

Herbalife Ltd.
Contribution Margin for certain Markets
(Dollars in Millions)

	<u>Three Months Ended</u> <u>September 30,</u> <u>2017</u>	<u>Nine Months Ended</u> <u>September 30,</u> <u>2017</u>
Contribution Margin: ⁽¹⁾		
United States	\$ 81.4	\$ 282.6
Mexico	41.9	120.8
China ⁽²⁾	184.0	595.8
Others	252.6	752.3
Total Contribution Margin	\$ 559.9	\$ 1,751.5
Selling, general and administrative expense ⁽²⁾	\$ 445.2	\$ 1,327.0
Other operating income ⁽³⁾	(4.6)	(43.5)
Interest expense, net	38.4	106.5
Other expense, net	—	—
Income before income taxes	80.9	361.5
Income taxes	26.4	84.2
Net Income	\$ 54.5	\$ 277.3

(1) Contribution Margin consists of net sales less cost of sales and royalty overrides. For China, contribution margin does not include service fees to China independent service providers. We present Contribution Margin for certain markets because management believes it provides additional information in evaluating our operating results in those markets. Contribution Margin should not be considered in isolation from or as a substitute for net income, cash flows from operating activities and other consolidated income or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States. Contribution Margin, as presented, may not be comparable to similarly titled measures reported by other companies.

(2) Service fees to China independent service providers totaling \$99.5 million and \$316.9 million for the three and nine months ended September 30, 2017, respectively, are included in selling, general and administrative expenses.

(3) Other Operating Income relates to China grant income.