

August 3, 2016



Herbalife Ltd. Announces Record Second Quarter 2016 Volume Results

- **Second quarter 2016 volume points increased 9% compared to the second quarter 2015, representing the highest volume point quarter in the company's history.**
- **Second quarter 2016 reported a loss of \$0.28 per diluted share, which includes the impact of \$203 million related to regulatory settlements, as compared to earnings of \$0.97 per diluted share for the prior year quarter. Adjusted¹ earnings of \$1.29 per adjusted² diluted share increased 4% compared to \$1.24 per diluted share for the comparable prior year quarter.**
- **Second quarter 2016 reported net sales of \$1.2 billion increased 3% and 10% on an as reported and constant currency basis, respectively, compared to the prior year period.**
- **Establishes full year 2016 GAAP diluted EPS guidance in a range of \$2.30 to \$2.60. Raises full year 2016 adjusted¹ diluted EPS guidance to a range of \$4.50 to \$4.80; an increase from the previous range of \$4.40 to \$4.75.**

LOS ANGELES--(BUSINESS WIRE)-- Herbalife Ltd. (NYSE: HLF) reported second quarter net sales of \$1.2 billion, reflecting an increase of 3% compared to the prior year period. Second quarter 2016 net sales, excluding the impact of currency, grew by 10%. On a reported basis, second quarter net loss of \$22.9 million or (\$0.28) per diluted share which includes the impact of \$203 million related to regulatory settlements, compared to net income of \$82.8 million or \$0.97 per diluted share for the comparable quarter in 2015. Adjusted¹ earnings for the quarter grew 4% to \$1.29 per adjusted² diluted share, compared to \$1.24 per diluted share for the second quarter in 2015. Due to currency fluctuations, second quarter 2016 reported and adjusted¹ net income were negatively impacted by \$27.7 million and \$26.6 million, respectively, and reported EPS and adjusted¹ earnings per adjusted² diluted share were negatively impacted by \$0.32 and \$0.31, respectively.

Michael O. Johnson, chairman and CEO of Herbalife, stated "This has been a historic quarter for Herbalife, with worldwide record setting volume points and new volume point highs in four out of our six regions."

Johnson continued, "This momentum reflects the strength of our distributors' businesses and with the FTC settlement announcement, I am more confident than ever in Herbalife's future."

Second Quarter and 2016 Key Metrics^{3,4}

Regional Volume Point and Average Active Sales Leader Metrics

Region	Volume Points (Mil)		Average Active Sales Leaders	
	2Q '16	Yr/Yr % Chg	2Q '16	Yr/Yr % Chg
North America	347.0	14%	77,596	2%
Asia Pacific	277.8	2%	73,206	-3%
EMEA	276.9	21%	80,268	13%
Mexico	242.6	10%	65,073	1%
South & Central America	160.3	-7%	54,510	-6%
China	179.7	10%	31,391	31%
Worldwide Total	1,484.3	9%	367,891	3%

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

Region	Reported Net Sales		Growth/Decline	
	2Q '16 (mil)		including FX	excluding FX
North America	\$	266.5	16%	16%
Asia Pacific	\$	234.6	-2%	2%
EMEA	\$	219.0	13%	20%
Mexico	\$	119.3	-8%	9%
South & Central America	\$	119.9	-10%	3%
China	\$	242.5	2%	8%
Worldwide Total	\$	1,201.8	3%	10%

Outlook

Based on current business trends the company’s third quarter 2016 and full year 2016 guidance is as follows:

	Three Months Ending		Twelve Months Ending	
	September 30, 2016		December 31, 2016	
	Low	High	Low	High
Volume Point Growth vs 2015	5.0%	8.0%	4.5%	7.5%
Net Sales Growth vs 2015	2.0%	5.0%	1.5%	4.5%
Diluted EPS	\$0.74	\$0.84	\$2.30	\$2.60
Adjusted ^(a) Diluted EPS	\$0.98	\$1.08	\$4.50	\$4.80
Cap Ex (\$ millions)	\$35.0	\$45.0	\$160.0	\$180.0
Effective Tax Rate	28.0%	30.0%	27.5%	29.5%
Currency Adjusted ^(b) Net Sales Growth vs 2015	5.5%	8.5%	7.0%	10.0%
Currency Adjusted ^(b) EPS	\$1.12	\$1.22	\$5.40	\$5.70

