



Herbalife

Investor Presentation

August 2016

Forward-Looking Statements

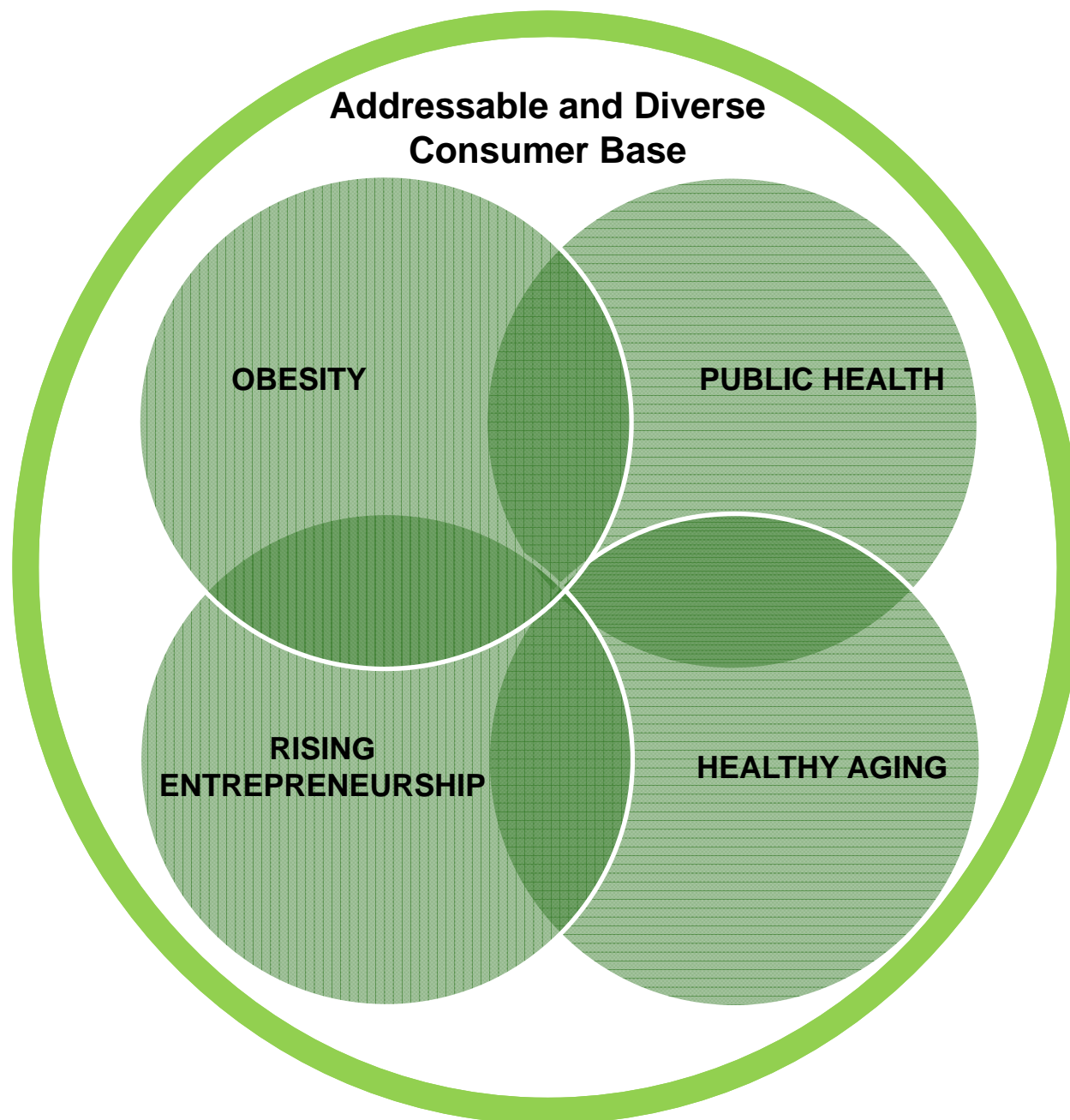
This presentation contains, and our officers and representatives during this presentation may from time to time make, forward-looking statements, such as statements relating to projections of results of operations and financial condition, plans, strategies and objectives of management for future operations and proposed new developments. Forward-looking statements may include the words “may,” “will,” “estimate,” “intend,” “continue,” “believe,” “expect,” “anticipate” and any other similar words. Such forward-looking statements are subject to change and to inherent risks and uncertainties that could cause Herbalife’s actual results, performance and achievements, or industry results, to differ materially from estimates or projections in forward-looking statements made by or on behalf of Herbalife. For more information regarding these risks and uncertainties, please review Herbalife’s filings with the Securities and Exchange Commission, or the “SEC,” including the risks disclosed under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Herbalife’s annual, quarterly and other reports. Herbalife does not undertake to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this presentation to reflect any changes in any forward-looking statement or the occurrence of unanticipated events, except as required by law. In addition, this presentation may contain certain financial performance measures that differ from comparable measures contained in our financial statements prepared in accordance with US generally accepted accounting principles, referred to by the SEC as non-GAAP financial measures. Herbalife believes that these non-GAAP financial measures assist management and investors in evaluating our performance and preparing period to period results of operations in a more meaningful and consistent manner, as discussed in greater detail in the schedules to our earnings releases, which can be found in the investor relations section of our website, ir.herbalife.com. In addition, a reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures is also contained in the Appendix to this presentation. Additionally, when management makes reference to volumes in this presentation, it is referring to volume points.

Why Herbalife (NYSE: HLF)?

1. Long-term growth opportunity
2. Company's nutrition products and unique "last mile" distribution network supported by education, training and social support communities are well positioned to leverage consumer megatrends
3. Range (and breadth) of nutrition products, industry-leading infrastructure
4. Strong financial performance and cash flow
5. Conclusion of regulatory overhang and path forward

