

DISCOVER



# Who Is Herbalife?

Herbalife is a **global nutrition company** that was founded in Los Angeles in 1980 by Mark Hughes, with the goal of changing the nutritional habits of the world one person at a time. Today, we operate in over **90 countries** worldwide, with **7,400 employees and 3 million Independent Herbalife Members**. We are publicly traded on the New York Stock Exchange (NYSE: HLF) and had suggested retail **sales of \$7.5 billion** in 2013.



**Mark Hughes (1956–2000)**  
Herbalife Founder and First Distributor

# What We **Stand** For

At Herbalife, we strive to **change people's lives**, through balanced and personalized nutrition that supports a healthy, active lifestyle. We offer those who are willing to devote the time and energy an opportunity to start their own business that can provide a part-time or full-time income.



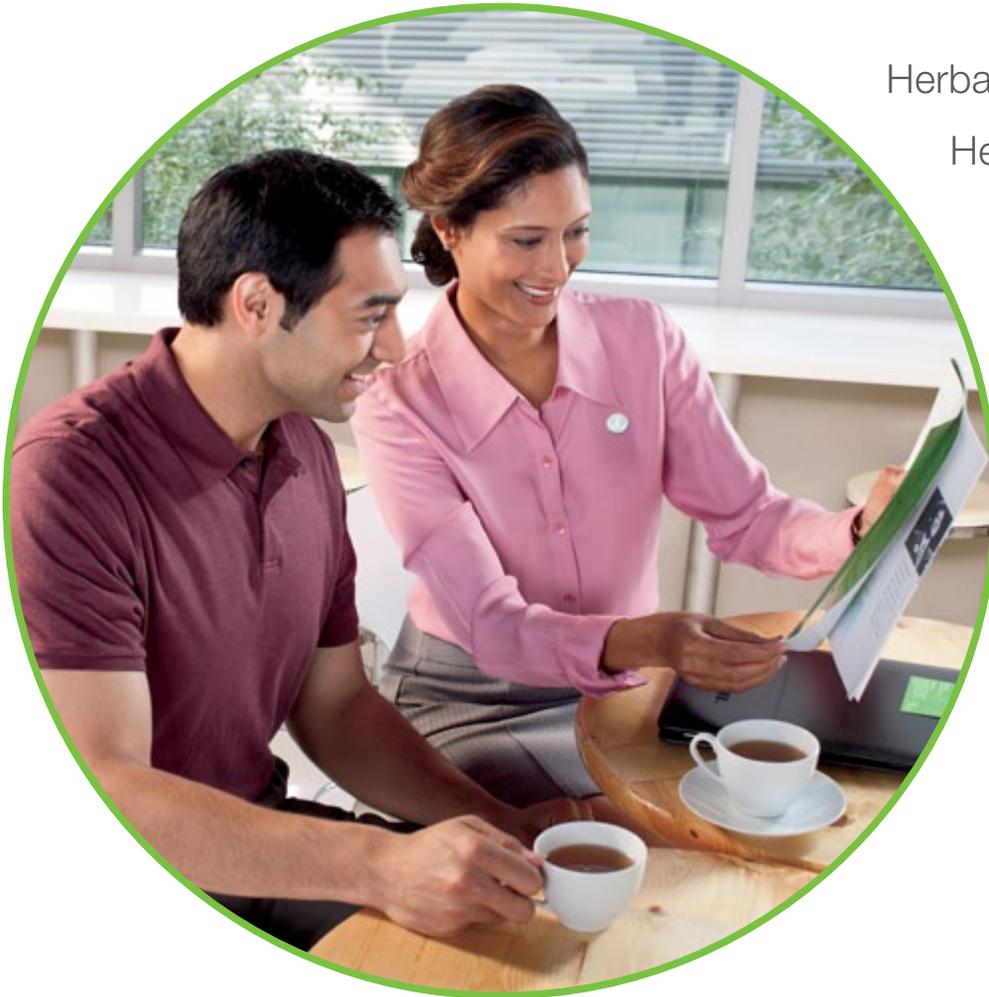
# What We **Stand** For *(continued)*

And we help support nonprofit organizations in the community that feed at-risk children, through the **Herbalife Family Foundation (HFF)**.

