

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

FORM 8-K

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

Date of report (Date of earliest event reported): October 23, 2019

Herbalife Nutrition Ltd.
(Exact Name of Registrant as Specified in Charter)

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

**001-32381
(Commission
File Number)**

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

**P.O. Box 309GT, Ugland 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)**

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value \$0.0005 per share	HLF	New York Stock Exchange

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.

Item 2.02. Results of Operations and Financial Condition.

On October 29, 2019, Herbalife Nutrition Ltd. (the “Company”) issued a press release announcing its financial results for its fiscal quarter ended September 30, 2019. 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 and Exhibit 99.1 attached to this report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section and shall not be 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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Executive Transition

On October 23, 2019, the Company’s Board of Directors (the “Board”) appointed Dr. John Agwunobi, currently Co-President and Chief Health and Nutrition Officer, as Chief Executive Officer of the Company, and John DeSimone, currently Co-President and Chief Strategic Officer, as President of the Company. Both appointments will be effective March 30, 2020 (the “Effective Date”).

Dr. Agwunobi will be succeeding Michael Johnson, who will step down as Chief Executive Officer of the Company as of the Effective Date, but will continue to serve as Chairman of the Board.

Dr. Agwunobi, 55, has served as the Company’s Chief Health and Nutrition Officer since February 2016, and assumed the additional role of Co-President in February 2018. Prior to joining the Company, Dr. Agwunobi advised a number of privately-held health-related companies and, from September 2007 to April 2014, served as Senior Vice President and President, Health and Wellness for Walmart Stores, Inc. From December 2005 to September 2007, he served as the Assistant Secretary of Health for the U.S. Department of Health and Human Services, where he was responsible for disease prevention and health promotion. From December 2014 to June 2019, Dr. Agwunobi served on the board of directors of Magellan Health Services, Inc., a publicly-traded managed health care company. He is also currently a director at the U.S. African Development Foundation, and at bluebird bio, a publicly-traded biotechnology company, where he is also a member of its nominating and corporate governance committee.

Mr. DeSimone, 53, has served as the Company’s Co-President and Chief Strategy Officer since February 2016, and as the Company’s Chief Financial Officer from December 2009 to February 2018. Prior to his appointment as Chief Financial Officer, Mr. DeSimone served as the Company’s Senior Vice President, Finance and Distributor Operations since January 2009 and the Company’s Senior Vice President, Corporate Financial Planning and Analysis since October 2007.

Employment Agreement with Dr. Agwunobi

In connection with this transition, Dr. Agwunobi, the Company and Herbalife International of America, Inc. (“Herbalife International”) entered into a new employment agreement, dated October 23, 2019 (the “CEO Employment Agreement”), reflecting his new position. The payments and benefits to which Dr. Agwunobi is entitled under the CEO Employment Agreement include (i) annual base salary of \$900,000, (ii) eligibility for an annual bonus targeted at 115% of base salary, (iii) participation in the Company’s long-term incentive plan, with the size, form, and timing of grants, if any, subject to the approval of the Board’s Compensation Committee (the “Compensation Committee”) and (iv) following the Effective Date, an equity incentive award for 2020 having a grant date fair value equal to \$3,500,000, of which 75% will be granted in the form of performance-based stock units (with performance criteria previously approved by the Compensation Committee) and 25% will be granted in the form of time-based stock units. Additionally, Dr. Agwunobi will continue to participate in the Herbalife International of America, Inc. Executive Officer Severance Plan (the “Severance Plan”) in accordance with the terms and conditions thereof (as described below).

Employment Agreement with Mr. DeSimone

In connection with this transition, Mr. DeSimone, the Company and Herbalife International entered into a new employment agreement, dated October 23, 2019 (the “President Employment Agreement”), reflecting his new position. The payments and benefits to which Mr. DeSimone is entitled under the President Employment Agreement include (i) annual base salary of \$695,000, (ii) eligibility for an annual bonus targeted at 80% of base salary, (iii) participation in the Company’s long-term incentive plan, with the size, form, and timing of grants, if any, subject to the approval of the Compensation Committee and (iv) following the Effective Date, an equity incentive award for 2020 having a grant date fair value equal to \$2,250,000, of which 75% will be granted in the form of performance-based stock units (with performance criteria previously approved by the Compensation Committee) and 25% will be granted in the form of time-based stock units. Additionally, from and after the Effective Date, Mr. DeSimone will participate in the Severance Plan in accordance with the terms and conditions thereof (as described below). Prior to the Effective Date, Mr. DeSimone will be eligible to receive severance compensation on the same terms and conditions as set forth in his employment agreement as currently in effect, which employment agreement will terminate and be of no further force or effect from and after the Effective Date.

Severance Plan

Under the Severance Plan, in the event an executive's employment is terminated by Herbalife International without "Cause" (as defined in the Severance Plan), other than in connection with the executive's death or disability, or by the executive for "Good Reason" (as defined in the Severance Plan), the executive will be entitled to: (i) all accrued obligations, (ii) a lump sum severance payment equal to a multiple of the executive's annualized base salary (2.0x for the Chief Executive Officer, reduced to 1.5x after five years of participation in the Severance Plan, and 1.0x for the President), payable on the 60th day following the date of termination, and (iii) a payment of a pro-rata annual cash bonus payment for the fiscal year in which the date of termination occurs (based on the actual performance of Herbalife International over the entire year and the number of days worked by the executive in such year), payable at the same time as bonuses are paid to executives generally for such year. Payment of the severance payments is subject to and conditioned upon the execution of a general release in favor of the Company and additional requirements set forth in the Severance Plan.