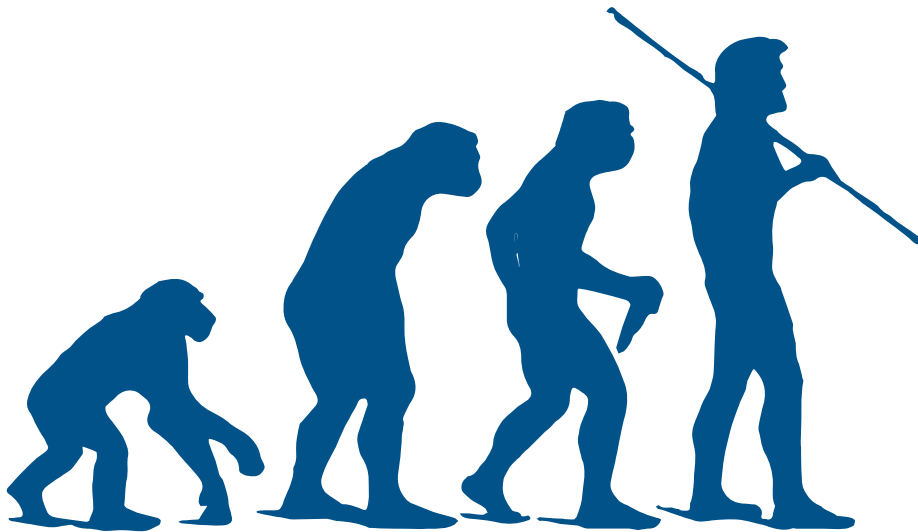
I. Long-term growth opportunity

Key Megatrends Affecting Consumers

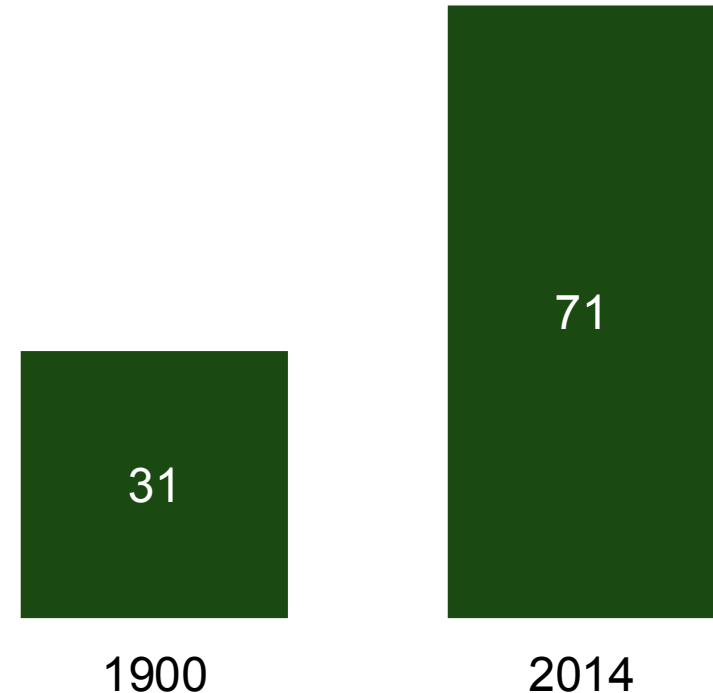


Ageing Population: World Life Expectancy Increasing at the Fastest Rate in History

**It took four million years
to produce an 11-year
life expectancy increase from
20 years to 31 years**



**It took only 114 years
to produce a
40-year increase**



The High Cost of Obesity

- “18.2% of premature deaths in the U.S. are associated with excessive body mass” ¹
- Direct, indirect and intangible obesity-related costs now exceed \$600 BILLION annually in the United States ²
- The world spends more than 90% of every health dollar on treatment... ...and less than 5% on wellness and prevention ³
- In 2014, approximately 10% of GDP globally was spent on health, up from 8.5% in 1995 ⁴
- The U.S. spends over 17% of GDP on healthcare ⁴
- Mexico spends over 6% of GDP on healthcare ⁴

Note:

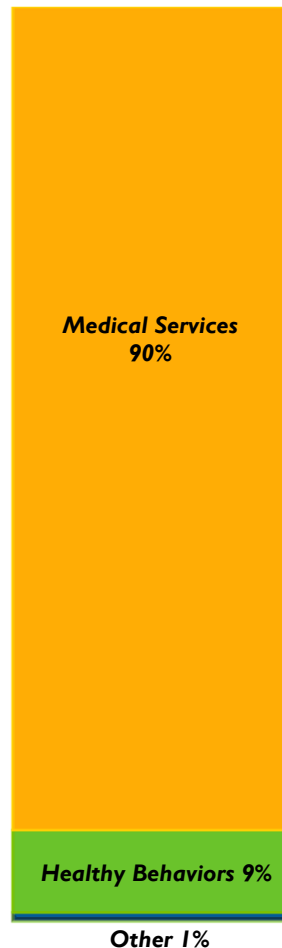
1. Columbia University Study American Journal of Public Health, August 2013
2. National Center for Weight & Wellness at George Washington University, 2014
3. Milken Institute as presented at the 2015 Herbalife Los Angeles Honors Summit
4. World Health Organization Global Health Expenditure database



The Opportunity to Divert Spending from Medical Services to Nutrition and Wellness

2013 US health-related spend ¹:

What we **spend** on
being healthy



What **makes** us
healthy



**Global consumer health
spend was \$211 Billion
in 2015 ²**

Note:

1. Better Policies for a Healthier America 2014
2. Euromonitor International



The Obesity and Overweight Epidemic

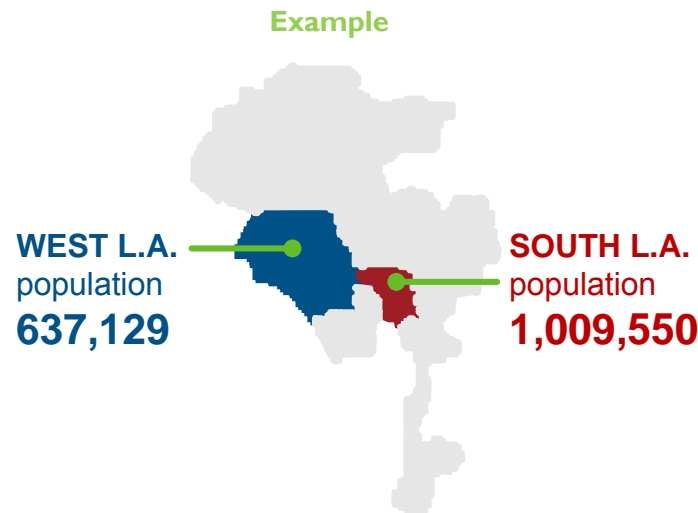
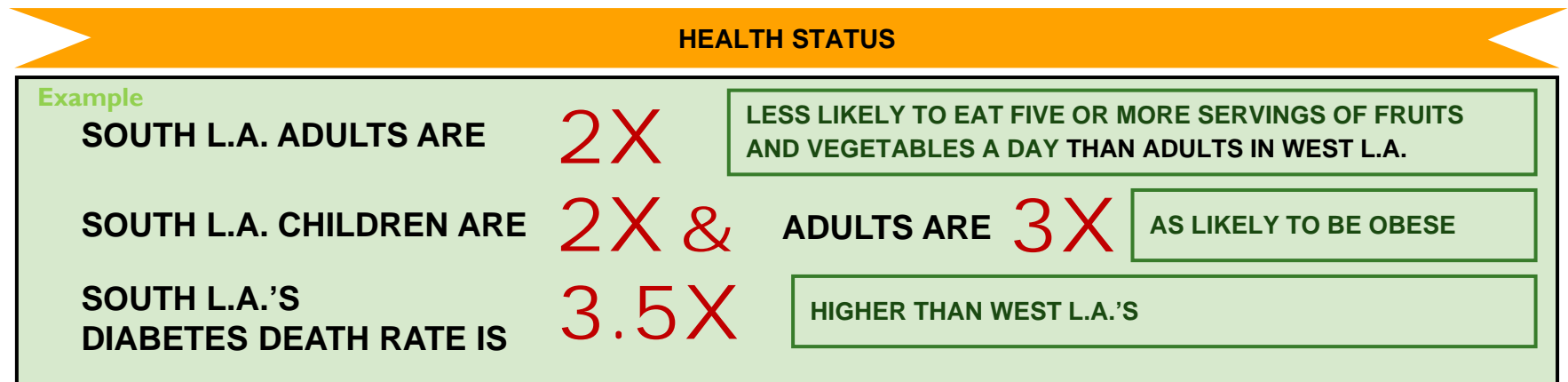
- **Almost 39% of the global population is either obese or overweight according to a recently published analysis in The World Health Organization ¹:**
 - In 2014, more than 1.9 billion adults, 18 years and older, were overweight. Of these, over 600 million were obese¹
 - Overall, about 13% of the world's adult population (11% of men and 15% of women) were obese in 2014 ¹
 - In 2014, 39% of adults aged 18 years and over (38% of men and 40% of women) were overweight ¹
 - The worldwide prevalence of obesity more than doubled between 1980 and 2014 ¹
 - In 2014, an estimated 41 million children under the age of 5 years were overweight or obese ¹
- **By 2014, over 70% of Americans were obese or overweight ²; U.S. ranks in the top two countries ³**
 - Hispanic and African American communities are disproportionately affected by obesity: Hispanics (42.5%), African-Americans (47.8%), Whites (32.6%) & Asians (10.8%) ⁴
 - Obesity is higher among middle age adults, 40-59 years old (39.5%) than among younger adults, age 20-39 (30.3%) or adults over 60 (35.4%) ⁴

