SECTION 3 - WEIGHT LOSS CHALLENGE RULES AND AGREEMENT

Introduction

It is noteworthy that these Weight Loss Challenge Rules have the same force and effect as the full body of Herbalife’s Rules of Conduct & Distributor Policies (including the UK Supplemental Rules of Conduct and Nutrition Club Rules). Violations of any Herbalife Rule or Distributor Policy can result in disciplinary action, up to and including suspension or termination of Distributorships. Violations of these Rules can result in Distributors being denied the ability to operate Weight Loss Challenges. The Weight Loss Challenge Participation Agreement which is attached is required by these Rules. The Rules of Conduct & Distributor Policies (the UK Supplemental Rules of Conduct and Nutrition Club Rules) are included in the International Business Pack (“IBP”) and may also be obtained online at uk.MyHerbalife.com, or upon request from Distributor Services at 08450 560606. Where available, Weight Loss Challenge Manuals may also contain the Weight Loss Challenge Rules and Participation Agreement.

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RULES AND GUIDELINES

The Weight Loss Challenge Rules and Guidelines set forth below have the force and effect of, and are in addition to, Herbalife’s other Rules, including the Rules of Conduct and Distributor Policies, the UK Supplemental Rules and the Herbalife Nutrition Club® Rules.

Non-italicized content represents the Rule itself and is mandatory. Italicized content represents “best practices” and/or further details.

1. Maximum Number of Participants

Each Weight Loss Challenge (“Challenge”) is limited to a maximum of 40 participants. We recommend that you have 20 to 30 participants per Challenge. Keep in mind that a Challenge may include as few as 3 and up to the maximum of 40 participants. For example, if you have 120 people ready to start their Challenge today, you must start 3 or more separate Challenges in order to comply with this Rule. We also recommend that an Independent Distributor be assigned as a personal coach to every 12 to 15 participants.

2. Permissible Fees

Participation Fee: Participation fees may not be used to generate a profit and, under no circumstance, may they exceed £40. Although £40 is a maximum fee the actual participation fee should be set based on overall costs incurred and number of participants. In general it would be expected that clubs should be able to operate for a fee of £35 or below.

Weight-Gain Fee: Distributors may charge a weight-gain fee of £1 per pound for weight gained since a participant’s last recorded weigh-in.

Absence Fee: Distributors may charge an absence fee of £3 for each absence from a weekly meeting. One (1) absence is allowed without penalty.

The only permissible action for non-payment of weight-gain and absence fees is disqualification from the Challenge; Distributors may not otherwise press or pursue participants (or former participants) for payment.

3. Maximum Payout

First-prize payout for each Challenge may not exceed £400.

There are 2 reasons for this maximum payout amount:

• Participants should be driven by the results they will achieve, with the “extra” benefit of possibly winning money.

• Larger funds could encourage participants to engage in unhealthy or excessive weight loss and exercise practices; therefore, we dictate this reasonable maximum prize amount.
4. Duration
Each Challenge must run for a minimum of 6 weeks.

- We recommend that each Challenge runs for 12 weeks. This allows the participants to better reach their goals during the course of the Challenge.
- The Weight Loss Challenge Manual, uk.MyHerbalife.com support materials, and Herbalife’s Weight Loss Challenge website for participants (www.myweightlosschallenge.com/distributor/login) are based on a 12-week program.

5. Weekly Meetings
Weekly meetings are a required element of any Challenge. They may be conducted in any suitable location or online.

Meetings should include a weekly weigh-in, discussion of the participants’ progress, educational talks by the Distributor(s)/coach(es), and formulation of a plan and/or goal for the coming week.

6. Recommending Herbalife® Products
Distributors may always recommend, promote and educate on Herbalife® products, but may not require that the products be purchased or consumed as part of a Challenge.

7. Refunding the participation
The participation fee must be fully refunded if requested by the participant within the first 48 hours of the Challenge start date. Refunds requested more than 48 hours after the Challenge commences may be granted at the discretion of the responsible Distributor(s).

8. Advertising
Herbalife creates a variety of finished ads for the Weight Loss Challenge. These tools can be found at uk.MyHerbalife.com. Distributor-created ads must be compliant with all Herbalife Rules, including the Rules of Conduct and Distributor Policies, the U.K. Supplemental Rules and (where appropriate) the Herbalife® Nutrition Club Rules as well as the laws governing the advertisement of weight loss products and claims in the UK.

When advertising a Weight Loss Challenge, Distributors may include their name and phone number in the ad. If the Challenge is to take place at a Nutrition Club, the ad may include the name of the Nutrition Club, name of the Club operator, and the Club's phone number; however, Distributors may only provide the address for the Challenge through personal interaction, not through the advertisement.

