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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

**CURRENT REPORT**

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Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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Date of Report (Date of earliest event reported): November 2, 2017

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**Herbalife Ltd.**

(Exact Name of Registrant as Specified in Charter)

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**Cayman Islands**  
(State or Other Jurisdiction  
of Incorporation)

**1-32381**  
(Commission  
File Number)

**98-0377871**  
(IRS Employer  
Identification No.)

**P.O. Box 309GT, Uglan House,  
South Church Street, Grand Cayman,  
Cayman Islands**  
(Address of Principal Executive Offices)

**KY1-1106**  
(Zip Code)

Registrant's telephone number, including area code: c/o (213) 745-0500

**Not Applicable**  
Former Name or Former Address, if Changed Since Last Report

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Condition.**

The following information is furnished pursuant to Item 2.02, Results of Operations and Financial Condition.

On November 2, 2017, Herbalife Ltd. (the “Company”) issued a press release announcing its financial results for its fiscal quarter ended September 30, 2017. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information contained in this Item 2.02 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

99.1 Press Release issued by Herbalife Ltd. on November 2, 2017

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Herbalife Ltd.

*November 2, 2017*

By: /s/ JOHN G. DESIMONE

Name: John G. DeSimone

Title: Chief Financial Officer

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**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description of Exhibit</u>
99.1	<a href="#">Press Release issued by Herbalife Ltd. on November 2, 2017</a>

**Herbalife Reports Third Quarter 2017 Results; Provides Initial Full Year 2018 Guidance**

- **Third quarter 2017 reported diluted EPS of \$0.66 and adjusted<sup>1</sup> diluted EPS of \$0.82**
- **Third quarter 2017 reported net sales of \$1.1 billion declined 3.3% on an as reported basis compared to the third quarter 2016**
- **Third quarter 2017 volume points of 1.3 billion declined 5.6% compared to the third quarter 2016**
- **FY '17 reported and adjusted<sup>1</sup> diluted EPS guidance narrowed to ranges of \$3.90 to \$4.10 and \$4.42 to \$4.62, respectively, from the previous ranges of \$3.80 to \$4.20 and \$4.30 to \$4.70, respectively**
- **Initial full year 2018 volume point guidance range of 2% to 6% growth and initial full year 2018 GAAP diluted and adjusted<sup>1</sup> diluted EPS guidance ranges of \$3.82 to \$4.22 and \$4.60 to \$5.00, respectively**
- **Since February 2017, the Company has repurchased a total of approximately \$757 million of common stock and has approximately \$743 million remaining under the current repurchase authorization**

LOS ANGELES--(BUSINESS WIRE)--November 2, 2017--Herbalife Ltd. (NYSE: HLF) reports results for the third quarter ended September 30, 2017.

"During this year of transition, we believe our performance has now stabilized and we are seeing improvements in trends," said Rich Goudis, CEO of Herbalife. "By continuing to implement our strategic plan, we expect to build on the improving trends and return to growth in 2018."

For the third quarter 2017, the company reported net sales of \$1.1 billion, which represents a decline of 3.3% and 4.0% on an as reported and constant currency basis, respectively, compared to the third quarter 2016.

Third quarter 2017 volume points of 1.3 billion declined 5.6% compared to the prior year period.

On a reported basis, third quarter 2017 net income was \$54.5 million, or \$0.66 per diluted share, compared to third quarter 2016 net income of \$87.7 million, or \$1.01 per diluted share.

Adjusted<sup>1</sup> earnings for the third quarter 2017 was \$0.82 per diluted share compared to \$1.21 per diluted share for the third quarter of 2016.

For the full year 2017, the company is narrowing its 2017 reported and adjusted<sup>1</sup> diluted EPS guidance to ranges of \$3.90 to \$4.10 and \$4.42 to \$4.62, respectively, from the previous ranges of \$3.80 to \$4.20 and \$4.30 to \$4.70, respectively.

For the full year 2018, the company is providing initial volume guidance in the range of 2% to 6% growth and initial full year 2018 GAAP diluted and adjusted<sup>1</sup> diluted EPS guidance in the range of \$3.82 to \$4.22 and \$4.60 to \$5.00, respectively.