Note:

1. World Health Organization
2. Center for Disease Control
3. Organization for Co-operation and Development
4. Center for Disease Control

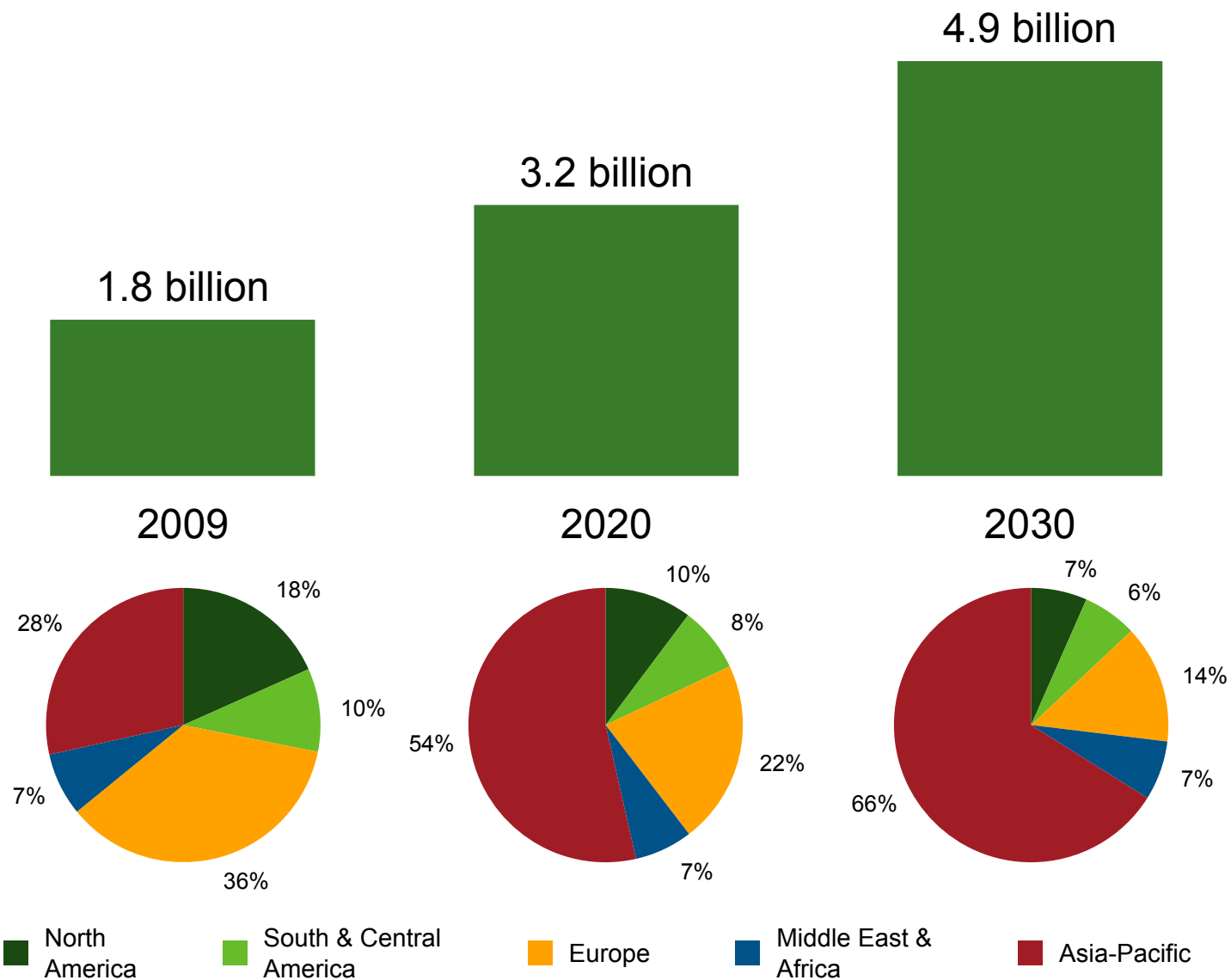


Families Living in Lower Income Neighborhoods Are More Likely to be Obese



Growth of the Global Middle Class Population

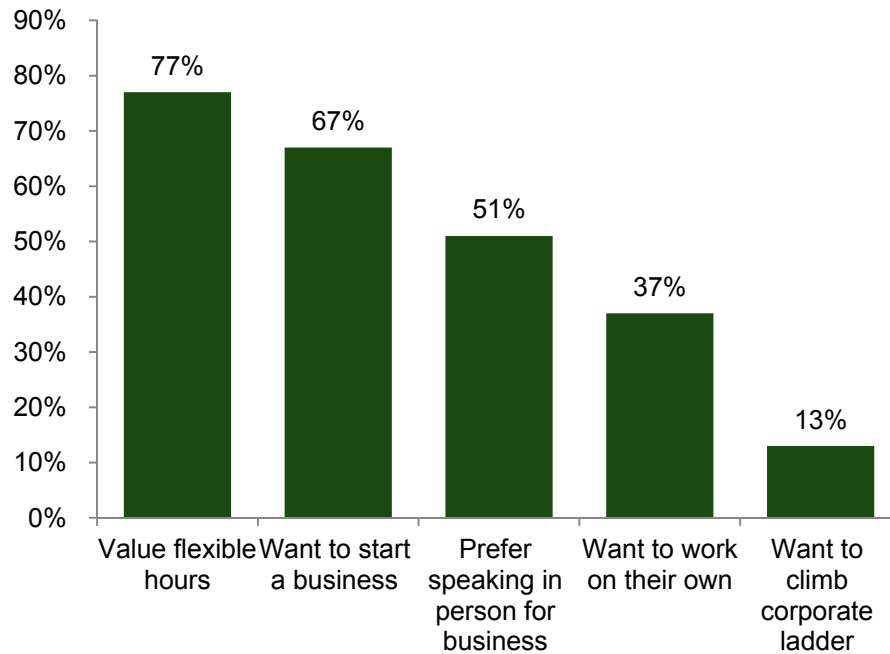
Households that spend between \$10 and \$100 per day



