can understand the customer's nutrition, wellness and other goals. During that 30-day period, the customer may not enroll in the Loyal Customer Program with a different Distributor, and Distributors cannot sign up the customer as a Preferred Member or Distributor.

Q4: What are the key Distributor benefits?

A4: The following are the key benefits for Distributors:

- Easy to set up and get started
- Potential for Retail Profit from customers as Distributors build their business and advance in the Herbalife Sales & Marketing Plan
- Build your relationship with your new customers for 30 days, or longer
- Other Distributors cannot sign your customer up as a Distributor or Preferred Member while the customer is signed up with you in the Loyal Customer Program
- More time to get results for your customer, build the relationship and generate referrals, which all can create more Documented Volume
- Generate Documented Volume when you and your downline Distributors place orders and submit valid receipts to count toward Product Points in the program.

Q5: As a Distributor, how do I opt in to the Loyal Customer Program?

A5: It is a simple, four-step process:

1. Go to the Customers section of MyHerbalife.com
 - Click "Loyal Customer Program" to learn about and activate the program
2. Choose if you will offer Activity Rewards or only Product Rewards
 - If offering Activity Rewards, choose which activities you want your customers to engage in
3. Then choose the rewards you will offer
4. Review and finalize

You can access a short video on MyHerbalife.com that takes you through this step-by-step process.

Q6: How does the Loyal Customer Program work?

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A6: There are two ways to earn rewards, Product Points and Activity Points. **Distributors choose whether they wish to offer Activity Points to their customers.** Note: The points from these two separate pathways are not combined.

1. **Product Points** – Product Points are fulfilled by the company
 - Product Points = Volume Points
 - 100 Product Points accumulated per month for two consecutive months qualifies the customer for the first Product Reward
 - 100 Product Points accumulated per month for three consecutive months qualifies the customer for the next Product Reward
 - 100 Product Points accumulated per month for four consecutive months qualifies the customer for the final Product Reward

2. **Activity Points** – Offering Activity Rewards is completely optional for Distributors
 - These rewards are paid for and fulfilled by the Distributor
 - Activity Points that a Loyal Customer accumulates are based on activities that each Distributor chooses from a preset list of activities
 - Once you go through the setup process, you'll be able to choose from the list of activities
 - We recommend that you start with four to five activities to offer, track and reward on when your customers complete those activities

A few examples of activities are listed below:

- Attend a Nutrition Club five days in a row 5 points
- Complete a wellness profile with their Wellness Coach and set goals 5 points
- Create a meal plan with their Wellness Coach 5 points
- Post a photo (maximum of one per week)* 5 points (once per week)
 - Photos could include:*
 - Favorite part of their workout
 - The Product Reward (e.g., shaker cup) they just received
 - A photo of their results/progress
 - Their favorite recipe or a new recipe
- Attend a fitness activity 5 points
- Bring a friend or family member to their local Nutrition Club 10 points
- Bring a friend to participate in a challenge or fitness activity 10 points
- Attend two or more workouts this week 5 points
- Complete their meal prep for the week 5 points
- Contact their Wellness Coach and update them on their nutrition program, including their weight and measurements 5 points
- Attend a local nutrition seminar 5 points
- Attend a Customer Appreciation Day event 5 points

* If you offer Activity Points to your customers in exchange for their posting a review or endorsement, you agree that you will instruct your customers to comply with the law on endorsements and testimonials in advertising. Specifically, you will instruct your customers that all customer endorsements must be: 1) truthful and not misleading, 2) must reflect your customers' honest opinions, 3) must be consistent with approved claims and use appropriate disclaimers (if required), and 4) must disclose any material connection between you and your customers in a clear and conspicuous manner.

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For example, if you award Activity Points for activities like posting a review of your Nutrition Club, you will instruct your customer that their post should look something like this: “I’m so grateful to have found Coach Mandy and her Nutrition Club. She has provided me with more support and guidance than I could have imagined and is helping me reach my goals. Please don’t hesitate to contact Mandy if you’re looking for a change. I received points in the Loyal Customer Program for my honest opinion of Mandy’s services.”

For additional information on endorsements and testimonials in advertising, please review the FTC’s Endorsement Guides available on ftc.gov.

Q7: How many rewardable tiers are available for Activity Rewards?

