

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

	<u>Three Months Ended</u>	<u>Twelve Months Ended</u>
	<u>December 31,</u>	<u>December 31,</u>
	<u>2017</u>	<u>2017</u>
Contribution Margin: ⁽¹⁾		
United States	\$ 80.3	\$ 362.9
Mexico	41.8	162.6
China ⁽²⁾	194.9	790.7
Others	256.4	1,008.7
Total Contribution Margin	\$ 573.4	\$ 2,324.9
Selling, general and administrative expense ⁽²⁾	\$ 431.6	\$ 1,758.6
Other operating income ⁽³⁾	(7.3)	(50.8)
Interest expense, net	39.8	146.3
Other expense, net ⁽⁴⁾	(0.4)	(0.4)
Income before income taxes	109.7	471.2
Income taxes	173.1	257.3
Net Income	\$ (63.4)	\$ 213.9

(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 \$102.6 million and \$419.5 million for the three and twelve months ended December 31, 2017, respectively, are included in selling, general and administrative expenses.

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

(4) Other expense, net relates to the gain on the revaluation of the contingent value rights provided to the participants of the modified Dutch auction tender offer that closed in October 2017.