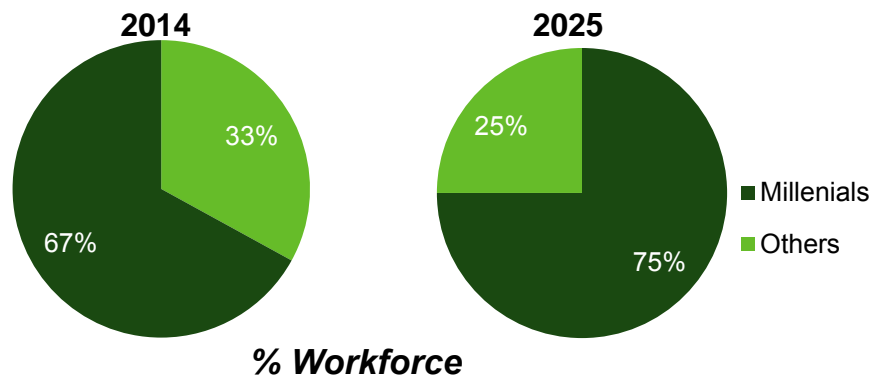
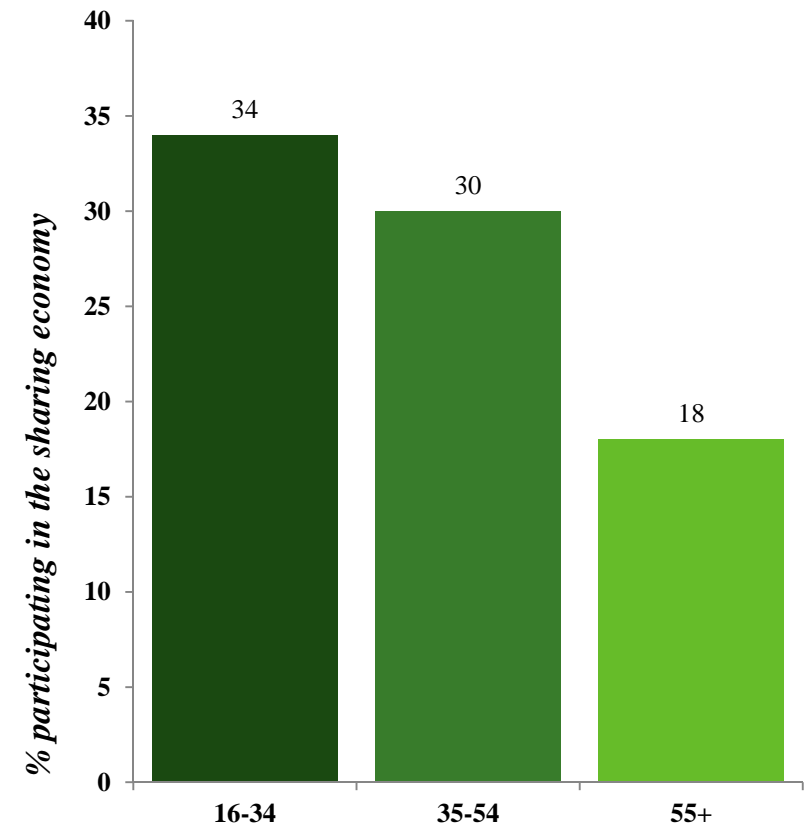
Source: The Atlantic



Rising Entrepreneurship Among Millenials



Millennials are most likely to participate in sharing economy ¹



Source: Forbes; Bloomberg

Note:

1. The sharing economy consists of peer-to-peer economic and social activity involving online transactions and based on sharing of access to goods and services





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II. Company's nutrition products and unique “last mile” distribution network supported by education, training and social support communities are well positioned to leverage consumer megatrends

Herbalife Nutrition – The Last Mile:

Traditional CPG Distribution Model



+

Limited Customer Engagement

=

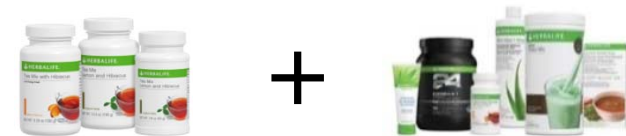


VS.

The Competitive Alternative

HERBALIFE NUTRITION

Broad Range of Products



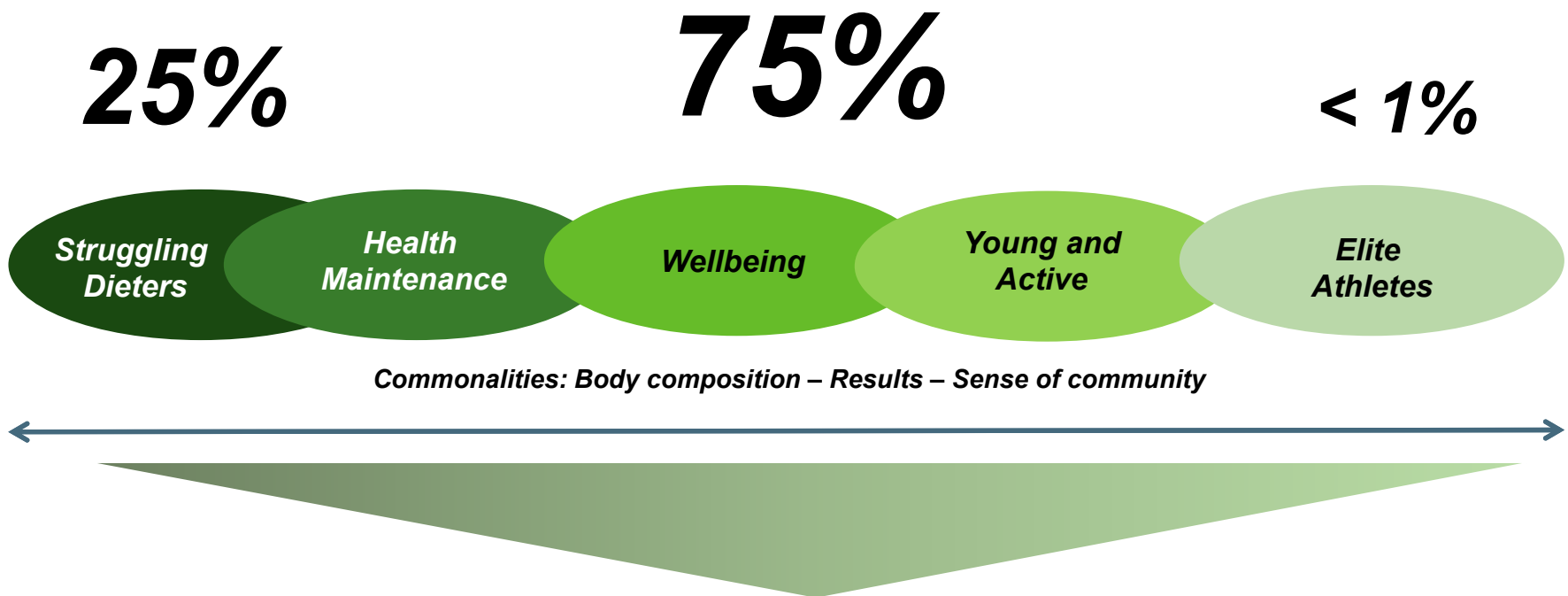
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The Last Mile
(Direct Sales Channel)