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**Third Quarter 2017 Key Metrics<sup>2</sup>****Regional Volume Point Metrics**

Region	Volume Points (Mil)	
	3Q '17	Yr/Yr % Chg
North America	261.5	-16.1%
Asia Pacific	278.7	1.0%
EMEA	258.9	2.7%
Mexico	213.3	-9.0%
South & Central America	150.2	-6.8%
China	147.8	-3.5%
Worldwide Total	1,310.4	-5.6%

**Regional Net Sales and Foreign Exchange ("FX") Impact**

Region	Reported Net Sales		Growth/Decline	
		3Q '17 (mil)	including FX	excluding FX
North America	\$	199.8	-17.1%	-17.2%
Asia Pacific	\$	230.9	-0.2%	-0.5%
EMEA	\$	213.9	6.1%	2.0%
Mexico	\$	114.3	1.3%	-3.6%
South & Central America	\$	116.7	-3.6%	1.5%
China	\$	209.8	-2.1%	-2.0%
Worldwide Total	\$	1,085.4	-3.3%	-4.0%

## Outlook

Based on current business trends the company's fourth quarter 2017, full year 2017, and full year 2018 guidance are as follows:

	Three Months Ending December 31, 2017		Twelve Months Ending December 31, 2017	
	Low	High	Low	High
Volume Point Growth vs 2016	(4.0%)	1.0%	(4.2%)	(2.9%)
Net Sales Growth vs 2016	2.3%	7.3%	(1.9%)	(0.6%)
Diluted EPS (a)	\$ 0.64	\$ 0.84	\$ 3.90	\$ 4.10
Adjusted Diluted EPS (a) (b)	\$ 0.84	\$ 1.04	\$ 4.42	\$ 4.62
Cap Ex (\$ millions)	\$ 20.0	\$ 40.0	\$ 88.0	\$ 108.0
Effective Tax Rate (a)	30.0%	36.0%	24.4%	25.9%
Adjusted Effective Tax Rate (a) (b)	27.0%	33.0%	22.1%	23.6%
Currency Adjusted Net Sales Growth vs 2016	(0.7%)	4.3%	(2.1%)	(0.8%)
Currency Adjusted Diluted EPS	\$ 0.80	\$ 1.00	\$ 4.62	\$ 4.82
	Twelve Months Ending December 31, 2018			
	Low	High		
Volume Point Growth vs 2017	2.0%	6.0%		
Net Sales Growth vs 2017	5.5%	9.5%		
Diluted EPS (a)	\$ 3.82	\$ 4.22		
Adjusted Diluted EPS (a) (b)	\$ 4.60	\$ 5.00		
Cap Ex (\$ millions)	\$ 115.0	\$ 155.0		
Effective Tax Rate (a)	29.0%	33.0%		
Adjusted Effective Tax Rate (a) (b)	26.0%	30.0%		
Currency Adjusted Net Sales Growth vs 2017	4.3%	8.3%		
Currency Adjusted Diluted EPS	\$ 4.50	\$ 4.90		

(a) Excludes any future potential ongoing tax effects from the exercise of equity awards that could impact the company's tax rate due to the updated stock compensation accounting standard.

(b) Adjusted diluted EPS and adjusted effective tax rate, for the purposes of guidance, excludes the impact of expenses relating to challenges to the company's business model, the impact of non-cash interest costs associated with the company's convertible notes, benefits from future potential China grants, FTC settlement implementation and expenses related to regulatory inquiries, as applicable and detailed in Schedule A. See Schedule A – "Reconciliation of Non-GAAP Financial Measures" for a detailed reconciliation of adjusted diluted EPS to diluted EPS calculated in accordance with GAAP and a discussion of why the company believe these non-GAAP measures are useful.

With respect to guidance, the company cannot accurately predict the impact to its share base from any future repurchases in 2017 and 2018 that may be made under its share repurchase program and therefore the guidance table above excludes any impact thereof to EPS. Guidance includes the impact of the recently completed tender offer.

Guidance is based on the average daily exchange rates during the first two weeks of October.