As of today, we have more than 90 HFF Casa Herbalife programs around the world.



# Our Distribution Model



Herbalife® products are sold by Independent Herbalife Members worldwide. Like many other **direct sellers**, most participants join to simply receive a discount on the products they plan to consume, but some also join to make part-time or full-time income through the opportunity. **Herbalife compensation to Members is based on the sales of product, not on the recruitment of other Members.**

# Our Distribution Model *(continued)*

We are a proud, long-standing member of the **Direct Selling Association (DSA)**. The DSA is the national trade association of the leading firms that manufacture and distribute goods and services sold directly to consumers. Approximately 200 companies are members of the association, including many well-known brand names, such as Amway, Avon and Shaklee.

The Association's mission is, "To protect, serve and promote the effectiveness of member companies and the independent business people they represent. To ensure that the marketing by member companies of products and/or the direct sales opportunity is conducted with the highest level of business ethics and service to consumers."



# Our Distribution Model *(continued)*

But, the biggest asset in our distribution model is our **Members** who...

- Bring a value to the marketplace, that has never been more in demand.
- Lead by example with personal results.
- Coach your customers with respect, guidance, education, and motivation. Support them on their journey to a healthy, active life.
- Create a community of fellow customers and Members that provide a positive environment, helping them to overcome their daily challenges.
- Give back to local communities, leading efforts that elevate the Herbalife® brand and give a bigger purpose to what we do, creating deep lasting bonds.



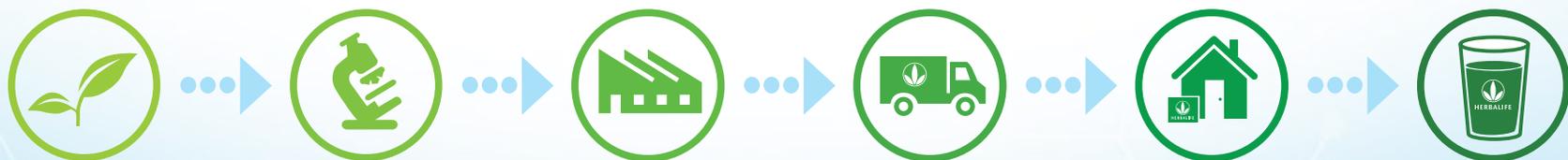
# Our Products

Herbalife® products are based on science, a commitment to nutrition research and development, a rigorous quality assurance program and control of product integrity from **“Seed to Feed.”**

In addition to our flagship Formula 1 Healthy Meal Nutritional Shake Mix, which continues to be the **market leader**<sup>1</sup> in its category, we produce a variety of supplements, bars, skin and outer care products. Herbalife® products are classified as food and do not prevent, cure or treat any disease.



<sup>(1)</sup> Source: Euromonitor International Limited; all retail channels, 2014 edition; retail value sales at retail selling prices.





**David Heber, M.D., Ph.D.**  
Chairman  
Nutrition Advisory Board  
and Herbalife Nutrition  
Institute



**Gary Small, M. D.**  
Member  
Nutrition Advisory Board  
and Herbalife  
Nutrition Institute  
Editorial Board



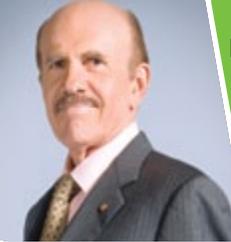
**Paolo Giacomoni, Ph.D.**  
Vice President  
Research and Development  
Skincare



**Rocío Medina, M.D.**  
Vice President  
Nutrition Training



**John Heiss, Ph.D.**  
Senior Director  
Sports and Fitness,  
Worldwide Product  
Marketing



**Lou Ignarro, Ph.D.**  
Nobel\* Laureate in Medicine  
Member  
Nutrition Advisory Board  
and Herbalife Nutrition  
Institute Editorial Board