=



Growth Opportunity to Target Middle Segments With Message, Nutrition Education & Product



Herbalife Customers

Nutrient Rich Products to Satisfy Daily Nutritional Needs of All Customer Types



Struggling Dieters

Weight Focused
Needs Support
Price Sensitive



Health Maintenance

Happy with Weight
Healthy Aging
Limited Effort



Wellbeing

Wellness Focused
Clean Label, Real Food
Quality



Young & Active

Looks Focused
Gym Crowd
Convenience

Food "desert" population
Aging
Underweight

Overweight
Maintenance focused
Weight gain

Stressed
Beauty conscious

Label-reader
Vitamin taker
Prevention focused

Weekend Warrior
Hiker
Gym-goer

Athlete
Fitness Expert
Sports Professional



Offer a range of nutrient rich products to satisfy daily nutritional needs of all customer types

Our Last Mile Value Add:



Coaching Support & Community Network

- Coaching, training and support networks
- Community involvement
- Nutrition / Fit Clubs
- Local authentic sponsorships
- Lifestyle / Wellness Centers
- Create / become part of a local and broader social network
- Become part of network of Members
- Help customers achieve results



Herbalife's Personalized Socialization Dynamic

People lose weight and achieve nutritional goals much better as part of a social group



Research: Social Support Can Help You Lose Weight

People lose weight and achieve nutritional goals much better as part of a social group

- Researchers at the University of Pennsylvania recruited 166 people to participate in a weight-loss program either alone or with three friends or family members. Among those who embarked on the program with friends, 95 percent completed the program compared to only 76 percent of those who dieted solo. After 10 months, 66 percent of the group dieters had maintained their weight loss compared to only 24 percent of those who were on their own ¹
- “It’s easier to stick with a weight loss plan when you have support” ²
- “The studies are unequivocal - people who attend support groups as part of a comprehensive weight-loss program lose more weight than those who go it alone. Some things are hard to do alone” ³

CBSNEWS

By MICHELLE CASTILLO CBS NEWS October 16, 2013, 1:53 PM

Want to lose weight? Group programs may work better than doing it alone

Group mentality isn't necessarily a bad thing: A new study shows that people who took part in community-based weight loss programs lost more weight than those who were trying to shed pounds on their own.

ScienceDaily

Your source for the latest research news

Weight loss can be contagious, study suggests

Date: February 14, 2012

Source: Lifespan

Summary: Researchers have found that teammates in a team-based weight loss competition significantly influenced each other's weight loss, suggesting that weight loss can be contagious.

Source: CBS News; Science Daily

Note:

1. University of Pennsylvania
2. American Psychology Association
3. Reader's Digest

Nutrition Club Overview

- Greater than 75% of Nutrition Clubs that opened since the beginning of 2015 were opened by distributors who had more than one year of tenure
- Personally Purchased Volume (“PPV”) from Primary Nutrition Club Operators for the second quarter of 2016 was approximately 17% of total U.S. volume
 - Approximately 12% of total volume was generated by Nutrition Clubs that were opened longer than 18 months
 - Approximately 5% of total volume was generated by Nutrition Clubs that were opened since January 2015.



Source: Company

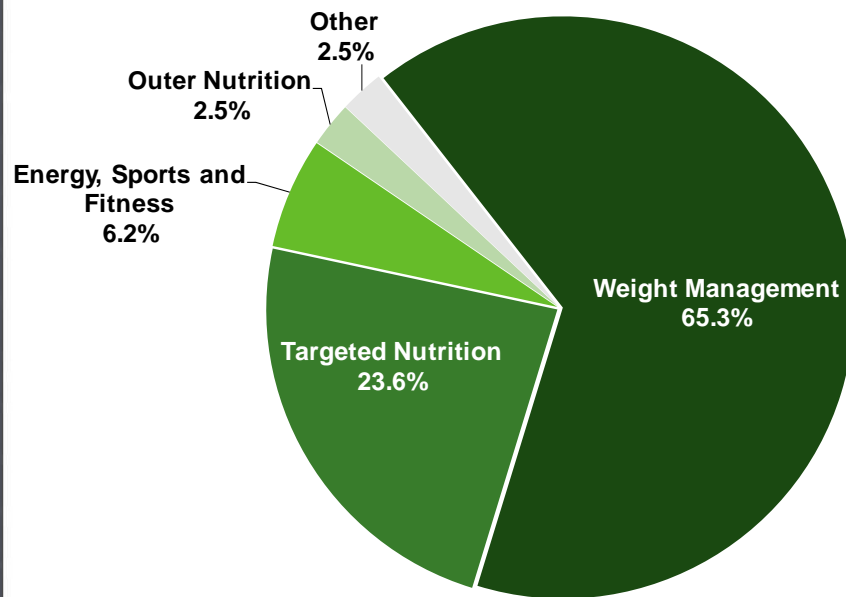
Note: Percentages are for Q2 2016 based on commercial clubs registered as of June 2016; When management makes reference to volumes in this presentation, it is referring to volume points