A7: There are four tiers:

- Tier 1 - Accumulate 25 Activity Points
- Tier 2 - Accumulate 25 Activity Points more (50 points total)
- Tier 3 - Accumulate 25 Activity Points more (75 points total)
- Tier 4 - Accumulate 25 Activity Points more (100 points total)

Q8: How many rewardable tiers are available for Products Rewards?

A8: There are three tiers:

- 100 Product Points accumulated per month for two consecutive months qualifies the customer for the first Product Reward
- 100 Products Points accumulated per month for three consecutive months qualifies the customer for the next Product Reward
- 100 Products Points accumulated per month for four consecutive months qualifies the customer for the final Product Reward

Q9: If a customer qualifies for their first reward, do they start over or do they continue earning points toward rewards?

A9: They will continue to earn points toward rewards. As long as the customer accumulates 100 Product Points per month in consecutive months, they will continue earning rewards up to their final reward after four consecutive months. They only have to start over if they do not earn sufficient points in a month.

Q10: Is this program only open to new customers?

A10: The Loyal Customer Program is open to all retail customers. However, the program is not available for Preferred Members or Charter Preferred Members.

Q11: What are Product Points for Distributors?

A11: We chose the term “Product Points” since it is more relevant to consumers who are trying to accumulate points, based on the product purchases. Product Points are equal to Volume Points.

Q12: Do the Activity Rewards carry Volume Points?

A12: No, they do not carry Volume Points.

Q13: What is the Loyalty Period?

A13: A new Loyal Customer commits to working with their Distributor for 30 days as part of the program, so the Distributor can understand the customer’s nutrition, wellness and other goals. The customer can extend their Loyalty Period for additional 30-day periods. During the 30-day Loyalty Period, no other Distributor can sign up that customer as a Distributor or Preferred Member, nor can they enroll that customer in the Loyal Customer program with another Distributor.

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Q14: How does a customer extend their Loyalty Period?

A14: The customer will receive an email notice 25 days after enrolling in the Loyal Customer Program indicating that their Loyalty Period is about to end and given the option to extend the Loyalty Period for an additional 30 days. The notice will provide an option for the customer to select and confirm that they want to extend the Loyalty Period.

Q15: Is there a limit on the amount of Activity Rewards that can be purchased by a Distributor?

A15: Yes. Activity Rewards are only intended to be used as part of the Loyal Customer Program. As such, we are limiting the amount of each item that can be purchased by Distributors. We have started with a limit of 10 rewards per Distributor, per each seven-day period and will adjust it up or down as needed.

Q16: My customer just contacted me and says their reward arrived damaged?

A16: Please let your customer know we will replace it immediately. Please call Member Services and provide your customer's details. Member Services will then send out a prepaid shipping envelope to have the damaged item returned at no cost to you, or your customer. Once we receive the damaged item, Herbalife will send out a replacement reward.

Q17: What happens if my customer preselected a reward but now it is no longer available?

A17: Your customer will be prompted to choose an alternate reward.

Q18: Who is able to purchase Activity Rewards?

A18: Only Distributors who have activated the activity program for their customers are able to purchase Activity Rewards.

Q19: If my Loyal Customer becomes a Preferred Member, does he/she continue to earn points?

A19: No, the Loyal Customer Program is only open to retail customers. However, Preferred Members have the opportunity to earn Points toward higher discount levels.

Q20: Can I offer Activity Points to Preferred Members?

A20: Activity Points and Activity Rewards are exclusive to the Loyal Customer Program. We do not allow Distributors to offer Activity Points or Activity Rewards to Preferred Members, downline Distributors or retail customers not enrolled in the program.

Q21: Do customer direct orders count toward Product Rewards?

A21: Yes, customer direct orders count. In fact, any order that is supported by a valid receipt counts toward Product Points.

Q22: If I place a customer direct order but I did not include the email address of my customer, will the order still count toward their Product Points?

A22: Yes. However, to ensure your customers get Product Points for each of their orders in a timely manner, we ask you to include their email address at the time the order is placed. We also ask you to ensure the email is the same email address they used to enroll in the program.

Q23: I do not have the auto-fulfill option set up on my GoHerbalife.com site. Can I pre-order Product Rewards to fulfill product orders and Product Rewards from my own inventory?

A23: No, Product Rewards can only be fulfilled by orders shipped directly from the company. You'll need to have your customer order via your GoHerbalife site, or place a customer direct order.