Adjusted<sup>1</sup> diluted EPS guidance for the fourth quarter 2017 includes a projected currency benefit of approximately \$0.04 per diluted share versus the fourth quarter of 2016.

Full year 2017 adjusted<sup>1</sup> diluted EPS guidance includes a projected currency headwind of approximately \$0.20 per diluted share, compared to 2016, which is consistent with the headwind included in the updated guidance the company provided on August 1, 2017.

Full year 2018 adjusted<sup>1</sup> diluted EPS guidance includes a projected currency benefit of approximately \$0.10 per diluted share, compared to 2017.

### **Third Quarter 2017 Earnings Conference Call**

Herbalife senior management will host an investor conference call to discuss its recent financial results and provide an update on current business trends on Thursday, November 2, 2017, at 2:30 p.m. PT (5:30 p.m. ET).

The dial-in number for this conference call for domestic callers is (877) 317-1296, and (262) 320-2006 for international callers (conference ID 34074913). Live audio of the conference call will be simultaneously webcast in the investor relations section of the company's website at <http://ir.herbalife.com>.

An audio replay will be available following the completion of the conference call in MP3 format or by dialing (855) 859-2056 for domestic callers or (404) 537-3406 for international callers (conference ID 34074913). The webcast of the teleconference will be archived and available on Herbalife's website.

### **About Herbalife Ltd.**

Herbalife is a global nutrition company that has been changing people's lives with great products since 1980. Our nutrition, weight-management, energy and fitness and personal care products are available exclusively to and through dedicated Herbalife Independent Members in more than 90 countries. We are committed to fighting the worldwide problems of poor nutrition and obesity by offering high-quality products, one-on-one coaching with an Herbalife Member and a community that inspires customers to live a healthy, active life.

We support the Herbalife Family Foundation (HFF) and its Casa Herbalife programs to help bring good nutrition to children in need. We also sponsor more than 190 world-class athletes, teams and events around the globe, including Cristiano Ronaldo, the LA Galaxy and champions in many other sports.

The company has over 8,000 employees worldwide, and its shares are traded on the New York Stock Exchange (NYSE: HLF) with net sales of approximately \$4.5 billion in 2016. To learn more, visit [Herbalife.com](http://Herbalife.com) or [IAmHerbalife.com](http://IAmHerbalife.com).

The Herbalife Investor Relations website at <http://ir.herbalife.com> contains a significant amount of financial and other information about the company. The company encourages investors to visit its website from time to time, as information is updated and new information is posted.

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<sup>1</sup> Adjusted net income and adjusted diluted EPS are both non-GAAP measures and, for the purposes of reported results and guidance, exclude the impact of: expenses relating to challenges to the company's business model, recovery of re-audit expenses, the impact of non-cash interest costs associated with the company's convertible notes, expenses relating to FTC settlement implementation, China grant income, regulatory settlements and expenses related to regulatory inquiries, as applicable and detailed in Schedule A. See Schedule A – "Reconciliation of Non-GAAP Financial Measures" for a detailed reconciliation of adjusted net income to net income calculated in accordance with GAAP and a reconciliation of adjusted diluted EPS to diluted EPS calculated in accordance with GAAP and a discussion of why we believe these non-GAAP measures are useful.

<sup>2</sup> Supplemental tables that include Average Active Sales Leader and additional business metrics can be found at <http://www.ir.herbalife.com>.

**FORWARD-LOOKING STATEMENTS**

*This release contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the Securities and Exchange Commission. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in our forward-looking statements include, among others, the following:*