III. Range (and breadth) of nutrition products, industry-leading infrastructure

Leader in Providing High Quality Products

- Ingredient traceability
- Leverage strength of large global companies

Sales by Category



Top Selling Product



Top Suppliers



Division of 



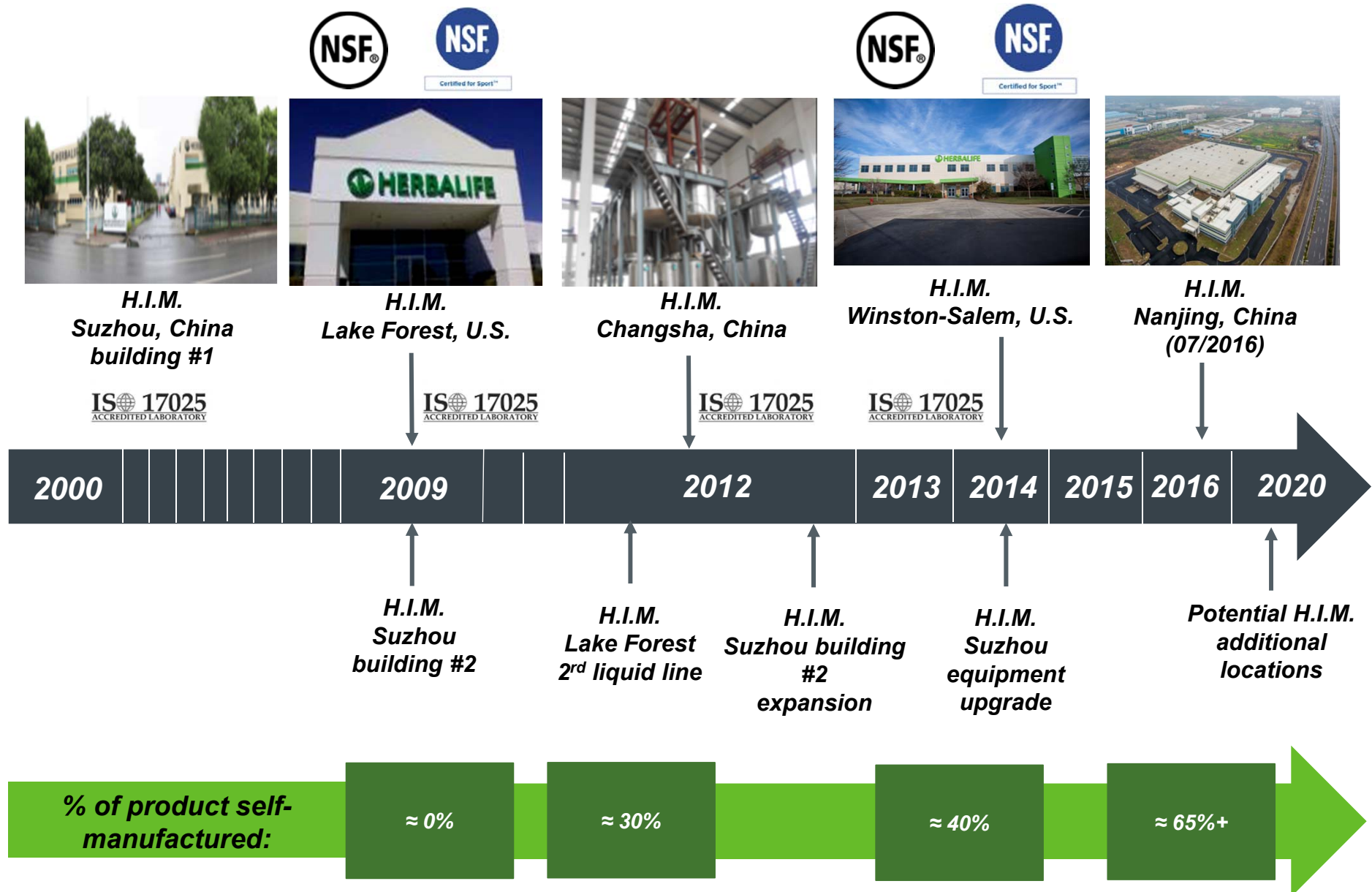
**Archer Daniels
Midland**



Division of 



Industry-Leading Manufacturing



Access Points Complement Daily Consumption Strategy

2013
>600

Product access points¹

2016
>1,500

Product access points²



- Note: Access points include 3rd party locations
1. Herbalife investor day presentation, January 2013
 2. 2015 10-K