Neither Dr. Agwunobi nor Mr. DeSimone is a party to any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

A copy of the press release issued by the Company on October 29, 2019, regarding this transition is attached as Exhibit 99.2 to this current report.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

[99.1](#) [Press Release issued by Herbalife Nutrition Ltd. on October 29, 2019.](#)

[99.2](#) [Press Release issued by Herbalife Nutrition Ltd. on October 29, 2019.](#)

104 Cover Page Interactive Data File – The cover page from the Company's Current Report on Form 8-K filed on October 29, 2019 is formatted in Inline XBRL (included as Exhibit 101).

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 Nutrition Ltd.

October 29, 2019

By: /s/ Henry C. Wang

Name: Henry C. Wang

Title: EVP, General Counsel and Corporate Secretary

Herbalife Nutrition Reports Record-Breaking Quarterly Volume Point Results and Provides Initial Full Year 2020 Guidance

LOS ANGELES--(BUSINESS WIRE)--October 29, 2019--Herbalife Nutrition Ltd. (NYSE: HLF) today reported financial results for the third quarter ended September 30, 2019.

“The momentum we’ve built in our business throughout 2019 continued in the third quarter with record-breaking volume point results. We believe this momentum will continue long into the future with the appointment of John Agwunobi as our CEO and John DeSimone as President, effective March of next year. We are confident Dr. Agwunobi’s unique background and John DeSimone’s extraordinary knowledge of our business will create an outstanding team and take Herbalife Nutrition to new heights,” said Michael Johnson, Chairman and CEO of Herbalife Nutrition.

QUARTER HIGHLIGHTS

- Reported net sales of \$1.2 billion increased 0.1% compared to the third quarter 2018. Excluding China, net sales increased 6.1% compared to the prior year period.
- Volume points of 1.5 billion increased 2.3% compared to the third quarter 2018, representing the largest quarterly volume point result in Company history. Excluding China, volume points increased 5.2% compared to the prior year period.¹
- Third quarter reported diluted EPS of \$0.58 and adjusted² earnings of \$0.73 per diluted share, both of which were negatively impacted by expenses of approximately \$5.8 million or \$0.03 per diluted share, related to the China Growth and Impact Investment Program.
- Updating FY 2019 volume point guidance to a range of 2.1% - 3.4% growth, net sales guidance to a range of (1.2%) – 0.1%, as well as reported and adjusted^{2, 3} diluted EPS guidance to a range of \$2.20 - \$2.40 and \$2.56 – \$2.76, respectively.
- Initiating FY 2020 volume point and net sales guidance range of 1.0% - 7.0% and 1.0% - 7.0% growth, respectively, which includes an approximate 250 bps currency headwind.
- In a separate press release this afternoon, the Company announced its CEO transition plan that goes into effect March 2020.

¹ Excluding adjustments to volume point values in 2018, the year over year change would have been an increase of 2.1% and an increase of 5.0% excluding China. See Regional Volume Point Metrics below.

² Adjusted diluted EPS is a non-GAAP measure and excludes the impact of: non-cash interest expense and amortization of non-cash issuance costs associated with the Company’s convertible notes, China grant income, impacts relating to contingent value rights revaluation, impact related to finalization of insurance recoveries, expenses related to regulatory inquiries and legal accrual, and Mexico VAT Assessment. 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.

³ See Schedule A - “Reconciliation of Non-GAAP Financial Measures” for a reconciliation of adjusted diluted share count to reported diluted share count and a discussion of why the share count has been adjusted for purposes of calculating adjusted diluted EPS for the year to date periods of 2018 and 2019, and full year 2019 guidance.

Third Quarter 2019 Key Metrics⁴

Regional Volume Point Metrics

Region	Volume Points	
	3Q '19 (mil)	Yr/Yr % Chg
Asia Pacific	406.6	17.3%
North America	330.8	7.0%
EMEA	315.2	4.0%
Mexico	216.4	(7.1%)
China	142.4	(19.5%)
South and Central America	130.1	(5.9%)
Worldwide Total ^(a)	1,541.5	2.3%
Worldwide Total excl. China ^(a)	1,399.1	5.2%

(a) During 2018, the Company adjusted volume point values for certain products in North America and South & Central America. Excluding these adjustments, the worldwide total year over year change in volume points would have been an increase of 2.1% for the third quarter and an increase of 5.0% for the third quarter excluding China. Adjustments to Volume Points during 2019 were not material.