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- our relationship with, and our ability to influence the actions of, our Members;
- improper action by our employees or Members in violation of applicable law;
- adverse publicity associated with our products or network marketing organization, including our ability to comfort the marketplace and regulators regarding our compliance with applicable laws;
- changing consumer preferences and demands;
- the competitive nature of our business;
- regulatory matters governing our products, including potential governmental or regulatory actions concerning the safety or efficacy of our products and network marketing program, including the direct selling markets in which we operate;
- legal challenges to our network marketing program;
- the consent order entered into with the FTC, the effects thereof and any failure to comply therewith;
- risks associated with operating internationally and the effect of economic factors, including foreign exchange, inflation, disruptions or conflicts with our third party importers, pricing and currency devaluation risks, especially in countries such as Venezuela;
- uncertainties relating to interpretation and enforcement of legislation in China governing direct selling and anti-pyramiding;
- our inability to obtain the necessary licenses to expand our direct selling business in China;
- adverse changes in the Chinese economy;
- our dependence on increased penetration of existing markets;
- any material disruption to our business caused by natural disasters, other catastrophic events, acts of war or terrorism, or cyber-security incidents;
- contractual limitations on our ability to expand our business;
- our reliance on our information technology infrastructure and outside manufacturers;
- the sufficiency of trademarks and other intellectual property rights;
- product concentration;
- our reliance upon, or the loss or departure of any member of, our senior management team which could negatively impact our Member relations and operating results;
- U.S. and foreign laws and regulations applicable to our international operations;
- uncertainties relating to the United Kingdom's vote to exit from the European Union;
- restrictions imposed by covenants in our credit facility;
- uncertainties relating to the application of transfer pricing, duties, value added taxes, and other tax regulations, and changes thereto;
- changes in tax laws, treaties or regulations, or their interpretation;
- taxation relating to our Members;
- product liability claims;
- our incorporation under the laws of the Cayman Islands;
- whether we will purchase any of our shares in the open markets or otherwise; and
- share price volatility related to, among other things, speculative trading and certain traders shorting our common shares.

*We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.*

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**RESULTS OF OPERATIONS:**

Herbalife Ltd. and Subsidiaries  
Condensed Consolidated Statements of Income  
(In millions, except per share amounts)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	9/30/2017	9/30/2016	9/30/2017	9/30/2016
North America	\$ 199.8	\$ 241.0	\$ 648.0	\$ 753.5
Mexico	114.3	112.8	334.7	341.8
South and Central America	116.7	121.0	349.1	367.9
EMEA	213.9	201.6	648.4	619.0
Asia Pacific	230.9	231.4	686.2	687.1
China	209.8	214.2	668.0	674.1
Worldwide Net Sales	1,085.4	1,122.0	3,334.4	3,443.4
Cost of Sales	215.4	209.1	638.8	658.5
Gross Profit	870.0	912.9	2,695.6	2,784.9
Royalty Overrides	310.1	320.3	944.1	968.9
Selling, General and Administrative Expenses (1)	445.2	441.3	1,327.0	1,545.2
Other Operating Income (2)	(4.6)	(0.2)	(43.5)	(29.1)
Operating Income	119.3	151.5	468.0	299.9
Interest Expense, net	38.4	22.1	106.5	70.1
Income Before Income Taxes	80.9	129.4	361.5	229.8
Income Taxes (3)	26.4	41.7	84.2	69.2
Net Income	\$ 54.5	\$ 87.7	\$ 277.3	\$ 160.6
Weighted Average Shares Outstanding:				
Basic	79.6	83.1	81.4	83.0
Diluted	83.0	86.4	85.0	86.1
Earnings Per Share:				
Basic	\$ 0.69	\$ 1.06	\$ 3.41	\$ 1.94
Diluted	\$ 0.66	\$ 1.01	\$ 3.26	\$ 1.87

(1) Selling, General and Administrative Expenses includes \$203 million related to regulatory settlements for the nine months ended September 30, 2016.

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

(3) Includes the impact of excess tax benefit recognized under ASU 2016-09 of \$0.6 million and \$26.4 million for the three months and nine months ended September 30, 2017, respectively.