High Tech Supports High Touch Business

Sales by Category



Payment Options



Order Options

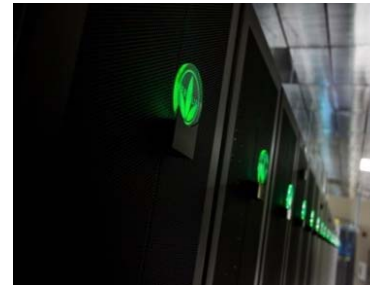


Shop Now

Infrastructure



Single Instance Order Platform Since 2008



Five Worldwide Data Centers



Over 1,000 Global Tech Employees

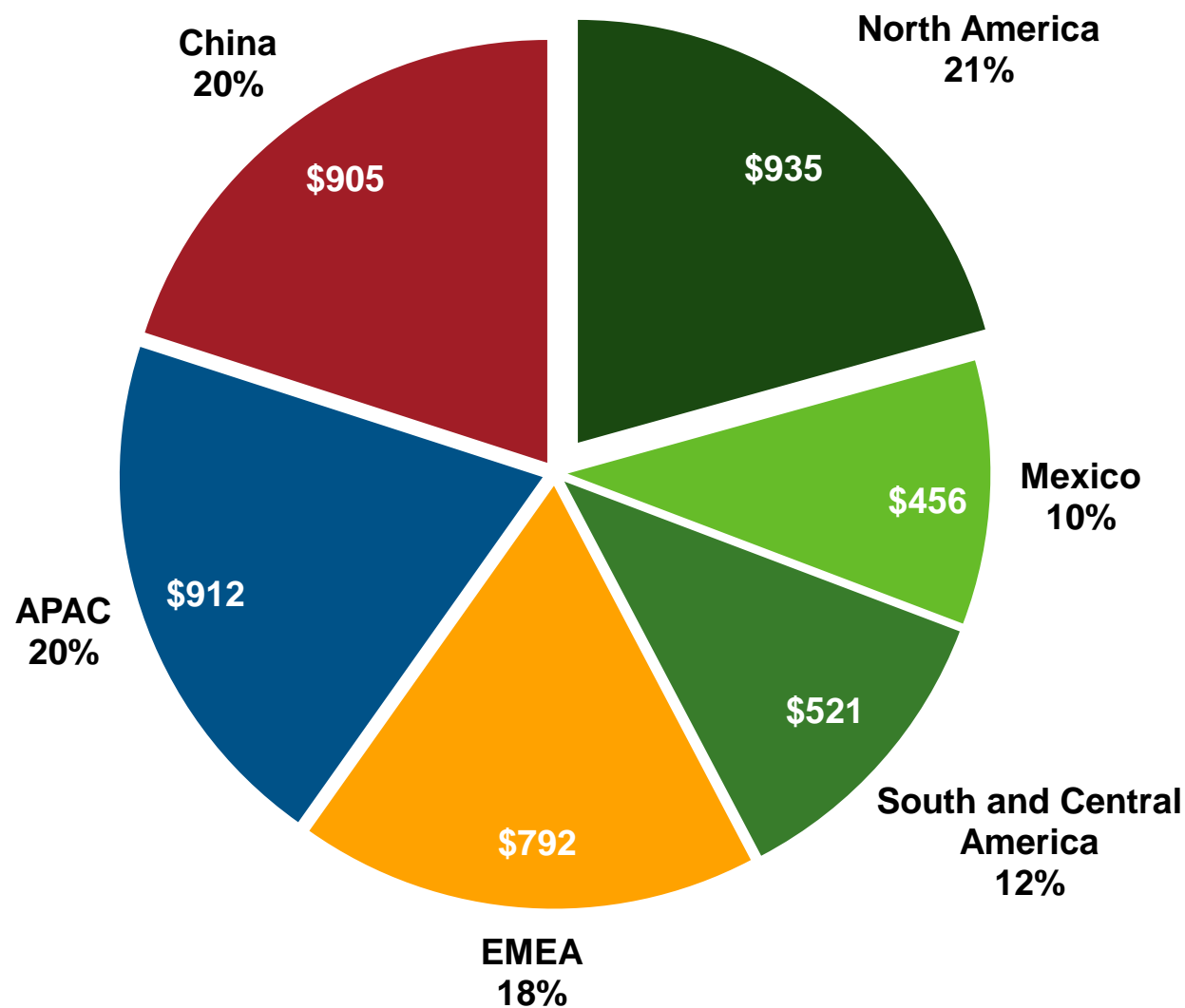


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IV. Strong financial performance and cash flow

Geographically Diversified – Net Sales by Region

(in millions)



Source: Herbalife Filings

Note: Net sales is for the trailing twelve months as of 2016 Q2

Global Volume Points / Net Sales

(in millions)

	Volume Points		Net Sales		Constant Currency Net Sales	
	Q2 2016	YOY %	Q2 2016	YOY %	Q2 2016	YOY %
NORTH AMERICA	347.0	14%	\$266.5	16%	\$266.8	16%
MEXICO	242.6	10%	119.3	(8%)	140.9	9%
ASIA PACIFIC	277.8	2%	234.6	(2%)	244.4	2%
SOUTH AND CENTRAL AMERICA	160.3	(7%)	119.9	(10%)	138.0	3%
EMEA	276.9	21%	219.0	13%	233.2	20%
CHINA	179.7	10%	242.5	2%	255.3	8%
TOTAL	1,484.3	9%	1,201.8	3%	1,278.5	10%

Source: Herbalife Filings

Note: Net sales as of 2016 Q2; Some data is non-GAAP; See Appendix: "Reconciliation for GAAP and Adjusted Financials"; When management makes reference to volumes in this presentation, it is referring to volume points

Strong Balance Sheet

(in millions)

	2015	2016 Q2
CASH	\$889.8	\$936.7
DEBT	\$1,622.0	\$1,426.6
NET DEBT	\$732.2	\$489.9
LTM EBITDA (REPORTED)	\$679.4	\$550.6
LTM EBITDA (ADJUSTED ¹)	\$746.0	\$761.7
NET DEBT / EBITDA (REPORTED)	1.1x	0.9x
NET DEBT / EBITDA (ADJUSTED ¹)	1.0x	0.6x

Source: Herbalife Filings

Note:

1. Some data is non-GAAP; See Appendix: "Reconciliation for GAAP and Adjusted Financials"

Strong Cash Flow

(in millions)

	2015	2016 Q2 (LTM)
NET INCOME (GAAP)	\$339.1	\$251.0
NET INCOME (ADJUSTED ¹)	\$426.9	\$439.3
CAPITAL EXPENDITURES	\$79.0	\$126.0
FREE CASH FLOW ² (REPORTED)	\$549.7	\$512.0
FREE CASH FLOW ² (ADJUSTED ³)	\$579.0	\$541.7

Source: Herbalife Filings

Note:

1. Some data is non-GAAP; See Appendix: "Reconciliation for GAAP and Adjusted Financials"
2. Free Cash flow is defined as Cash Flow from operations less Capital Expenditures
3. Excludes net income impact of expenses related to regulatory inquiries, short seller activities, and KPMG recovery as noted in Appendix: "Reconciliation for GAAP and Adjusted Financials"

Cumulative Use of Cash

(in millions)

2007 – 2016YTD	
NET INCOME (REPORTED)	\$3,034.7
CHANGE IN NET DEBT	\$1,241.2
TOTAL AVAILABLE CASH	\$4,275.9
BUYBACKS	\$3,117.2
DIVIDENDS	\$568.7
BUYBACKS / DIVIDENDS COMBINED	\$3,685.9

86%

TOTAL CASH RETURNED TO SHAREHOLDERS AS A PERCENTAGE OF NET INCOME + INCREMENTAL DEBT



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V. Conclusion of regulatory overhang and path forward

Injunctive Relief

- **Confirm genuine consumer demand by increasing transparency**
 - Structurally track end-user sales
 - Structurally segment true discount customers from Business Participants
 - Verify retail sales by requiring receipts
 - Align compensation incentives toward validated sales
- **Structurally Remove incentive for excessive wholesale purchases**
 - Pay MLM compensation only on sales to the ultimate end users
 - Base all thresholds on verified retail sales to Non-Business Participants
 - Limit rewards on excessive levels of internal consumption
- **Ensure accurate and reasonable claims**
- **Improve Industry**
 - Tangible, measureable standards for the industry
 - Design the order to prevent loopholes within Herbalife and the industry
- **MLM companies with genuine demand should be able to comply**