Regional Net Sales and Foreign Exchange (“FX”) Impact

Region	Reported Net Sales 3Q'19 (mil)	Growth/Decline including FX vs. 3Q '18	Growth/Decline excluding FX vs. 3Q '18
Asia Pacific	\$ 324.5	18.3%	18.6%
North America	\$ 257.1	7.1%	7.2%
EMEA	\$ 242.3	2.7%	6.4%
Mexico	\$ 116.5	(3.9%)	(1.5%)
China	\$ 208.7	(21.7%)	(19.3%)
South & Central America ^(a)	\$ 95.4	(9.1%)	*
Worldwide Total	\$ 1,244.5	0.1%	*
Worldwide Total excl. China	\$ 1,035.8	6.1%	*
South & Central America excl. Venezuela ^(a)	\$ 95.0	(6.1%)	(1.0%)
Worldwide Total excl Venezuela ^(a)	\$ 1,244.1	0.4%	2.4%
Worldwide Total excl. China and Venezuela ^(a)	\$ 1,035.4	6.5%	8.3%

(a) Venezuela was impacted by significant price increases and erosion in foreign currency exchange rates. Venezuela represents less than 1% of the Company's consolidated net sales. See Schedule A – “Reconciliation of Non-GAAP Financial Measures” for a discussion of why we believe adjusting for Venezuela is useful.

* Figure not meaningful due to significant foreign currency fluctuations in Venezuela and the price increases implemented as a result thereof that, when considered in isolation, have a disproportionately large impact on the Company's South and Central American region and consolidated results. Amounts were 1,180.1%, 102.1% and 135.2% for South & Central America, Worldwide Total and Worldwide Total excluding China, respectively.

⁴ Supplemental tables that include Average Active Sales Leader and additional business metrics can be found at <http://ir.Herbalife.com>.

Outlook

Following is the Company's fourth quarter 2019, full year 2019 and full year 2020 guidance based on current business trends:

	Three Months Ending December 31, 2019		Twelve Months Ending December 31, 2019	
	Low	High	Low	High
Volume Point Growth vs 2018 ^(a)	0.1%	5.6%	2.1%	3.4%
Net Sales Growth vs 2018 ^(b)	(0.9%)	4.6%	(1.2%)	0.1%
Diluted EPS ^{(b) (c)}	\$0.41	\$0.61	\$2.20	\$2.40
Adjusted Diluted EPS ^{(b) (c) (d)}	\$0.48	\$0.68	\$2.56	\$2.76
Cap Ex (\$ millions)	\$29.0	\$39.0	\$105.0	\$115.0
Effective Tax Rate ^{(b) (c)}	27.0%	41.0%	30.6%	33.6%
Adjusted Effective Tax Rate ^{(b) (c) (d)}	23.0%	37.0%	27.0%	30.0%
Net Sales Growth vs. 2018 (Currency Adjusted) ^{(b) (c)}	0.5%	6.0%	2.1%	3.4%
Adjusted Diluted EPS (Currency Adjusted) ^{(b) (c) (d) (e)}	\$0.52	\$0.72	\$2.89	\$3.09

	Twelve Months Ending December 31, 2020	
	Low	High
Volume Point Growth vs 2019 ^(a)	1.0%	7.0%
Net Sales Growth vs 2019 ^(b)	1.0%	7.0%
Diluted EPS ^{(b) (c)}	\$2.35	\$2.85
Adjusted Diluted EPS ^{(b) (c) (d)}	\$2.55	\$3.05
Cap Ex (\$ millions)	\$130.0	\$170.0
Effective Tax Rate ^{(b) (c)}	27.0%	32.0%
Adjusted Effective Tax Rate ^{(b) (c) (d)}	26.0%	31.0%
Net Sales Growth vs. 2019 (Currency Adjusted) ^{(b) (f)}	3.5%	9.5%
Adjusted Diluted EPS (Currency Adjusted) ^{(b) (c) (d) (f)}	\$2.70	\$3.20

^(a) The Company is evaluating our current approach to assigning and maintaining volume point values for certain products or markets. Guidance excludes any future potential impact of volume point adjustments, which may have an impact on the use of volume points as a proxy for sales trends in future periods.

^(b) Excludes any future potential Venezuela currency devaluations and associated pricing and inflationary consequences.

^(c) Excludes the following items that cannot be accurately predicted: any future potential ongoing tax effects from the exercise of equity awards that could impact the Company's tax rate due to the stock compensation accounting standard, benefits from future potential China grant income, any future potential dilution from the Company's convertible notes due in 2024, as well as any impact of the China Growth and Impact Investment Program.

^(d) Adjusted diluted EPS and adjusted effective tax rate excludes the impact of: non-cash interest expense and amortization of non-cash issuance costs associated with the Company's convertible notes, China grant income, impacts relating to contingent value rights revaluation, impact related to finalization of insurance recoveries, expenses related to regulatory inquiries and legal accrual, and Mexico VAT Assessment, as 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 believes these non-GAAP measures are useful.

^(e) Currency adjusted net sales and adjusted diluted EPS represent projections translated into US dollars at currency rates equal to the average rates used to translate 2018 fourth quarter and full year net sales and diluted EPS and adjusted for items such as hedging gains/losses and Venezuela to be directly comparable to 2018 values.

^(f) Currency adjusted net sales and adjusted diluted EPS represent projections translated into US dollars at currency rates equal to the average rates used to translate 2019 full year net sales and diluted EPS and adjusted for items such as hedging gains/losses and Venezuela to be directly comparable to 2019 values.