(a) Adjusted diluted EPS is a non-GAAP measure and excludes the impact of charges related to Venezuela, expenses relating to challenges to the company's business model, regulatory inquiries and implementation, expenses related to the recovery of re-audit expenses, foreign exchange impact, the impact of non-cash interest costs associated with the company's convertible notes, regulatory settlements and China grant income. 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.

(b) Excludes the impact of Venezuela price increases tied to FX rate movements.

Forward guidance is based on the average daily exchange rates of the first two weeks of July.

Adjusted diluted EPS guidance for the third quarter 2016 includes a projected unfavorable impact from currency exchange rates of approximately \$0.14 per diluted share versus the third quarter of 2015.

Full year 2016 adjusted diluted EPS guidance includes a projected currency headwind of approximately \$0.90 per diluted share, compared to 2015, which is \$0.20 higher than the headwind included in the guidance the company provided a quarter ago.

Second Quarter 2016 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 Wednesday, August 3, 2016, 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 (706) 634-5671 for international callers (conference ID 38673773). 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 38673773). 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 \$4.5 billion in 2015. The Herbalife website contains a significant amount of financial and other information about the company at <http://ir.Herbalife.com>. The company encourages investors to visit its website from time to time, as information is updated and new information is posted. To learn more, visit Herbalife.com or IAmHerbalife.com.

FORWARD-LOOKING STATEMENTS

This earnings 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 market 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;
- 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;
- 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;
- 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.

¹ Adjusted diluted EPS is a non-GAAP measure and excludes the impact of charges related to Venezuela, expenses relating to challenges to the company's business model, regulatory inquiries, expenses related to the recovery of re-audit expenses, foreign exchange impact, the impact of non-cash interest costs associated with the company's convertible notes, regulatory settlements and China grant income. Full year adjusted diluted EPS guidance also excludes charges related to regulatory implementation. 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 we believe this non-GAAP measure is useful.

² 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 second quarter of 2016.

³ Supplemental tables that include additional business metrics can be found at <http://www.ir.herbalife.com>.

⁴ Worldwide Average Active Sales Leaders may not equal the sum of the Average Active

Sales Leaders in each region due to the calculation being an average of Sales Leaders active in a period, not a summation, and the fact that some are active in more than one region but are counted only once in the worldwide amount.

RESULTS OF OPERATIONS:

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

	Three Months Ended		Six Months Ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
North America	\$ 266.5	\$ 230.0	\$ 512.5	\$ 456.7
Mexico	119.3	129.2	229.0	252.8
South and Central America	119.9	133.5	246.9	295.2
EMEA	219.0	193.8	417.4	380.2
Asia Pacific	234.6	239.1	455.7	481.9
China	242.5	236.7	459.9	400.9
Worldwide Net Sales	1,201.8	1,162.3	2,321.4	2,267.7
Cost of Sales ⁽¹⁾	236.3	229.3	449.4	444.7
Gross Profit	965.5	933.0	1,872.0	1,823.0
Royalty Overrides	336.7	318.7	648.6	641.7
Selling, General and Administrative Expenses ⁽²⁾	676.8	470.5	1,103.9	901.9
Other Operating Income ⁽³⁾	(28.1)	-	(28.9)	-
Operating (Loss) Income	(19.9)	143.8	148.4	279.4
Interest Expense, net	23.1	23.7	48.0	45.2
Other Expense, net ⁽⁴⁾	-	-	-	2.3
(Loss) Income Before Income Taxes	(43.0)	120.1	100.4	231.9
Income Taxes	(20.1)	37.3	27.5	70.9
Net (Loss) Income	\$ (22.9)	\$ 82.8	\$ 72.9	\$ 161.0
 Weighted Average Shares Outstanding:				
Basic	83.0	82.6	82.9	82.5
Diluted	83.0	85.2	85.9	84.8
 (Loss) Earnings Per Share:				
Basic	\$ (0.28)	\$ 1.00	\$ 0.88	\$ 1.95
Diluted	\$ (0.28)	\$ 0.97	\$ 0.85	\$ 1.90