Herbalife Ltd. and Subsidiaries  
Condensed Consolidated Balance Sheets  
(In millions)  
(Unaudited)

	Sep 30, 2017	Dec 31, 2016
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,636.3	\$ 844.0
Receivables, net	95.2	70.3
Inventories	354.2	371.3
Prepaid expenses and other current assets	188.4	176.9
Total Current Assets	2,274.1	1,462.5
Property, plant and equipment, net	375.1	378.0
Marketing related intangibles and other intangible assets, net	310.1	310.1
Goodwill	95.8	89.9
Other assets	367.4	324.9
Total Assets	\$ 3,422.5	\$ 2,565.4
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 60.6	\$ 66.0
Royalty overrides	266.7	261.2
Current portion of long-term debt	104.1	9.5
Other current liabilities	427.4	454.8
Total Current Liabilities	858.8	791.5
Non-current liabilities		
Long-term debt, net of current portion	2,176.6	1,438.4
Other non-current liabilities	168.1	139.2
Total Liabilities	3,203.5	2,369.1
Contingencies		
Shareholders' equity:		
Common shares	0.1	0.1
Paid-in capital in excess of par value	452.0	467.6
Accumulated other comprehensive loss	(174.6)	(205.1)
Retained earnings (accumulated deficit)	240.7	(66.3)
Treasury stock	(299.2)	-
Total Shareholders' Equity	219.0	196.3
Total Liabilities and Shareholders' Equity	\$ 3,422.5	\$ 2,565.4

Herbalife Ltd. and Subsidiaries  
Condensed Consolidated Statements of Cash Flows  
(In millions)  
(Unaudited)

	Nine Months Ended	
	9/30/2017	9/30/2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 277.3	\$ 160.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	73.8	72.6
Share-based compensation expenses	32.6	30.3
Non-cash interest expense	44.8	42.0
Deferred income taxes	(4.1)	(38.4)
Inventory write-downs	17.7	16.7
Foreign exchange transaction loss (gain)	4.0	(1.4)
Other	(1.1)	(3.8)
Changes in operating assets and liabilities:		
Receivables	(22.5)	(14.6)
Inventories	29.2	(56.7)
Prepaid expenses and other current assets	(3.6)	(14.9)
Accounts payable	(8.2)	17.5
Royalty overrides	(6.7)	14.1
Other current liabilities	(45.0)	24.3
Other	16.2	1.6
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>404.4</b>	<b>249.9</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(67.9)	(111.9)
Other	(2.8)	4.4
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(70.7)</b>	<b>(107.5)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings from senior secured credit facility, net of discount	1,274.0	-
Principal payments on senior secured credit facility and other debt	(468.2)	(233.0)
Debt issuance costs	(22.6)	-
Share repurchases	(346.2)	(12.5)
Other	1.6	4.2
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>438.6</b>	<b>(241.3)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>20.0</b>	<b>(2.6)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>792.3</b>	<b>(101.5)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>844.0</b>	<b>889.8</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 1,636.3</b>	<b>\$ 788.3</b>

**SUPPLEMENTAL INFORMATION****SCHEDULE A: RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**

(Unaudited and unreviewed), (All tables provide Dollars in millions, except per Share Data)

In addition to its reported results and guidance calculated in accordance with GAAP, the company has included in this release adjusted net income and adjusted diluted EPS, performance measures that the Securities and Exchange Commission defines as “non-GAAP financial measures.” Management believes that such non-GAAP financial measures, when read in conjunction with the company’s reported or forecasted results, in each case calculated in accordance with GAAP, can provide useful supplemental information for investors because they facilitate a period to period comparative assessment of the company’s operating performance relative to its performance based on reported or forecasted results under GAAP, while isolating the effects of some items that vary from period to period without any correlation to core operating performance and eliminate certain charges that management believes do not reflect the company’s operations and underlying operational performance. The company’s definition of adjusted net income and adjusted diluted earnings per share may not be comparable to similarly titled measures used by other companies because other companies may not calculate them in the same manner as the company does and should not be viewed in isolation from nor as alternatives to net income or diluted EPS calculated in accordance with GAAP.

