

Sales Leader RE-QUALIFICATION AND RETENTION



SALES LEADERS STATISTICS (Excluding China)

	2018	2017
	(In Thousands)	
January 1 total sales leaders	535.7	572.9
January & February new sales leaders	25.0	26.8
Demoted sales leaders (did not re-qualify)	(148.6) ⁽¹⁾	(124.0) ⁽²⁾
Sales leaders converted to preferred members	(1.5)	(38.3)
Other sales leaders (resigned, etc.)	(0.8)	(2.0)
End of February total sales leaders	409.8	435.4⁽²⁾

SALES LEADERS RETENTION (Excluding China and Venezuela)⁽³⁾

	2018	2017
	(In Thousands)	
Sales leaders needed to re-qualify	408.6	379.0
Demoted sales leaders (did not re-qualify)	(148.6) ⁽¹⁾	(148.3) ⁽⁴⁾
Total re-qualified	260.0	230.7
Retention rate	63.6%	60.9%

NUMBER OF SALES LEADERS & SALES LEADERS RETENTION RATE

	2018	2017	2018	2017
	Sales Leaders (In Thousands)		Retention Rate	
North America	49.4	61.4	65.9%	74.8%
Mexico	71.7	75.0	66.3%	71.7%
South & Central America	66.3	73.4	59.0%	55.2%
EMEA	107.5	101.1	68.7%	62.2%
Asia Pacific (excluding China)	114.8	124.6	59.0%	49.7%
Total sales leaders (excluding China)	409.8	435.4	63.6%	60.9%
China	76.6	47.2		
Worldwide total sales leaders	486.4	482.6		

- For the twelve month re-qualification period ending January 2018, certain markets instituted a lower re-qualification threshold, and the figure of 63.6% includes the effect of the lower threshold. The retention rate for 2018, if calculated absent the lower threshold for those markets, would have been 59.7%. With new business requirements in place for U.S. and U.S. Territories, we introduced for 2018 a re-qualification equalization factor for U.S. Members to better align their re-qualification thresholds with Members in other countries. We believe this factor preserves retention rate comparability across markets and time periods. Excluding the impact of both the lower re-qualification thresholds and the equalization factor in the U.S. and U.S. Territories, the retention rate for 2018 would have been 58.6%.
- For 2017, demoted sales leaders excludes, and the end of February total sales leaders includes, approximately 10.0 thousand South Korea sales leaders who were demoted in March 2017 under a distinct program that granted our South Korea sales leaders one additional month to re-qualify.
- Venezuelan Members were excluded from retention figures for both years presented as sales leaders in the market were not required to requalify in 2018 due to product supply limitations, and 2017 retention figures are not comparable to other periods or markets due to revised requalification criteria used.
- The 60.9% retention rate calculation for February 2017 includes as demoted 20.3 thousand sales leaders who re-qualified, but under a pilot program for certain markets that has a lower re-qualification threshold, but excludes 6.0 thousand Venezuelan sales leaders who were demoted under revised criteria that are not comparable to prior periods or other markets. The retention rate for 2017 if calculated absent these adjustments would have been 65.5%.

This information should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2017 for further information on sales leader re-qualification and retention. Amounts may not total due to rounding.