

STATEMENT OF AVERAGE GROSS COMPENSATION PAID BY HERBALIFE NUTRITION TO HONG KONG MEMBERS IN 2018

People become Herbalife Nutrition Members for a number of reasons. A substantial majority (73%)¹ 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 Nutrition's minimal start-up cost (an Herbalife Nutrition Member Pack at (HKD) 362.00,² plus shipping charge) and money-back guarantee.³ There is no need to purchase large amounts of inventory or to purchase other materials. In fact, Herbalife Nutrition'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 Nutrition earnings opportunity is something like a gym membership: results vary with the time, energy and dedication you put into it. Anyone considering the Herbalife Nutrition 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 Nutrition products. Members decide for themselves the way they do the business, the number of days and hours they work, the expenses they incur and the prices they charge.

MULTILEVEL COMPENSATION: Some Members (21.4%) sponsor others to become Herbalife Nutrition 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 Nutrition's Sales & Marketing Plan, which is available online at hrbl.me/enHK-SMP.

For the 13.7% of Herbalife Nutrition Members who are Sales Leaders⁴ with a downline, the average compensation received from the Company in 2018 was (HKD) 72,954. 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 Nutrition Members in 2018. For 17,554 Members (84%), 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 Nutrition 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"> • Wholesale price on product purchases • Retail profit on sales to non-Members 	16,356	78.6%					
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 Nutrition for wholesale commissions on downline product purchases made directly with Herbalife Nutrition. 651 of the 1,273 eligible Members earned such payments in 2018. The average total payments to the 651 Members was (HKD) 633.				
	Number	%					
<ul style="list-style-type: none"> • Wholesale price on product purchases • Retail profit on sales to non-Members • Wholesale profit on purchases by a downline Member 	1,601	7.7%					
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 Nutrition. It does not include amounts earned by Members on their sales of Herbalife Nutrition products directly to others.
	Number	%	Average Payments From Herbalife Nutrition (HKD)	Number of Members	% of Total Grouping	Average Gross Payments (HKD)	
<ul style="list-style-type: none"> • Wholesale price on product purchases • Retail profit on sales to non-Members • Wholesale profit on purchases by a downline Member • Multilevel compensation on downline sales <ul style="list-style-type: none"> • Royalties • Bonuses 	2,840	13.7%	>1,000,000	37	1.3%	2,961,765	
			500,001-1,000,000	39	1.4%	708,575	
			250,001-500,000	55	1.9%	358,020	
			100,001-250,000	109	3.8%	164,370	
			25,001-100,000	401	14.1%	51,950	
			5,001-25,000	811	28.6%	11,383	
			1-5,000	1,140	40.1%	2,016	
			0	248	8.7%	0	
			Total	2,840	100.0%	72,954	

*2,088 of the 16,356 single-level Members are Sales Leaders without a downline.

The majority of those Members who earned in excess of (HKD) 500,000 from Herbalife Nutrition in 2018 had reached the level of Herbalife Nutrition's Millionaire Team. During 2018, five Hong Kong Members achieved the level of Millionaire Team. They averaged 12 years as an Herbalife Nutrition Member before reaching Millionaire Team, with the longest duration being 23 years and the shortest being less than three years.

¹ 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%.

² Prices quoted are for Hong Kong as of December 2018, and are subject to change. For current prices, see at <https://business.herbalife.com.hk>.

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

⁴ Sales Leaders are Members who achieved the level of Supervisor or higher. See details on Herbalife Nutrition's Sales & Marketing Plan at hrbl.me/enHK-SMP.

73.8% of Sales Leaders as of February 1, 2018, requalified by January 31, 2019 (including 59% of first time Sales Leaders).