- With respect to guidance, the Company cannot accurately predict the impact to its share base from any share repurchases in 2019 or 2020. Accordingly, any impact thereof is excluded from the guidance tables above.
 - Guidance is based on the average daily exchange rates during the first two weeks of October 2019.
 - Adjusted² diluted EPS guidance for the fourth quarter 2019 includes a projected currency headwind of approximately \$0.04 per diluted share versus the fourth quarter of 2018.
 - Full year 2019 adjusted² diluted EPS guidance includes a projected currency headwind of approximately \$0.33 per diluted share, \$0.06 unfavorable compared to the impact included in the full year 2019 guidance provided on August 1, 2019.
 - Full year 2020 adjusted² diluted EPS guidance includes a projected currency headwind of \$0.15 compared to 2019.
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Earnings Conference Call

Herbalife Nutrition senior management will host an investor conference call to discuss its recent financial results and provide an update on current business trends on Tuesday, October 29, 2019, 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: 2178226). 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: 2178226). The webcast of the teleconference will be archived and available on Herbalife Nutrition's website.

About Herbalife Nutrition Ltd.

Herbalife Nutrition is a global company that has been changing people's lives with great nutrition products and a proven business opportunity for its independent distributors since 1980. The Company offers high-quality, science-backed products, sold in over 90 countries by entrepreneurial distributors who provide one-on-one coaching and a supportive community that inspires their customers to embrace a healthier, more active lifestyle. Through the Company's global campaign to eradicate hunger, Herbalife Nutrition is also committed to bringing nutrition and education to communities around the world.

For more information, please visit IAMHerbalifeNutrition.com.

Herbalife Nutrition also encourages investors to visit its investor relations website at ir.herbalife.com as financial and other information is updated and new information is posted.

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:

- 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 or maintain the necessary licenses for our direct selling business in China and elsewhere;
- 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 cybersecurity incidents;
- noncompliance by us or our Members with any privacy laws or any security breach by us or a third party involving the misappropriation, loss, or other unauthorized use or disclosure of confidential information;
- contractual limitations on our ability to expand our business;
- our reliance on our information technology infrastructure and outside manufacturers;
- the sufficiency of our 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 operations;
- uncertainties relating to the United Kingdom’s vote to exit from the European Union;
- restrictions imposed by covenants in our existing indebtedness;
- risks related to the convertible notes;
- 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.

Results of Operations

Herbalife Nutrition Ltd. and Subsidiaries Condensed Consolidated Statements of Income (In millions, except per share amounts) (Unaudited)				
	Three Months Ended		Nine Months Ended	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
North America	\$ 257.1	\$ 240.0	\$ 791.9	\$ 733.7
EMEA	242.3	235.9	756.9	744.1
Asia Pacific	324.5	274.3	918.6	772.9
Mexico	116.5	121.2	357.0	353.4
China	208.7	266.5	546.1	765.5
South and Central America	95.4	104.9	286.3	335.6
Worldwide Net Sales	<u>1,244.5</u>	<u>1,242.8</u>	<u>3,656.8</u>	<u>3,705.2</u>
Cost of Sales	<u>243.4</u>	<u>218.1</u>	<u>728.2</u>	<u>693.4</u>
Gross Profit	1,001.1	1,024.7	2,928.6	3,011.8
Royalty Overrides	363.8	344.0	1,090.1	1,031.1
Selling, General, and Administrative Expenses	500.1	499.4	1,412.5	1,469.7
Other Operating Income ⁽¹⁾	<u>(6.4)</u>	<u>(6.0)</u>	<u>(33.7)</u>	<u>(23.9)</u>
Operating Income	143.6	187.3	459.7	534.9
Interest Expense, net	31.6	39.9	104.0	124.1
Other Expense (Income), net ⁽²⁾	<u>(1.3)</u>	<u>30.9</u>	<u>(15.7)</u>	<u>60.0</u>
Income Before Income Taxes	113.3	116.5	371.4	350.8
Income Taxes ⁽³⁾	31.8	45.3	117.1	103.1
Net Income	<u>\$ 81.5</u>	<u>\$ 71.2</u>	<u>\$ 254.3</u>	<u>\$ 247.7</u>
Weighted-Average Shares Outstanding:				
Basic	137.4	136.2	137.3	141.3
Diluted	140.0	145.6	142.3	150.8
Earnings Per Share:				
Basic	<u>\$ 0.59</u>	<u>\$ 0.52</u>	<u>\$ 1.85</u>	<u>\$ 1.75</u>
Diluted	<u>\$ 0.58</u>	<u>\$ 0.49</u>	<u>\$ 1.79</u>	<u>\$ 1.64</u>

⁽¹⁾ Other Operating Income for the three months ended September 30, 2019 and September 30, 2018 relates to certain China government grant income. Other operating income for the nine months ended September 30, 2019 relates to certain China government grant income and income related to the finalization of insurance recoveries in connection with the flooding at one of the Company's warehouses in Mexico during September 2017. Other Operating Income for the nine months ended September 30, 2018 relates to certain China government grant income.

