

**STATEMENT OF AVERAGE GROSS COMPENSATION PAID BY HERBALIFE TO PHILIPPINES MEMBERS IN 2016**

People become Herbalife Members for a number of reasons. A substantial majority (73%)<sup>1</sup> join us primarily to receive a discounted price on products they and their families enjoy. Others wish to earn part-time money, wanting to give direct sales a try. They are encouraged by Herbalife's minimal start-up cost (at their option, a Mini Herbalife Member Pack [Mini HMP] at (PHP) 1,546.00, or full HMP at (PHP) 2,202.00,<sup>2</sup> plus applicable sales tax and shipping charge) and money-back guarantee.<sup>3</sup> There is no need to purchase large amounts of inventory or to purchase other materials. In fact, Herbalife's corporate policy discourages the purchase of sales aids, especially in the first few months of a Membership.

If you are someone who seeks to build a part-time or full-time income, we want you to have realistic expectations of the possible income you can earn. The Herbalife earnings opportunity is something like a gym membership: results vary with the time, energy and dedication you put into it. Anyone considering the Herbalife opportunity needs to understand the realities of direct selling. It is hard work. There is no shortcut to riches, no guarantee of success. However, for those who devote the time and energy to develop a stable base of customers and then mentor and train others to do the same, the opportunity for personal growth and an attractive part-time or full-time income exists.

**PROFIT ON YOUR OWN SALES:** One element of the income a Member can earn is the profit, after expenses, from the resale of Herbalife® products. Members decide for themselves the way they do the business, the number of days and hours they work, and the expenses they incur.

**MULTILEVEL COMPENSATION:** Some Members (27.1%) sponsor others to become Herbalife Members. In that way, they may seek to build and maintain their own downline sales organizations. They are not paid anything for sponsoring new Members. They are paid solely based on product sales to their downline Members for their own consumption or to sell to others. This multilevel compensation opportunity is detailed in Herbalife's Sales & Marketing Plan, which is online at [hrbl.me/enRP-SMP](http://hrbl.me/enRP-SMP).

**For the 9.1% of Herbalife Members who are Sales Leaders<sup>4</sup> with a downline, the average compensation received from the Company in 2016 was (PHP) 142,872. These amounts are before expenses incurred in the operation or promotion of their business.**

In the chart below, we summarize the economic benefits available to Herbalife Members in 2016. For 54,077 Members (88%), the economic benefits resulted exclusively from a discounted price on products they purchased for personal and family use or for resale to others, neither of which took the form of a payment from the Company.

The multilevel compensation paid to Members summarized below does not include expenses incurred by a Member in the operation or promotion of his or her business, which can vary widely and might include advertising or promotional expenses, product samples, training, rent, travel, telephone and internet costs, and miscellaneous expenses. The compensation summarized below is not necessarily representative of the compensation, if any, that any particular Member will receive. These figures should not be considered as guarantees or projections of your actual compensation or profits. Success with Herbalife results only from successful product sales efforts, which require hard work, diligence and leadership. Your success will depend upon how effectively you exercise these qualities.

Single-Level Members (No Downline)							
Economic Opportunity	Members*		The economic rewards for single-level Members are the wholesale pricing received on products for consumption by the Member and his or her family as well as the opportunity to retail product to non-Members. Neither of these rewards are payments made by the company and therefore are excluded from this chart.				
	Number	%					
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> </ul>	44,882	72.9%					
Non-Sales Leaders With a Downline							
Economic Opportunity	Members*		In addition to the economic rewards of the single-level Members above, which are not included in this chart, certain non-sales leaders with a downline may be eligible for payments from Herbalife for wholesale commissions on downline product purchases made directly with Herbalife.  2,679 of the 6,422 eligible Members earned such payments in 2016. The average total payments to the 2,679 Members was (PHP) 2,176.				
	Number	%					
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> <li>Wholesale profit on purchases by a downline Member</li> </ul>	11,083	18.0%					
Sales Leaders With a Downline							
Economic Opportunity	Members*		All Sales Leaders with a Downline				This chart includes all Commissions, Royalties and Bonuses paid by Herbalife. It does not include amounts earned by Members on their sales of Herbalife® products directly to others.
	Number	%	Average Payments From Herbalife (PHP)	Number of Members	% of Total Grouping	Average Gross Payments (PHP)	
<ul style="list-style-type: none"> <li>Wholesale price on product purchases</li> <li>Retail profit on sales to non-Members</li> <li>Wholesale profit on purchases by a downline Member</li> <li>Multi-level compensation on downline sales                             <ul style="list-style-type: none"> <li>Royalties</li> <li>Bonuses</li> </ul> </li> </ul>	align="center">5,633	align="center">9.1%	>1,000,000	129	2.3%	4,238,946	
			500,001-1,000,000	83	1.5%	669,027	
			250,001-500,000	141	2.5%	345,806	
			100,001-250,000	434	7.7%	158,251	
			25,001-100,000	1,207	21.4%	49,451	
			1-25,000	2,848	50.6%	8,890	
			0	791	14.0%	0	
Total	5,633	100.0%			142,872		

\*1,225 of the 44,882 single-level Members are Sales Leaders without a downline.

The majority of those Members who earned in excess of (PHP) 500,000 from Herbalife in 2016 had reached the level of Herbalife's President's Team. During 2016, one Filipino Member achieved the level of President's Team. They averaged 16 years as an Herbalife Member before reaching President's Team.

<sup>1</sup> 73%, based on a survey of former U.S. Members by Lieberman Research Worldwide, Inc. ("LRW") in January 2013, with a margin of error of +/- 3.7%.

<sup>2</sup> Prices quoted are for Philippines as of December 2016, and are subject to change. For current prices, see [opportunity.herbalife.com.ph](http://opportunity.herbalife.com.ph).

<sup>3</sup> If requested within 90 days for the return of the HMP and one year for the return of resalable inventory, upon leaving the business.

<sup>4</sup> Sales Leaders are Members who achieved the level of Supervisor or higher. See details on Herbalife's Sales & Marketing Plan at [hrbl.me/enRP-SMP](http://hrbl.me/enRP-SMP). 55.5% of Sales Leaders as of February 1, 2016, requalified by January 31, 2017 (including 42.7% of first time Sales Leaders).