

To: All President's Team Members

Subject: Lead Generation Systems

From: F. X. Tirelli

I hope this letter finds you and your loved ones in the best of health in this holiday season. It has been approximately two months since I was named President and CEO of Herbalife. I wanted to let you know that today my enthusiasm for the prospects of Herbalife are even greater than the very high expectations I had upon the assumption of my position. I will be sending you under separate cover an update on some corporate changes that have been made and an outline of the strategic initiatives we will be embarking on during 2002.

One of our greatest opportunities is also one of our greatest risks. This opportunity is Lead Generation Systems (LGS). I have mentioned the Golden Triangle of success at every Distributor and Corporate event I have attended. That Golden Triangle consists of three sides of equal importance: 1) Distributors; 2) Products; and 3) Home Office. All three are equally dependent on the success of the others to make each successful. If any one side of the triangle falters the other side will collapse. However, together each side reinforces the other.

I firmly believe that Herbalife will not meet its true potential without taking advantage of 21st Century communication vehicles. Clearly the business has evolved since Mark founded Herbalife in 1980 and we must as an enterprise evolve with the times. Herbalife is committed to take full advantage of all the collective innovative and creative solutions in the marketplace with respect to Lead Generation Systems. However, we must insure we are doing this in an organized and team oriented fashion. I will be contacting each of you individually or in small groups to discuss this but I do want to give you the benefit of my thinking on LGS.

Lead Generation Systems should comply with all local, national and international regulations, and industry standards (including Herbalife standards). LGS should emphasize the efficacy and quality of the Herbalife products and wellness strategy. LGS should focus the business opportunity on those individuals that are devoted to and passionate about wellness, proper supplementation and nutrition. LGS should be an augment to the Herbalife mission and business and should not become more important economically than the Herbalife opportunity.

In order to accomplish the above Herbalife will be combining Distributor Business Ethics and Compliance into one group and adding the responsibility for lead generation systems to this department. This department will be responsible for reviewing all Lead Generation Systems so that they comply with the requirements that are established for such systems (similar to those described in the paragraph above). I would anticipate that this department will be functional by the end of January 2002.

In the interim I would like to insure that we are always maintaining the most prudent strategy on LGS. To that end I will be requesting the following guidelines be adhered to by all our Distributors effective January 1, 2002:

1. All LGS should be reviewed by Herbalife to insure compliance with legal regulations, industry standards and Herbalife standards. We will be looking to get to "yes" on all LGS. Each country that the LGS will be used in will also be reviewed by Herbalife for approval. If any problems develop I will be personally involved in all decisions. I am committed to the innovative and creative use of LGS;
2. All LGS should emphasize the efficacy and quality of the Herbalife products and wellness strategy. I would define this to mean that approximately 50% of the system should be focused in this arena;
3. All LGS should focus the business opportunity to those devoted to and who will become passionate about Herbalife's mission to wellness, proper nutrition and supplementation;
4. All LGS should augment the Herbalife mission and business and should not become more important economically than the Herbalife opportunity; and
5. All LGS should stay within the respective Chairman's Club lineage. More specifically LGS systems should not cross Chairman's Club lineage. For example, if Chairman Club member #1 has a LGS before such system could be offered to someone in Chairman's Club member #2's lineage, Chairman's Club member #2 must agree to such. All past occurrences will be grandfathered (that is, accepted as is). Where there are multiple Chairman's Club members in the same lineage I will work with such members on an exception basis.

As I mentioned above I truly believe LGS represents one of our greatest opportunities but if not managed properly it could become our greatest risk. As always should you wish to discuss this or any other matter in more detail please call me in the office at 310-203-2427 or on my cell at 310-489-9109.

Be well.

FXT