(1) Cost of Sales includes \$0.3 million and \$1.7 million of inventory write downs related to Venezuela for the three and six months ended June 30, 2015, respectively.

(2) Selling, General and Administrative Expenses includes \$203 million related to regulatory settlements for the three and six months ended June 30, 2016 and includes \$0.3 million and \$32.9 million pre-tax unfavorable impact related to the remeasurement of Venezuela Bolivar-denominated assets and liabilities at the SIMADI rate for the three and six months ended June 30, 2015.

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

(4) Other Expense, net relates to the impairment of investments in Bolivar-denominated bonds for the six months ended June 30, 2015.

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

	<u>Jun 30,</u> <u>2016</u>	<u>Dec 31,</u> <u>2015</u>
ASSETS		
Current Assets:		
Cash & cash equivalents	\$ 936.7	\$ 889.8
Receivables, net	94.1	69.9
Inventories	322.5	332.0
Prepaid expenses and other current assets	193.2	161.1
Deferred income tax assets	114.8	113.5
Total Current Assets	<u>1,661.3</u>	<u>1,566.3</u>
Property, net	371.5	339.2
Deferred compensation plan assets	29.5	29.3
Other assets	148.1	141.1
Marketing related intangibles and other intangible assets, net	310.1	310.2
Goodwill	93.4	91.8
Total Assets	<u><u>\$2,613.9</u></u>	<u><u>\$2,477.9</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

Current Liabilities:

Accounts payable	\$ 85.4	\$ 71.1
Royalty overrides	247.1	249.9

Accrued compensation	115.3	128.8
Accrued expenses	455.8	228.7
Current portion of long-term debt	423.3	229.5
Advance sales deposits	101.4	63.8
Income taxes payable	29.4	52.6
Total Current Liabilities	<u>1,457.7</u>	<u>1,024.4</u>
Non-current liabilities		
Long-term debt, net of current portion	1,003.3	1,392.5
Deferred compensation plan liability	46.9	43.6
Deferred income tax liabilities	0.4	0.4
Other non-current liabilities	70.1	70.5
Total Liabilities	<u>2,578.4</u>	<u>2,531.4</u>
Contingencies		
Shareholders' equity (deficit):		
Common shares	0.1	0.1
Paid-in capital in excess of par value	457.3	438.2
Accumulated other comprehensive loss	(168.5)	(165.5)
Accumulated deficit	(253.4)	(326.3)
Total Shareholders' Equity (Deficit)	<u>35.5</u>	<u>(53.5)</u>
Total Liabilities and Shareholders' Equity (Deficit)	<u>\$2,613.9</u>	<u>\$2,477.9</u>

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

	Six Months Ended	
	6/30/2016	6/30/2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 72.9	\$ 161.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47.9	48.0
Excess tax benefits from share-based payment arrangements	(2.1)	(1.5)
Share-based compensation expenses	20.5	23.9
Non-cash interest expense	28.7	25.5
Deferred income taxes	(21.2)	(2.5)