The following is a reconciliation of net income, presented and reported in accordance with U.S. generally accepted accounting principles, to net income adjusted for certain items:

	Three Months Ended		Nine Months Ended	
	9/30/2017	9/30/2016	9/30/2017	9/30/2016
	(in millions)			
Net income, as reported	\$ 54.5	\$ 87.7	\$ 277.3	\$ 160.6
Expenses incurred responding to attacks on the company's business model (1) (2)	1.1	3.1	4.2	10.7
Expenses related to regulatory inquiries (1) (2)	3.3	3.8	10.0	13.9
Expenses incurred for the recovery of re-audit expenses (1) (2)	-	0.2	-	3.5
Non-cash interest expense and amortization of non-cash issuance costs (1) (2) (3)	12.0	11.3	35.4	33.6
China grant income (1) (2)	(4.6)	(0.2)	(43.5)	(29.1)
FTC Consent Order implementation (1) (2) (4)	3.0	5.3	16.7	5.3
Regulatory settlements (1) (2)	-	-	-	203.0
Income tax adjustments for above items (1) (2)	(1.6)	(6.5)	3.9	(69.9)
Net income, as adjusted (5)	\$ 67.7	\$ 104.7	\$ 304.0	\$ 331.5

The following is a reconciliation of diluted earnings per share, presented and reported in accordance with U.S. generally accepted accounting principles, to diluted earnings per share adjusted for certain items.

	Three Months Ended		Nine Months Ended	
	9/30/2017	9/30/2016	9/30/2017	9/30/2016
	(per share)			
Diluted earnings per share, as reported	\$ 0.66	\$ 1.01	\$ 3.26	\$ 1.87
Expenses incurred responding to attacks on the company's business model (1) (2)	0.01	0.04	0.05	0.12
Expenses related to regulatory inquiries (1) (2)	0.04	0.04	0.12	0.16
Expenses incurred for the recovery of re-audit expenses (1) (2)	-	-	-	0.04
Non-cash interest expense and amortization of non-cash issuance costs (1) (2) (3)	0.14	0.13	0.42	0.39
China grant income (1) (2)	(0.06)	-	(0.51)	(0.34)
FTC Consent Order implementation (1) (2) (4)	0.04	0.06	0.20	0.06
Regulatory settlements (1) (2)	-	-	-	2.36
Income tax adjustments for above items (1) (2)	(0.02)	(0.07)	0.04	(0.81)
Diluted earnings per share, as adjusted (5)	\$ 0.82	\$ 1.21	\$ 3.58	\$ 3.85

(1) Based on interim income tax reporting rules, these expenses are not considered discrete items. As a result, the company's full year effective tax rate is impacted by these items. When applying the full year effective tax rate to year-to-date income, the company's year-to-date tax provision recorded with respect to these non-GAAP adjustments is different from the forecasted full-year tax provision impact of these items. As a consequence, adjustments to the year-to-date and quarterly tax impacts will be recorded as the adjusted full year effective tax rate is applied to income in subsequent periods. Additionally, adjustments to items unrelated to these non-GAAP adjustments may have an effect on the income tax impact of these non-GAAP adjustments in subsequent periods. The company plans to update the income tax impact of these items in subsequent interim reporting periods.

(2) Excludes tax (benefit)/expense as follows:

	Three Months Ended		Nine Months Ended	
	9/30/2017	9/30/2016	9/30/2017	9/30/2016
	(in millions)			
Expenses incurred responding to attacks on the company's business model	\$ (0.2)	\$ (1.0)	\$ (1.0)	\$ (2.9)
Expenses related to regulatory inquiries	(1.1)	(1.6)	(3.4)	(5.3)
Expenses incurred for the recovery of re-audit expenses	-	-	-	(1.0)
Non-cash interest expense and amortization of non-cash issuance costs	(0.7)	0.5	1.2	1.8
China grant income	1.5	-	12.7	8.4
FTC Consent Order Implementation	(1.1)	(2.2)	(5.6)	(2.2)
Regulatory settlements	-	(2.2)	-	(68.7)
Total income tax adjustments (5)	\$ (1.6)	\$ (6.5)	\$ 3.9	\$ (69.9)

	Three Months Ended		Nine Months Ended	
	9/30/2017	9/30/2016	9/30/2017	9/30/2016
	(per share)			
Expenses incurred responding to attacks on the company's business model	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.03)
Expenses related to regulatory inquiries	(0.01)	(0.02)	(0.04)	(0.06)
Expenses incurred for the recovery of re-audit expenses	-	-	-	(0.01)
Non-cash interest expense and amortization of non-cash issuance costs	(0.01)	0.01	0.01	0.02
China grant income	0.02	-	0.15	0.10
FTC Consent Order Implementation	(0.01)	(0.03)	(0.07)	(0.03)
Regulatory settlements	-	(0.03)	-	(0.80)
Total income tax adjustments (5)	\$ (0.02)	\$ (0.07)	\$ 0.04	\$ (0.81)

(3) Relates to non-cash expense on our convertible notes and prepaid forward share repurchase contract.

