

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018		2018	
Contribution Margin: ⁽¹⁾				
United States	\$	112.2	\$	208.0
Mexico		47.7		89.3
China ⁽²⁾		259.6		445.0
Others		280.8		557.7
Total Contribution Margin	\$	700.3	\$	1,300.0
Selling, general and administrative expense ⁽²⁾	\$	510.2	\$	970.3
Other operating income ⁽³⁾		(1.7)		(17.9)
Interest expense, net		44.3		84.2
Other expense, net ⁽⁴⁾		4.7		29.1
Income before income taxes		142.8		234.3
Income taxes		48.4		57.8
Net Income	\$	94.4	\$	176.5

(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 \$151.7 million and \$262.6 million for the three and six months ended June 30, 2018, respectively, are included in selling, general and administrative expenses.

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

(4) Other expense, net for the three months ended June 30, 2018 relates to the loss on the revaluation of the Contingent Value Rights (CVR) issued in connection with the October 2017 modified Dutch auction tender offer. Other expense, net for the six months ended June 30, 2018 relates to the loss on revaluation of CVR and the loss on the extinguishment of a portion of the 2.0% convertible senior notes due 2019 repurchased in March 2018.