Inventory write-downs	11.2	17.7
Foreign exchange transaction gain	(2.9)	(12.3)
Foreign exchange loss and other charges relating to Venezuela	4.8	36.9
Other	(5.9)	9.3
Changes in operating assets and liabilities:		
Receivables	(20.4)	(24.4)
Inventories	(0.2)	16.5
Prepaid expenses and other current assets	5.7	6.4
Other assets	(5.2)	(10.1)
Accounts payable	17.4	16.8
Royalty overrides	(1.4)	(9.3)
Accrued expenses and accrued compensation	219.3	50.1
Advance sales deposits	37.3	31.8
Income taxes	(40.8)	(26.6)
Deferred compensation plan liability	2.4	1.5
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>368.0</u>	<u>358.7</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(86.9)	(39.9)
Other	4.5	5.6
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(82.4)</u>	<u>(34.3)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on senior secured credit facility and other debt	(229.7)	(163.8)
Issuance costs relating to long-term debt	-	(6.2)
Share repurchases	(4.5)	(9.1)
Excess tax benefits from share-based payment arrangements	2.1	1.5
Other	(1.4)	0.9
NET CASH (USED IN) FINANCING ACTIVITIES	<u>(233.5)</u>	<u>(176.7)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>(5.2)</u>	<u>(43.5)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	46.9	104.2
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	889.8	645.4
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 936.7</u>	<u>\$ 749.6</u>

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 of 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		Six Months Ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
	(in millions)			
Net (loss) income, as reported	\$ (22.9)	\$ 82.8	\$ 72.9	\$ 161.0
Remeasurement, impairment losses and other charges relating to Venezuela (1)(2)	-	0.6	-	36.9
Expenses incurred responding to attacks on the company's business model (1) (3)	4.6	7.1	7.5	11.4
Expenses related to Regulatory inquiries (1) (4)	2.5	5.8	10.1	9.2
Expenses incurred for the recovery of re-audit expenses (1) (5)	1.9	0.4	3.3	0.6
Foreign exchange loss (gain) from Euro/USD exposure on intercompany balances (1) (6)	-	5.4	-	(7.4)
Non-cash interest expense and amortization of non-cash issuance costs (1) (7)	11.2	10.6	22.2	21.0
Regulatory settlements (1) (8)	203.0	-	203.0	-
China grant income (1) (9)	(28.1)	-	(28.9)	-
Income tax adjustments for above items (1) (10)	(60.9)	(7.1)	(63.4)	(18.3)
Net income, as adjusted (11)	\$ 111.2	\$ 105.6	\$ 226.8	\$ 214.4

The following table is a reconciliation of diluted shares outstanding, presented and reported in accordance with GAAP, to diluted shares outstanding, adjusted for the impact of outstanding equity awards. Outstanding equity awards were excluded from the number of reported diluted outstanding shares for the second quarter of 2016 because the Company reported a net loss for the second quarter of 2016 and their inclusion would be anti-dilutive. However, because the company's adjusted net income for the second quarter of 2016, as calculated in the table above, was positive, inclusion of outstanding equity awards would not be anti-dilutive. Therefore, the company has adjusted the diluted shares outstanding for the second quarter of 2016 to include equity awards as set forth below so the calculation of adjusted diluted EPS is not overstated for the second quarter of 2016 and such number is comparable to adjusted diluted EPS for the prior year period.

	Three Months Ended		Six Months Ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
	(in millions)			
Diluted shares outstanding, as reported	83.0	85.2	85.9	84.8
Potential dilutive effect of outstanding equity grants	3.2	-	-	-
Diluted shares outstanding, as adjusted	<u>86.2</u>	<u>85.2</u>	<u>85.9</u>	<u>84.8</u>

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		Six Months Ended	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Diluted (loss) earnings per share, as reported	\$ (0.28)	\$ 0.97	\$ 0.85	\$ 1.90
Remeasurement, impairment losses and other charges relating to Venezuela (1)(2)	-	0.01	-	0.44
Expenses incurred responding to attacks on the company's business model (1) (3)	0.05	0.08	0.09	0.13
Expenses related to Regulatory inquiries (1) (4)	0.03	0.07	0.12	0.11
Expenses incurred for the recovery of re-audit expenses (1) (5)	0.02	-	0.04	0.01

Foreign exchange loss (gain) from Euro/USD exposure on intercompany balances (1) (6)	-	0.06	-	(0.09)
Non-cash interest expense and amortization of non-cash issuance costs (1) (7)	0.13	0.12	0.26	0.25
Regulatory settlements (1) (8)	2.36	-	2.36	-
China grant income (1) (9)	(0.33)	-	(0.34)	-
Income tax adjustments for above items (1) (10)	(0.71)	(0.08)	(0.74)	(0.22)
Diluted earnings per share, as adjusted (11)	<u>\$ 1.29</u>	<u>\$ 1.24</u>	<u>\$ 2.64</u>	<u>\$ 2.53</u>

(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 impact of \$1.0 million and \$12.1 million for the three and six months ended June 30, 2015, respectively.