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Q24: My customer qualified for a Product Reward, but the order was lost (or returned to the shipper). What happens next?

A24: We will make sure we include the Product Reward when reshipping this order.

Q25: My customer qualified for an Activity Reward. How do they redeem the reward?

A25: First, your customer must select which reward they would like to receive. Then, you have two choices. You can place a customer direct order for your customer, add the reward SKU to the order and have it shipped together with their order. Or you can include the reward in a personal consumption or inventory order and ship it to yourself. You can then deliver the reward in person.

Q26: What order purpose should I use when placing Activity Rewards?

A26: You can use any order purpose.

Q27: Can I buy rewards for my own personal use?

A27: No, these rewards are exclusive to the Loyal Customer Program and cannot be purchased for personal use, nor can they be purchased for other promotions or recognition that you may use with your customers or downline Distributors.

Q28: If a customer received a reward with their product order and wants to later return the product (per the 30-day refund policy), can the customer keep the reward?

A28: Yes.

Q29: Do we accept exchanges on rewards?

A29: No, we do not unless the reward arrives damaged.

Q30: I am not a U.S. Distributor but I have a U.S. GoHerbalife site. Can I opt in to the Loyal Customer Program?

A30: No, the program is only available to U.S. and Puerto Rico Distributors.

Q31: If an Activity Reward is added to a GoHerbalife order and funds are taken from the order profit, can this cause my receipt to become unprofitable?

Example: The order has a \$3 profit and the reward costs \$4. Will the receipt generate as an unprofitable order?

A31: No, because we do not allocate Volume Points or pay earnings on these rewards. The cost of these items does not affect the profitability of an order.

Q32: Do Activity Rewards cause the shipping and taxes to go up for the customer?

A32: No, there is no tax associated with a free product and no tax associated with the shipping of a free product.

Q33: Does adding an Activity Reward to a customer order cause shipping and taxes to increase for the Distributor?

A33: The Distributor is charged shipping, handling and tax based on the retail value of the Activity Reward.

Q34: My customer returned a product order. Are those Product Points associated with this order removed from the customer's account?

A34: Yes, once the receipt is voided for the order, the Product Points will be automatically cancelled.

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Q35: Are the Product Rewards based on accumulating points during a 30-day time period or a calendar month?

A35: The point accumulation is based on a calendar month.

Q36: Are the Product Points allocated when the customer places the order or when I fulfill it and create a customer receipt?

A36: If it is a GoHerbalife or customer direct order, or if you use the Herbalife Point of Sale app to process the order, the points are allocated when the order is complete and confirmed for shipment. For all other orders, the points are allocated once we receive and process a valid receipt for that order.

Q37: Do consumptions purchased through the Herbalife Point of Sale (POS) app count toward Product Rewards?

A37: Yes.

Q38: If a customer comes to my Nutrition Club and purchases a membership, do they get points for that? And if so, are the points the dollar value of the membership or the Volume Points?

A38: Yes, customers can earn Product Points when they purchase a membership at your Nutrition Club. The Product Points are equal to the Volume Points associated with the products included in that Membership.

Q39: If I submit a paper receipt, does that count toward Product Points? Is the customer's email mandatory?

A39: Yes, it counts toward Product Points. The customer's email address must be included in the receipt, so we can ensure we connect that order back to your customer's account.

Q40: If a customer ordered last night and they signed up for the Loyal Customer program today, is there a way for that order to count toward their rewards?

A40: Unfortunately no. They must be enrolled in the Loyal Customer program to be able to accumulate Product Points. However, this is a common request, so we may add this ability in the future.

Q41: Can a customer who only purchases Outer Nutrition products enroll?

A41: Yes, purchasing Outer Nutrition products will also count toward Product Points in the Loyal Customer Program.

Q42: Can I post this program on social media to promote to my customers?

A42: No. This program should only be promoted directly to your customers and prospects who are ready to get started with the program. We do not want the Program to be promoted to the general public or potentially to other Distributors' customers.

Q43: Do customers have to first enroll on GoHerbalife to participate in the Loyal Customer program?

A43: Yes, they must first register on their Distributor's GoHerbalife site, and then they can easily enroll in the Loyal Customer Program.

Q44: Can I enroll my customers in the Loyal Customer Program?

A44: No, customers must enroll themselves.