⁽²⁾ Other Expense (Income), net for the three months ended September 30, 2019 relates to the gain on revaluation of the Contingent Value Rights (CVR) issued in connection with the October 2017 modified Dutch auction tender offer. Other Expense (Income), net for the three months ended September 30, 2018 relates to the \$35.4 million loss on extinguishment of the 2017 senior secured credit facility, partially offset by a gain on revaluation of the CVR. Other Expense (Income), net for the nine months ended September 30, 2019 relates to the gain on revaluation of the CVR. Other Expense (Income), net for the nine months ended September 30, 2018 relates to the \$35.4 million loss on extinguishment of the 2017 senior secured credit facility; the \$13.1 million loss on the extinguishment of a portion of the 2.0% convertible senior notes due 2019 repurchased in March 2018; and the \$11.4 million loss on revaluation of the CVR.

⁽³⁾ Includes the impact of excess tax benefit recognized under ASU 2016-09 of \$0.2 million and \$19.3 million for the three months ended September 30, 2019 and 2018, respectively; and \$3.0 million and \$49.6 million for the nine months ended September 30, 2019 and 2018, respectively.

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

Sep 30, Dec 31,
2019 2018

ASSETS

Current Assets:

Cash and cash equivalents	\$ 715.2	\$1,198.9
Receivables, net	100.4	70.5
Inventories	420.1	381.8
Prepaid expenses and other current assets	153.6	153.8
Total Current Assets	1,389.3	1,805.0

Property, plant and equipment, net	360.6	360.0
Operating lease right-of-use assets	181.9	-
Marketing-related intangibles and other intangible assets, net	310.1	310.1
Goodwill	89.3	92.9
Other assets	214.4	221.8
Total Assets	\$2,545.6	\$2,789.8

LIABILITIES AND SHAREHOLDERS' DEFICIT

Current Liabilities:

Accounts payable	\$ 75.8	\$ 81.1
Royalty overrides	283.9	281.4
Current portion of long-term debt	24.5	678.9
Other current liabilities	536.4	547.4
Total Current Liabilities	920.6	1,588.8

Non-current liabilities:

Long-term debt, net of current portion	1,779.3	1,774.9
Non-current operating lease liabilities	165.4	-
Other non-current liabilities	147.8	149.5
Total Liabilities	3,013.1	3,513.2

Commitments and Contingencies

Shareholders' deficit:

Common shares	0.1	0.1
Paid-in capital in excess of par value	363.7	341.5
Accumulated other comprehensive loss	(230.4)	(209.8)
Accumulated deficit	(272.0)	(526.3)
Treasury stock	(328.9)	(328.9)
Total Shareholders' Deficit	(467.5)	(723.4)

Total Liabilities and Shareholders' Deficit	\$2,545.6	\$2,789.8
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Herbalife Nutrition Ltd. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	<u>Nine Months Ended</u>	
	<u>9/30/2019</u>	<u>9/30/2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 254.3	\$ 247.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	73.4	76.0
Share-based compensation expenses	29.7	31.8
Non-cash interest expense	37.5	49.4
Deferred income taxes	8.0	6.0
Inventory write-downs	17.9	13.9
Foreign exchange transaction loss	4.0	10.4
Loss on extinguishment of debt	-	48.5
Other	(10.4)	11.3
Changes in operating assets and liabilities:		
Receivables	(35.7)	(25.9)
Inventories	(63.5)	(40.5)
Prepaid expenses and other current assets	2.7	(52.2)
Accounts payable	(2.9)	25.2
Royalty overrides	5.9	14.2
Other current liabilities	(18.0)	82.3
Other	(2.0)	11.6
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>300.9</u>	<u>509.7</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(79.5)	(55.7)
NET CASH USED IN INVESTING ACTIVITIES	<u>(79.5)</u>	<u>(55.7)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from senior secured credit facility, net of discount	-	998.1
Principal payments on senior secured credit facility and other debt	(17.4)	(1,231.7)
Proceeds from convertible senior notes	-	550.0
Repayment of convertible senior notes	(675.0)	(582.5)
Proceeds from senior notes	-	400.0
Debt issuance costs	-	(26.8)
Share repurchases	(9.9)	(740.6)
Proceeds from settlement of capped call transactions	-	55.9
Other	2.5	2.4
NET CASH USED IN FINANCING ACTIVITIES	<u>(699.8)</u>	<u>(575.2)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(13.4)	(48.0)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(491.8)</u>	<u>(169.2)</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF PERIOD	<u>1,215.0</u>	<u>1,295.5</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD	<u>\$ 723.2</u>	<u>\$ 1,126.3</u>

