



## Advisory/Rule Update: – March 8, 2010

For the reasons stated below, in 2009 Herbalife introduced a Price Advertising Rule in the US, which we are updating at this time to include additional provisions which make it a requirement for websites that reflect pricing information to be accessible to the general public ONLY via the use of passwords.

Direct selling is about personal relationships and product expertise, and the value these provide to consumers. Herbalife's Rules exist, in part, to protect our exclusive direct sales channel by enhancing our Distributors' ability to establish and maintain strong, personal relationships with existing and potential customers. It is through their relationships with customers and personally-sponsored downline that Distributors help them achieve results, inspire others to do the same, and ensure the highest levels of customer satisfaction. Success with Herbalife products or the business opportunity is only achieved through follow-up, expertise and personal service; in other words through the dedication and professionalism of our Distributors.

Below is the updated "Price Advertising Rule". The password protection provisions become effective in the United States 30 days from the publication of this notice (April 8, 2010). This Rule will be updated in the US Career Book upon our next reprint.

### **Rule 24-C Price Advertising**

Herbalife Distributors are independent businesspersons and may sell Herbalife products, Herbalife-produced literature, and promotional items at any price they choose. It is prohibited, however, to advertise prices or pricing information such as "special offer," "\_\_\_%off," "free shipping" or "special discounts" to the GENERAL public (i.e., persons who have not had prior personal contact, related to Herbalife products or opportunity, with the Distributor placing the advertisement)..

Distributors may advertise prices and pricing information to existing customers, downline, and potential new customers who have made direct, personal contact and indicated an interest in purchasing, subject to Herbalife's other Rules.

The price advertising restriction applies to branded and unbranded advertising and to all forms of media, including, but not limited to, television, radio, telephone, Internet, newspapers, magazines, flyers, leaflets, handbills, pull-tabs and all forms of signage.

Materials of any kind, whether produced by Herbalife or by a Distributor, that indicate Herbalife's suggested retail prices may not be provided or shown to persons who have not had prior personal contact with the Distributor in connection with the Herbalife product or opportunity. In addition, Distributors may not modify Herbalife-produced literature or material which in its original form features suggested retail prices, including relevant pages of the Company's website.

### **E-COMMERCE:**

Independent Distributors who operate personal websites may advertise product prices or pricing information only on the pages that are password protected. That is, in order to view prices or pricing information a consumer must first input a password or access code that is obtained from the Distributor through a personal interaction, whether by email, telephone or in-person.

DS selling through public ecommerce sites not otherwise prohibited by the Rules of Conduct may advertise products for sale, however pricing and price related information may not be displayed except as otherwise permitted by this Rule 24-C.

Pages which are not password-protected (or third party e-commerce sites) may feature the following live hyperlink related to prices/purchasing:

- ["FOR PRICING INFORMATION OR TO INITIATE AND COMPLETE A PURCHASE CLICK HERE"](#).

The above link may only direct consumers to a page or screen that indicates the Distributor's contact information (name, email address and/or telephone number) for consumers to obtain pricing information or a password (if prices appear on the website) directly from the Distributor.

As an alternative to listing prices (which requires password protection), Distributors with personal web sites may include a live hyperlink to the Herbalife corporate web site for the US as follows:

- “FOR INFORMATION ABOUT HERBALIFE, ITS PRODUCTS, AND ITS OPPORTUNITY, INCLUDING SUGGESTED PRICES, PLEASE VISIT THE COMPANY’S WEB SITE AT MYHERBALIFE.COM”

Prices and pricing information may not be advertised by any other means or on any other websites, including, but not limited to:

- Email (where there is no preexisting business or personal relationship - including email sent to handheld devices);
- Banner ads anywhere on the Internet;
- Popup ads anywhere on the Internet;
- “Sponsored search results” or “sponsored ads” anywhere on the Internet;
- On social networking sites that allow public viewing, including, but not limited to, MySpace or Facebook;
- On any blog or public message boards

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