Herbalife is a Consumption Based Business

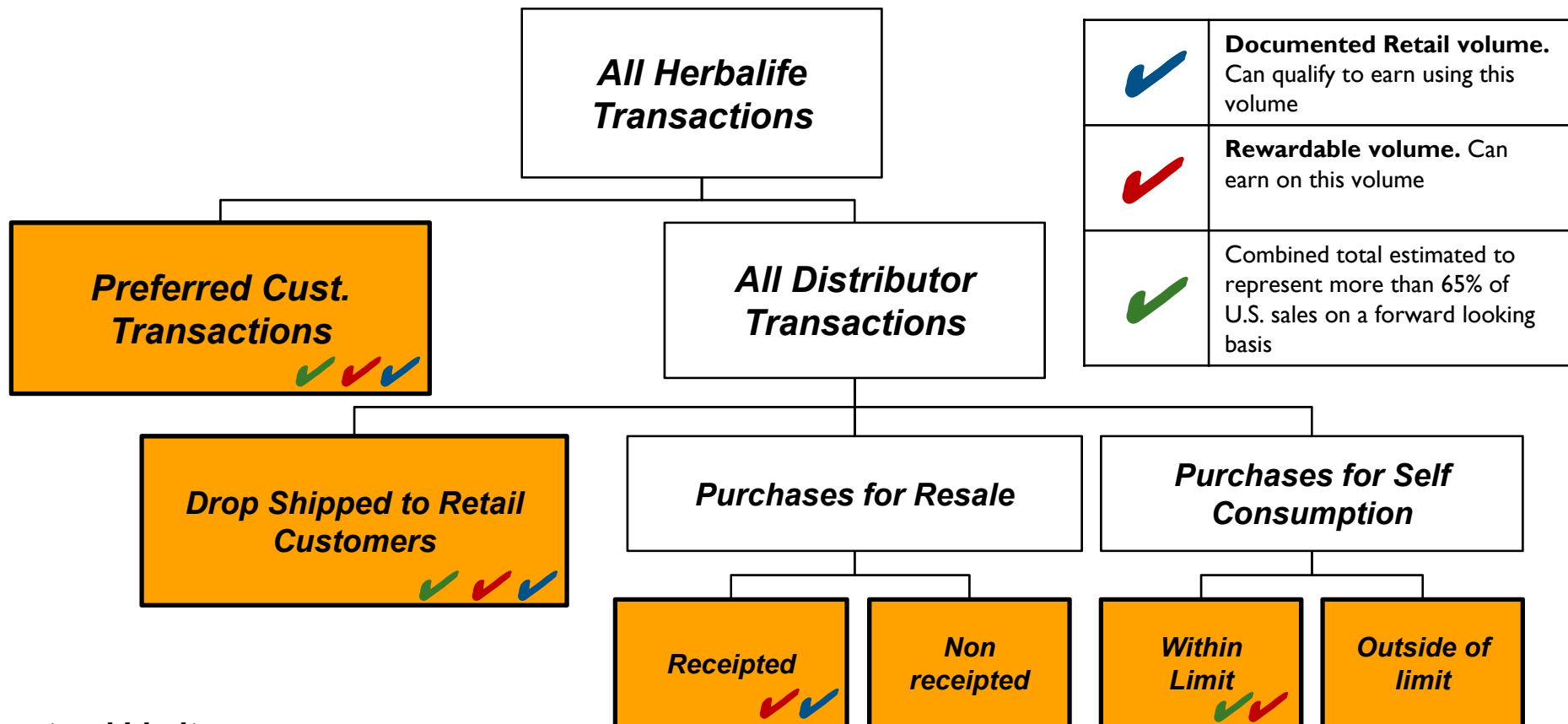
- **Herbalife demand is genuine as demonstrated by independent third-party surveys**
 - 73% of business members are primarily discount buyers¹
 - 97% of sales end up in the hands of genuine consumers²
 - Retail receipts will require administrative work for the company and its Members, but technology options will simplify
- **No incentive to or indication of inventory loading**
 - High satisfaction rate from current and former Members¹
 - Very low buyback rates despite high level of transparency³
 - Only a small portion of sales were determined to potentially be buying to a threshold⁴
- **2014 Gold standard disclosures are industry leading**
- **Herbalife's daily consumption strategies for the past decade+ put us in the unique position to comply with an order that will transform the industry**

Note:


1. Distributor research survey conducted by Lieberman Research Worldwide, January 2013
2. Herbalife Press Release; July 22, 2014
3. Product returns and buybacks were approximately 0.1% of product sales for the six months ended June 30, 2016. Herbalife 10-Q, August 3, 2016
4. Herbalife Investor Day presentation, January 10, 2013






FTC Settlement – MLM Compensation Requirements in the U.S. (cont'd)



Structural Limits:

If sum of  is >80% of total company sales – the Company can pay as much MLM compensation on Rewardable volume as it wants (e.g. the Company can reallocate the MLM compensation that would have been generated from the Non-Rewardable volume to the Rewardable Volume)

If sum of  is <80% of total company sales – The Company can pay out current marketing plan plus 10% on Rewardable volume only (e.g. the Company can reallocate some of the MLM compensation that would have been generated from the Non-Rewardable volume to the Rewardable Volume meaning to a limit of 10% of the total payout)

Proportion of  to  cannot be less < 66%. Any portion of rewardable self-consumption above 1/3 of total Rewardable volume will count as Non-Rewardable

Source: Graphical depiction of examples as discussed on the Herbalife Second Quarter 2016 Earnings call, a transcript of which has been posted on Company's Investor Relations website

Note: When management makes reference to volumes in this presentation, it is referring to volume points

80% Rule Example

	Future (Achieving 80%)			
	Today	Rewardable ²	Non-Rewardable	Total
Purchases From the Company ¹	\$10,000,000	\$8,000,000	\$2,000,000	\$10,000,000
MLM Compensation %	23%	29%	←	23%
MLM Compensation \$	\$2,300,000	\$2,300,000	--	\$2,300,000

	Future (Missing 80%)			
	Today	Rewardable ²	Non-Rewardable	Total
Purchases From the Company ¹	\$10,000,000	\$7,000,000	\$3,000,000	\$10,000,000
MLM Compensation %	23%	25%	--	18%
MLM Compensation \$	\$2,300,000	\$1,771,000	--	\$1,771,000

Note:

1. Assumes Earn Base, which is used to calculate MLM compensation, does not change post settlement implementation
2. Assumes 1/3rd limit on compensation from internal consumption

Appendix

Reconciliation for GAAP and Adjusted Financials

YTD Dec '15 Impact of Carve-outs (\$mm)

	COGS	SG&A	Interest/Other	Tax	Net Income	EPS
Non-cash interest expense related to convertible notes	\$ --	\$ --	\$42.2	\$0.0	\$42.2	\$0.49
Venezuela Remeasurement, Impairment, and Other Losses	1.8	32.9	7.9	(14.8)	27.7	0.32
Expenses related to regulatory inquires	--	21.4	--	(7.2)	14.2	0.17
Expenses related to short-seller activities	--	18.6	--	(4.8)	13.8	0.16
KPMG Recovery	--	2.0	--	(0.7)	1.3	0.02
EURUSD FX Impact	--	(7.5)	--	(0.8)	(8.3)	(0.10)
Winston Salem Equipment Recovery	--	(3.1)	--	1.1	(2.0)	(0.02)
Bostick Legal Reserve Reversal	--	(1.9)	--	0.7	(1.2)	(0.01)

TTM Q2'16 Impact of Carve-outs (\$mm)

	COGS	SG&A	Interest/Other	Tax	Net Income	EPS
Non-cash interest expense related to convertible notes	\$ --	\$ --	\$44.2	\$ --	\$44.2	\$0.51
Venezuela Remeasurement, Impairment, and Other Losses	--	(0.0)	5.6	(2.6)	2.9	0.03
Expenses related to regulatory inquires	--	22.3	--	(7.5)	14.8	0.17
Expenses related to short-seller activities	--	14.7	--	(2.9)	11.8	0.14
KPMG Recovery	--	4.7	--	(1.6)	3.1	0.04
EURUSD FX Impact	--	--	--	(1.5)	(1.5)	(0.02)
Winston Salem Equipment Recovery	--	(3.1)	--	1.1	(2.0)	(0.02)
Bostick Legal Reserve Reversal	--	(1.9)	--	0.7	(1.2)	(0.01)
Regulatory Settlements	--	203.0	--	(66.5)	136.5	1.59
China Grant Income	--	(28.9)	--	8.4	(20.5)	(0.24)

Source: Herbalife Press Releases: August 3, 2016, February 25, 2016, August 5, 2015