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 impact of foreign currency fluctuations in Venezuela and the price increases the Company implements as a result of the highly inflationary economy in that market can each, when considered in isolation, have a disproportionately large impact to the Company’s consolidated results despite the offsetting nature of these drivers and that net sales in Venezuela, which represent less than 1% of the Company’s consolidated net sales, are not material to our consolidated results. Therefore, in certain instances, the Company believes it is helpful to provide additional information with respect to these factors as reported and excluding the impact of Venezuela to illustrate the disproportionate nature of Venezuela’s individual pricing and foreign exchange impact to the Company’s consolidated results. However, excluding the impact of Venezuela from these measures is not in accordance with U.S. GAAP and should not be considered in isolation or as an alternative to the presentation and discussion thereof calculated in accordance with U.S. 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	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
	(in millions)			
Net income, as reported	\$ 81.5	\$ 71.2	\$ 254.3	\$ 247.7
Expenses related to regulatory inquiries and legal accrual ^{(1) (2)}	1.9	1.8	34.1	6.1
Non-cash interest expense and amortization of non-cash issuance costs ^{(1) (2) (3)}	8.7	12.6	33.0	40.7
China grant income ^{(1) (2)}	(6.4)	(6.0)	(27.7)	(23.9)
Contingent Value Rights revaluation ^{(1) (2)}	(1.3)	(4.6)	(15.7)	11.4
Income related to finalization of insurance recoveries ^{(1) (2) (4)}	-	-	(6.0)	-
Loss on extinguishment of convertible debt ^{(1) (2) (5)}	-	-	-	13.1
Loss on extinguishment of 2017 senior secured credit facility ^{(1) (2)}	-	35.4	-	35.4
Mexico VAT assessment ^{(1) (2)}	19.0	-	19.0	-
Venezuela devaluation ^{(1) (2)}	-	-	-	4.7
Income tax adjustments for above items ^{(1) (2)}	(1.4)	(4.8)	2.6	(3.5)
Net income, as adjusted ⁽⁶⁾	<u>\$ 102.1</u>	<u>\$ 105.6</u>	<u>\$ 293.7</u>	<u>\$ 331.7</u>

The following table is a reconciliation of diluted shares outstanding, as presented and reported in accordance with GAAP, to adjusted diluted shares outstanding, adjusted to include the impact of outstanding capped call transactions. The Company's outstanding capped call transactions are anti dilutive and not included in GAAP earnings per share but are expected to mitigate the dilutive effect of the Company's convertible notes due 2019, if the trading price of the Company's stock exceeds the conversion price, up to a certain level. Therefore, the Company has adjusted the diluted shares outstanding to include the impact of the capped calls, based on the average share price for the period that the capped calls are anti-dilutive.

	Three Months Ended		Nine Months Ended	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
	(in millions)			
Diluted shares outstanding, as reported	140.0	145.6	142.3	150.8
Impact of capped call transactions	-	(3.4)	(1.3)	(2.7)
Diluted shares outstanding, as adjusted	140.0	142.2	141.0	148.1

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	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018
	(per share)			
Diluted earnings per share, as reported	\$ 0.58	\$ 0.49	\$ 1.79	\$ 1.64
Impact of adjusted shares outstanding	-	0.01	0.01	0.03
Diluted earnings per share using adjusted diluted shares outstanding	\$ 0.58	\$ 0.50	\$ 1.80	\$ 1.67
Expenses related to regulatory inquiries and legal accrual ^{(1) (2)}	0.01	0.01	0.24	0.04
Non-cash interest expense and amortization of non-cash issuance costs ^{(1) (2) (3)}	0.06	0.09	0.23	0.27
China grant income ^{(1) (2)}	(0.05)	(0.04)	(0.20)	(0.16)
Contingent Value Rights revaluation ^{(1) (2)}	(0.01)	(0.03)	(0.11)	0.08
Income related to finalization of insurance recoveries ^{(1) (2) (4)}	-	-	(0.04)	-
Loss on extinguishment of convertible debt ^{(1) (2) (5)}	-	-	-	0.09
Loss on extinguishment of 2017 senior secured credit facility ^{(1) (2)}	-	0.25	-	0.24
Mexico VAT assessment ^{(1) (2)}	0.14	-	0.13	-
Venezuela devaluation ^{(1) (2)}	-	-	-	0.03
Income tax adjustments for above items ^{(1) (2)}	(0.01)	(0.03)	0.02	(0.02)
Diluted earnings per share, as adjusted ⁽⁶⁾	\$ 0.73	\$ 0.74	\$ 2.08	\$ 2.24

⁽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	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018

(in millions)

Expenses related to regulatory inquiries and legal accrual	1.3	\$ (1.4)	(3.2)	(1.0)
Non-cash interest expense and amortization of non-cash issuance costs	(0.7)	(0.3)	(1.3)	0.8
China grant income	1.7	1.6	8.1	7.7
Contingent Value Rights revaluation	(0.5)	3.5	1.3	0.7
Income related to finalization of insurance recoveries	(0.4)	-	0.5	-
Loss on extinguishment of convertible debt	-	0.9	-	(1.2)
Loss on extinguishment of 2017 senior secured credit facility	-	(9.2)	-	(9.2)
Mexico VAT assessment	(2.8)	-	(2.8)	-
Venezuela devaluation	-	0.1	-	(1.3)
Total income tax adjustments	<u>\$ (1.4)</u>	<u>\$ (4.8)</u>	<u>\$ 2.6</u>	<u>\$ (3.5)</u>

	Three Months Ended		Nine Months Ended	
	9/30/2019	9/30/2018	9/30/2019	9/30/2018

(per share)