(3) Excludes tax impact of \$1.3 million and \$2.3 million for the three months ended June 30, 2016 and 2015, respectively; and \$1.9 million and \$3.7 million for the six months ended June 30, 2016 and 2015, respectively.

(4) Excludes tax impact of \$0.9 million and \$2.1 million for the three months ended June 30, 2016 and 2015, respectively; and \$3.7 million and \$3.4 million for the six months ended June 30, 2016 and 2015, respectively.

(5) Excludes tax impact of \$0.6 million and \$0.1 million for the three months ended June 30, 2016 and 2015, respectively; and \$1.1 million and \$0.2 million for the six months ended June 30, 2016 and 2015, respectively.

(6) Excludes tax impact of \$2.1 million and (\$0.6) million for the three and six months ended June 30, 2015, respectively.

(7) Relates to non-cash expense on our convertible notes and prepaid forward share repurchase contract. Excludes tax impact of (\$0.1) million and (\$0.4) million for the three months ended June 30, 2016 and 2015, respectively; and (\$1.3) million and (\$0.5) million for the six months ended June 30, 2016 and 2015, respectively.

(8) Excludes tax impact of \$66.5 million for the three and six months ended June 30, 2016.

(9) Excludes tax impact of (\$8.2) million and (\$8.4) million for the three and six months ended June 30, 2016.

(10) Aggregates the individual tax impacts of each item as described in greater detail in footnotes 2-9 above.

(11) 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 diluted earnings per share adjusted guidance for certain items.

	Three Months Ending September 30, 2016	Twelve Months Ending December 31, 2016
Diluted EPS Guidance	\$0.74 - \$0.84	\$2.30 - \$2.60
Expenses incurred responding to attacks on the company's business model (1)	\$0.05	\$0.18
Expenses related to Regulatory inquiries and implementation (2)	\$0.10	\$0.29
Expenses incurred for the recovery of re-audit fees (3)	\$0.04	\$0.12
Non-cash interest expense and amortization of non-cash issuance costs (4)	\$0.13	\$0.52
Regulatory settlements (5)	-	\$2.36
China Grant Income (6)	-	(\$0.34)
Income tax adjustments for above items (7)	(\$0.09)	(\$0.90)
Adjusted Diluted EPS Guidance (8)	<u>\$0.98 - \$1.08</u>	<u>\$4.50 - \$4.80</u>

(1) Excludes tax impact of \$0.9 million and \$3.6 million for the three months ended September 30, 2016, and twelve months ending December 31, 2016, respectively.

(2) Excludes tax impact of \$3.2 million and \$10.1 million for the three months ended September 30, 2016, and twelve months ending December 31, 2016, respectively.

(3) Excludes tax impact of \$1.1 million and \$3.3 million for the three months ended September 30, 2016, and twelve months ending December 31, 2016, respectively.

(4) Excludes tax impact of \$0.7 million for the three months ended September 30, 2016.

(5) Excludes tax impact of \$1.7 million and \$69.8 million for the three months ended September 30, 2016, and twelve months ending December 31, 2016, respectively.

(6) Excludes tax impact of \$0.0 million and (\$8.4) million for the three months ended September 30, 2016, and twelve months ending December 31, 2016, respectively.

(7) Aggregates the individual tax impacts of each item as described in greater detail in footnotes 1-6 above.

(8) Amounts may not total due to rounding.

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Source: Herbalife Ltd.