In addition, ads for a Weight Loss Challenge may not state or imply that persons will receive money for the mere act of participating in a Challenge. Only 4 participants in each Challenge actually receive cash payouts. Ads may state or imply that persons who win the Challenge can earn money for doing so.

Examples of Acceptable Ad Statements:
- “Weight Loss Challenge winners can earn pounds for losing pounds!”
- “Challenge winners can earn cash to lose weight!”

Examples of Unacceptable Ad Statements
- “Earn pounds for losing pounds!”
- “We pay you to lose weight!”

9. Required Participation Agreement
Every participant must review and sign a Participation Agreement, which must be kept on file by the Distributor(s) for at least 1 year from signing and produced to Herbalife upon request.

The Participation Agreement form is provided for your use at the end of the Weight Loss Challenge Rules and Agreement.

10. Minimum Age
The minimum age for participation in a Weight Loss Challenge is 18. Persons below that age may not participate.
Weight Loss Challenge Participation Agreement

Thank you for your interest in the Weight Loss Challenge! Through the Challenge, Herbalife Independent Distributors (also known as “coaches”) are able to help participants work toward their weight-loss goals and improve their overall wellness. We want you to have a great time as you have fun and meet new friends at our Weight Loss Challenge. Remember that any reasonable diet or weight-management program includes exercise and sensible meals, and it’s always a good idea to consult your primary physician before starting an exercise or weight-management program.

The coach(es) responsible for this Challenge:

Name(s): ______________________________________________________________________________________________

Contact Information: _____________________________________________________________________________________

Please read this document carefully and sign it to confirm that you understand all of the general terms of the Weight Loss Challenge.

- In return for your Participation Fee of £ _____ and upon signing this document, you are entitled to participate in the Weight Loss Challenge identified below and you will be eligible for the various prizes and/or payouts which are awarded upon its conclusion. You will also attend weekly weigh-ins where you will have the opportunity to ask questions, receive coaching and education.
- This Weight Loss Challenge begins the week of _______/______, 20____ and ends the week of _______/______, 20____.
- Coaches are independent businesspersons; they are solely and exclusively responsible for the operation and details of each Weight Loss Challenge.
- The purchase or consumption of Herbalife products in conjunction with your participation is recommended, but not required.
- Herbalife products are not medicinal; they are not intended to diagnose, treat or cure any disease or medical condition, but they can be help ensure good nutrition while managing weight and individuals may experience overall health and wellness benefits as a result of good nutrition and healthy weight.
- Weight Loss Challenge’s is primarily a social and educational event designed to assist you in improving your lifestyle and overall well being; the contest aspect of the Challenge is secondary and you agree that you will not put your health at risk in order to win the competition.
- The Participation Fee of £ _____ covers all prizes payouts, plus minimal operational costs.
- The Weight-Gain Fee is £ 1 per pound for weight gained since the last recorded weigh-in.
- The Absence Fee is £ 3 for each absence. One (1) absence is allowed without penalty.
- The Participation Fee is fully refundable if requested by the participant within the first 48 hours of the Challenge start date.
- Weight-Loss Payouts are paid to the top 3 weight losers as follows:
  - 1st Place: 50 percent will be paid to the person who has lost the greatest percentage of his/her body weight by the end of the Challenge.
  - 2nd Place: 30 percent will be paid to the person who has lost the next greatest percentage of his/her body weight by the end of the Challenge.
  - 3rd Place: 20 percent will be paid to the person who has lost the next greatest percentage of his/her body weight by the end of the Challenge.
- An inches Payout is paid to the participant who loses the most inches and is not also a top 3 weight loser; this winner receives all money collected from Weight-Gain and Absence Fees.
- You agree that the Distributor(s) listed above are the sole arbiters of the prize winners for your Challenge and that their decisions are not subject to dispute or right of appeal.
- If, after reading this document, you have any further questions about the Weight Loss Challenge, do not hesitate to ask the coach(es) listed in this Agreement.
- As a participant, you should communicate regularly and fully about your progress and never hesitate to ask questions, so you can receive the appropriate advice and coaching.
  - You must be at least 18 years of age to enter a Weight Loss Challenge.

I, ______________________________________________________________, have reviewed and agree to all of the above.

(PRINT NAME)

Signature: __________________________________________________________ Date: _________/_________/_________

Address: _____________________________________________________________________________________________

City: ____________________________________________________________________ Postcode: __________________

Phone: __________________________

Email: ________________________________________________________________________________________________

How did you hear about this Challenge? (please check)

☐ Prior participant ☐ Referred by a friend (name): _____________________________________________

☐ Newspaper ad ☐ Postcard (color of postcard or name listed): _____________________________

Other: _______________________________________________________________________________