Expenses related to regulatory inquiries and legal accrual	0.01	(0.01)	(0.02)	(0.01)
Non-cash interest expense and amortization of non-cash issuance costs	(0.01)	-	(0.01)	0.01
China grant income	0.01	0.01	0.06	0.05
Contingent Value Rights revaluation	-	0.02	0.01	-
Income related to finalization of insurance recoveries	-	-	-	-
Loss on extinguishment of convertible debt	-	0.01	-	(0.01)
Loss on extinguishment of 2017 senior secured credit facility	-	(0.06)	-	(0.06)
Mexico VAT assessment	(0.02)	-	(0.02)	-
Venezuela devaluation	-	-	-	(0.01)
Total income tax adjustments ⁽⁶⁾	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ 0.02</u>	<u>\$ (0.02)</u>

(3) Relates to non-cash expense on the Company's 2.00% convertible senior notes due 2019 and the related prepaid forward share repurchase contracts and the 2.625% convertible senior notes due 2024.

(4) Relates to the finalization of insurance recoveries in connection with the flooding at one of the Company's warehouses in Mexico during September 2017, which damaged certain of the Company's inventory stored within the warehouse.

(5) Relates to the loss on the extinguishment of a portion of the 2.00% convertible senior notes due 2019 repurchased in March 2018.

(6) 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	Twelve Months Ending
	December 31, 2019	December 31, 2019
Diluted EPS Guidance	\$0.41 - \$0.61	\$2.20 - \$2.40
Non-cash interest expense and amortization of non-cash issuance costs ⁽¹⁾	0.04	0.27
China Grant Income ⁽²⁾	0.00	(0.20)
Contingent Value Rights revaluation ⁽³⁾	0.00	(0.11)
Income related to finalization of insurance recoveries ⁽⁴⁾	0.00	(0.04)
Impact of adjusted shares outstanding	0.00	0.02
Expenses related to regulatory inquiries ⁽⁵⁾	0.02	0.26
Mexico VAT Assessment ⁽⁶⁾	0.00	0.13
Income tax adjustments for above items ⁽⁷⁾	0.01	0.03
Adjusted diluted EPS guidance ⁽⁸⁾	<u>\$0.48 - \$0.68</u>	<u>\$2.56 - \$2.76</u>

(1) Relates to non-cash expense on our convertible notes and prepaid forward share repurchase contract. Excludes tax impact of \$1.1 million for the three months ending December 31, 2019.

(2) Excludes tax impact of \$0.1 million and \$8.0 million for the three months and twelve months ending December 31, 2019, respectively.

(3) Excludes tax impact of \$1.1 million for the three months ending December 31, 2019.

(4) Excludes tax impact of \$0.4 million and \$0.04 million for the three months and twelve months ending December 31, 2019, respectively.

(5) Excludes tax impact of \$1.5 million and \$1.6 million for the three months and twelve months ending December 31, 2019, respectively.

(6) Excludes tax impact of \$0.9 million and \$1.8 million for the three months and twelve months ending December 31, 2019, respectively.

(7) Aggregates the individual tax impacts of each item as described in greater detail in footnotes 2 through 6 above.

(8) 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, 2020
Diluted EPS Guidance	\$2.35 - \$2.85
Non-cash interest expense and amortization of non-cash issuance costs ⁽¹⁾	0.16
Expenses related to regulatory inquiries ⁽²⁾	0.06
Income tax adjustments for above items	(0.02)
Adjusted diluted EPS guidance	<u>\$2.55 - \$3.05</u>

⁽¹⁾ Relates to non-cash expense on our convertible notes.

⁽²⁾ Excludes tax impact of \$2.5 million for the twelve months ending December 31, 2019.

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Herbalife Nutrition Announces Management Succession Plan

Dr. John Agwunobi to Become CEO, John DeSimone to Become President, in March 2020

Michael Johnson to Remain Chairman of the Board

LOS ANGELES--(BUSINESS WIRE)--October 29, 2019--The Board of Directors of Herbalife Nutrition Ltd. (NYSE: HLF) today announced that John Agwunobi, Co-President and Chief Health and Nutrition Officer, will become Chief Executive Officer, effective March 30, 2020. At that time, John DeSimone, Co-President and Chief Strategic Officer, will become President. Michael Johnson, who is serving as CEO on an interim basis, will remain Chairman of the Board of Directors.

“With an accomplished and unique background as a physician, public health official and business leader, Dr. Agwunobi embodies our company’s vision, values and nutrition philosophy,” said Mr. Johnson. “He has been an integral part of our business, from customer and distributor experiences to product development, and I am confident he has the vision, skills and experience necessary to lead this great Company into the future. I look forward to working closely with him throughout the transition and in my capacity as Chairman.”

John Agwunobi, M.D., M.B.A., M.P.H., joined Herbalife Nutrition as Chief Health and Nutrition Officer in 2016 and was named Co-President in 2018. During his tenure, Dr. Agwunobi’s commitment to innovation, quality and science-backed nutrition allowed the Company to build on its reputation as a premier global nutrition company. Dr. Agwunobi also led the Company’s efforts in expanding its product portfolio and strengthening relationships with distributors and customers to bring better nutrition, healthier lifestyles and an entrepreneurial business opportunity to people around the world.

