

April 24, 2014



# **Herbalife Comments on ABC News Report Exposing More of Bill Ackman's Undisclosed Financial Arrangements**

LOS ANGELES--(BUSINESS WIRE)-- Herbalife (NYSE:HLF), a leading global nutrition company, today issued the following statement regarding a recent report from ABC News:

ABC News has revealed new information regarding Bill Ackman's, Founder and CEO of Pershing Square Capital, unprecedented \$1 billion campaign to manipulate Herbalife's stock to the detriment of Herbalife's shareholders, customers and employees. Mr. Ackman's campaign, part of which was uncovered by ABC News, is losing its credibility with each passing day.

The previously unreported information includes confirmation that Mr. Ackman has spent more than \$20 million to date on his campaign. This includes a contractual arrangement to pay an individual up to \$3.6 million over 10 years to make accusations against Herbalife, in addition to Mr. Ackman's agreement to pay the individual's legal fees and arrange his public relations efforts. Importantly, when the individual was on ABC News – an interview that Mr. Ackman's PR team helped to arrange – he failed to disclose the existence of his contract with Ackman and, in fact, the contract itself contains a confidentiality clause.

The payments are only one part of a calculated, coordinated and well-funded effort by Mr. Ackman and his agents to offer secret, undisclosed payments to individuals and organizations to bring false and misleading charges against Herbalife.

The ABC News story raises a number of important questions that Mr. Ackman should answer fully and honestly:

- How has Mr. Ackman spent the \$20 million?
- Who else has Mr. Ackman or his team of agents and consultants made payments to, directly or indirectly, or made future contingency payment offers to?
- Did Mr. Ackman disclose his financial inducement with these individuals when lobbying state and federal regulators and lawmakers?

Herbalife also commented:

Herbalife's 'Gold Standard' consumer-protection rules not only meet, but in most cases exceed the standards prescribed by the Direct Selling Association (DSA), of which the Company is a long-time member in good standing.

We provide clear, accurate and timely disclosures to prospective members regarding potential income in our Statement of Average Gross Compensation. Studies have revealed that the vast majority of Herbalife members have realistic expectations of the business opportunity and the effort required to succeed at all levels.

Additionally, as noted in the ABC News report, Herbalife is explicit with its members that "products are not intended to diagnose, treat, prevent or cure any disease or medical condition, and under no circumstances should there be any statements, advertising or implications to the contrary."

Enforcement of the rules of conduct is a top priority at Herbalife, and we investigate and take all claims seriously. The Company has a compliance team of more than 300 people worldwide that monitors members' activity and enforce Herbalife's rules. Our compliance operation includes secret shoppers who investigate compliance on the ground, web-monitoring companies to track internet-based compliance and several customer feedback channels.

Herbalife remains focused on operating its business, producing the finest nutrition products, and generating strong financial results. The Company's ongoing ability to do so is further testament to the integrity of the Company's business model and the value of its product.

A link to the ABC News story can be found at [abcnews.go.com](http://abcnews.go.com/Blotter/bill-ackmans-secret-deal-herbalife-whistleblower/story?id=23415501) or <http://abcnews.go.com/Blotter/bill-ackmans-secret-deal-herbalife-whistleblower/story?id=23415501>

A copy of Mr. Ackman's agreement can be found via ABC News at: [http://abcnews.go.com/images/Blotter/agreement\\_redacted2.pdf](http://abcnews.go.com/images/Blotter/agreement_redacted2.pdf)

## **About Herbalife Ltd.**

Herbalife Ltd. (NYSE:HLF) is a global nutrition company that sells weight-management, nutrition and personal care products intended to support a healthy lifestyle. Herbalife products are sold in more than 90 countries to and through a network of independent members. The Company supports the Herbalife Family Foundation and its Casa Herbalife program to help bring good nutrition to children. Herbalife's 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.

## **FORWARD-LOOKING STATEMENTS**

*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:*

- any collateral impact resulting from the ongoing worldwide financial environment, including the availability of liquidity to us, our customers and our suppliers or the willingness of our customers to purchase products in a difficult economic environment;*
- 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;*
- the outcome of inquiries from regulatory authorities;*
- changing consumer preferences and demands;*
- 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;*
- 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;*
- 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 the application of transfer pricing, duties, value added taxes, and other tax regulations, and changes thereto;*
- uncertainties relating to interpretation and enforcement of legislation in China governing direct selling;*
- uncertainties relating to the interpretation, enforcement or amendment of legislation in India governing direct selling;*
- our inability to obtain the necessary licenses to expand our direct selling business in China;*
- adverse changes in the Chinese economy, Chinese legal system or Chinese governmental policies;*
- 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;*
- *changes in tax laws, treaties or regulations, or their interpretation;*
- *taxation relating to our Members;*
- *product liability claims;*
- *whether we will purchase any of our shares in the open markets or otherwise; and*
- *share price volatility related to, among other things, speculative trading and certain traders shorting our common shares.*

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

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Source: Herbalife Ltd.