(4) Includes \$3.0 million of product discounts related to preferred member conversions for the nine months ended September 30, 2017.

(5) Amounts may not total due to rounding.

The following is a reconciliation of diluted earnings per share guidance, presented in accordance with U.S. generally accepted accounting principles, to adjusted diluted earnings per share guidance for certain items.

	Three Months Ending December 31, 2017	Twelve Months Ending December 31, 2017
Diluted EPS Guidance <sup>(1)</sup>	\$0.64 - \$0.84	\$3.90 - \$4.10
Expenses incurred responding to attacks on the company's business model <sup>(2)</sup>	0.02	0.07
Non-cash interest expense and amortization of non-cash issuance costs <sup>(3)</sup>	0.16	0.58
FTC Consent Order Implementation <sup>(4) (5)</sup>	-	0.20
Expenses related to regulatory inquiries <sup>(6)</sup>	0.04	0.16
China grant income <sup>(7)</sup>	-	(0.51)
Income tax adjustments for above items <sup>(8)</sup>	(0.02)	0.02
Adjusted diluted EPS guidance <sup>(9)</sup>	<u>\$0.84 - \$1.04</u>	<u>\$4.42 - \$4.62</u>

<sup>(1)</sup> Excludes any impact of ongoing tax effects from exercise of equity awards and share repurchases that may take place after October 31, 2017.

<sup>(2)</sup> Excludes tax impact of \$0.4 million and \$1.5 million for the three months and twelve months ending December 31, 2017, respectively.

<sup>(3)</sup> Relates to non-cash expense on our convertible notes and prepaid forward share repurchase contract.

<sup>(4)</sup> Excludes tax impact of \$5.6 million for the twelve months ending December 31, 2017.

<sup>(5)</sup> Includes \$3.0 million of product discounts related to preferred member conversions for the twelve months ending December 31, 2017.

<sup>(6)</sup> Excludes tax impact of \$0.8 million and \$4.2 million for the three and twelve months ending December 31, 2017, respectively.

<sup>(7)</sup> Excludes tax impact of \$12.7 million for the twelve months ending December 31, 2017.

<sup>(8)</sup> Aggregates the individual tax impacts of each item as described in greater detail in footnotes 2, 4, 6 and 7 above.

<sup>(9)</sup> Amounts may not total due to rounding.

The following is a reconciliation of diluted earnings per share guidance, presented in accordance with U.S. generally accepted accounting principles, to adjusted diluted earnings per share guidance for certain items.

	Twelve Months Ending December 31, 2018
Diluted EPS Guidance <sup>(1)</sup>	\$3.82 - \$4.22
Expenses incurred responding to attacks on the company's business model <sup>(2)</sup>	0.03
Non-cash interest expense and amortization of non-cash issuance costs <sup>(3)</sup>	0.66
Expenses related to regulatory inquiries <sup>(4)</sup>	0.13
Income tax adjustments for above items <sup>(5)</sup>	(0.04)
Adjusted diluted EPS guidance <sup>(6)</sup>	<u>\$4.60 - \$5.00</u>

<sup>(1)</sup> Excludes any impact of ongoing tax effects from exercise of equity awards and share repurchases that may take place after October 31, 2017.

<sup>(2)</sup> Excludes tax impact of \$0.6 million for the twelve months ending December 31, 2018.

<sup>(3)</sup> Relates to non-cash expense on our convertible notes and prepaid forward share repurchase contract.

<sup>(4)</sup> Excludes tax impact of \$2.8 million for the twelve months ending December 31, 2018.

<sup>(5)</sup> Aggregates the individual tax impacts of each item as described in greater detail in footnotes 2 and 4 above.

<sup>(6)</sup> Amounts may not total due to rounding.

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