“I am incredibly excited about the opportunities ahead for Herbalife Nutrition. Thanks to the dedication and commitment of our independent distributors and employees, we are changing millions of people’s lives by helping them improve their nutrition with proven, great-tasting products and personalized support, while also providing our distributors the opportunity to be an entrepreneur,” said Dr. Agwunobi. “Our business is strong and our future is bright, and I look forward to continuing on our positive trajectory for the benefit of our distributors, their customers, employees and shareholders.”

Dr. Agwunobi added, “On behalf of the entire Herbalife Nutrition community, I want to thank Michael for his vision, leadership and dedication to our company and look forward to his continued contributions as Chairman of the Board.”

Mr. DeSimone joined Herbalife Nutrition in 2007 as Senior Vice President, Finance and then served as Chief Financial Officer for eight years before being named Co-President and Chief Strategic Officer in 2018. As Chief Financial Officer, DeSimone had global responsibility for all financial departments including accounting, tax, treasury, strategic planning, and investor relations for the Company’s business around the world as well as heading the Company’s member compliance and insights groups.

In his most recent role, he managed the Company's regional leadership, who are responsible for growing the Company's premier nutrition business and driving performance in more than 94 countries around the globe.

Mr. Johnson added, "John DeSimone is a proven leader with an extraordinarily deep knowledge of our business, having spent more than a decade in leadership positions at Herbalife Nutrition. We are fortunate to have him serve as our President, partnering with the leadership team to drive our strategy, execute on our long-term growth plans and help further our mission."

Mr. DeSimone said, "I have a deep connection to Herbalife Nutrition and everything this great company stands for, and I am eager for us to continue to unlock the tremendous opportunities that lie ahead. Working closely with my friend and colleague Dr. Agwunobi, along with our extraordinary team, we will continue to grow our business and help even more people around the globe pursue healthy, active lifestyles and a unique entrepreneurial opportunity."

In a separate announcement this afternoon, the Company reported its third quarter 2019 financial results. The press release can be found at <https://ir.herbalife.com/press-releases>.

About Dr. John Agwunobi

Prior to joining Herbalife Nutrition, Dr. Agwunobi brought a wealth of experience from both the public and private sectors. Most notably, from 2005-2007, he served as the Assistant Secretary of Health for the U.S. Department of Health and Human Services. During his term, he was responsible for disease prevention and health promotion. He oversaw the Centers for Disease Control, National Institutes of Health, the Food and Drug Administration, the office of the U.S. Surgeon General, and numerous other public health offices and programs.

In the private sector, Dr. Agwunobi served as Senior Vice President and President of Health and Wellness for Walmart in the United States where he helped grow the business and provided insight and advice on health reform positions, public health advocacy, health nutrition, employee wellness and emergency response.

Dr. Agwunobi has a broad educational background that includes a master's in public health from Johns Hopkins University and a master's in business administration from Georgetown University. Dr. Agwunobi completed his pediatric residency at Howard University and is currently a licensed physician in Florida and Maryland.

About John DeSimone

Mr. DeSimone has more than 25 years of experience in the corporate finance sector. Prior to joining Herbalife Nutrition, he served as the controller, vice president of finance and chief financial officer of publicly traded Rexall Sundown, Inc., a multinational manufacturer of nutritional supplements and sports nutrition products.

DeSimone is on the board of trustees of the California Science Center which provides support for exhibits and education programs. He served as co-chair for the 21st annual discovery ball which raised more than 2 million dollars.

He earned a bachelor of science in business administration at Bryant College which is now Bryant University.

About Herbalife Nutrition Ltd.

Herbalife Nutrition is a global company that has been changing people's lives with great nutrition products and a proven business opportunity for its independent distributors since 1980. The Company offers high-quality, science-backed products, sold in over 90 countries by entrepreneurial distributors who provide one-on-one coaching and a supportive community that inspires their customers to embrace a healthier, more active lifestyle. Through the Company's global campaign to eradicate hunger, Herbalife Nutrition is also committed to bringing nutrition and education to communities around the world.

For more information, please visit IAMHerbalifeNutrition.com.

Herbalife Nutrition also encourages investors to visit its investor relations website at ir.herbalife.com as financial and other information is updated and new information is posted.

Forward Looking Statements

This release contains forward-looking statements within the meaning of the federal securities laws. All such statements in this release, other than statements of historical fact, are forward-looking statements and include, among other things, statements about our expectations, beliefs, intentions and/or strategies for the future. Words such as "expect," "intend," "will," "plan," "anticipate," "believe," "we are confident that," "forecast," "guidance," "outlook," "goals," and similar expressions are intended to identify forward-looking statements.

These forward-looking statements could include but are not limited to statements related to our expectations generally regarding our positioning, future business performance and financial results. Our actual results could differ materially from any forward-looking statements due to numerous factors that involve substantial known and unknown risks and uncertainties. These risks and uncertainties include, among other things, the risk factors set forth in our most recent quarterly report on Form 10-Q and other risks discussed in any of our subsequent reports filed with the SEC from time to time, all of which are expressly incorporated herein by reference.

We base our forward-looking statements on information available to us on the date of this release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of changed circumstances, new information, future events or otherwise.

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