**Vasilios Frankos, M.S., Ph.D.**  
Senior Vice President  
Global Regulatory  
Compliance and Product  
Safety



**Luigi Gratton, M.D., M.P.H.**  
Vice President  
Worldwide Product  
Marketing



**Steve Henig, Ph.D.**  
Chief Scientific Officer

# Our Experts

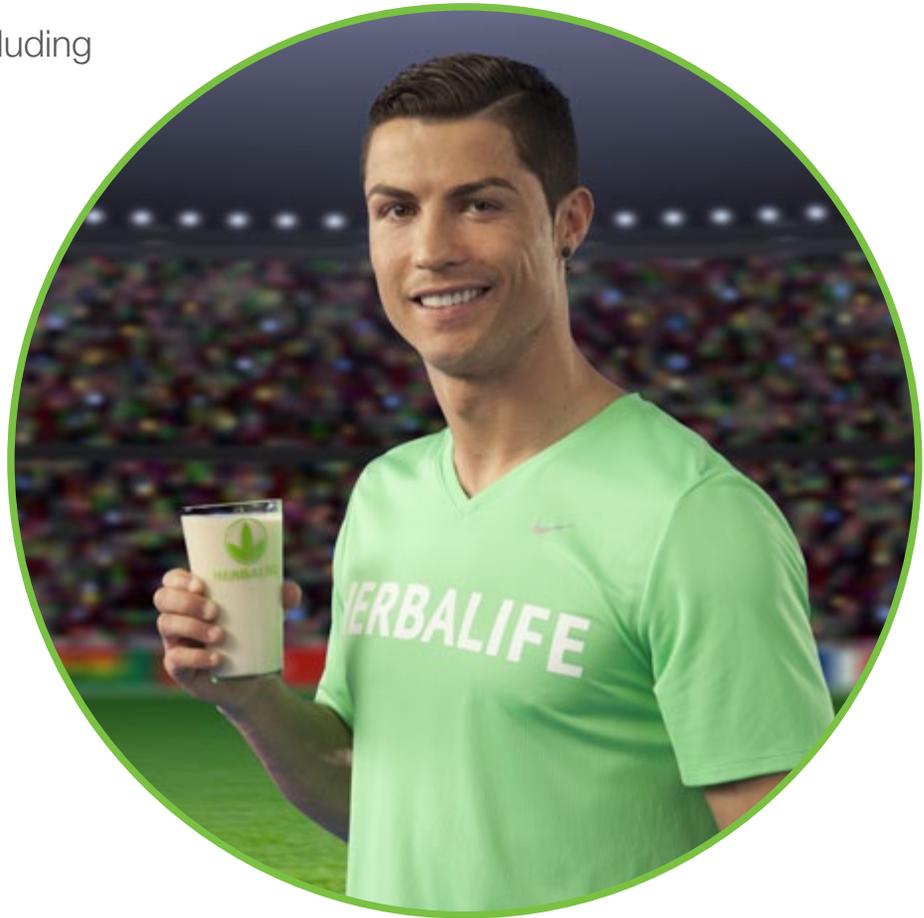
Herbalife has a team of **award-winning scientists, leading experts and trainers**, who are some of the most respected and accomplished professionals in their field. Our global **Herbalife Nutrition Advisory Board** of experts, educate and train independent Members on the principles of nutrition, physical activity and a healthy, active lifestyle.

# World-Class Athletes

Herbalife sponsors over **200 sporting events, teams and world-class athletes** around the globe, including soccer star Cristiano Ronaldo and the LA Galaxy.



**LA Galaxy**



**Cristiano Ronaldo**  
International Soccer Star



# Meet Our **Members**

# I Am Herbalife.com

Taking care of customers. Changing people's lives.



**Nashona B.**  
MIAMI, FL

Herbalife has completely changed my life, it has given me energy, it has been a true life transformation for me. I am grateful that it allowed me to begin the weight-loss process and to incorporate exercise for 20 minutes a day. I am a single mother with three children and I have lost 70 pounds since September 2013. I am getting healthier and healthier each day. I have gradually incorporated most of the products in my diet. Thank You HERBALIFE!!!!!!\*



**Lorena Z.**  
RIVERSIDE, CA

Herbalife changed my whole perspective on life. I was 355 lbs. overweight most of my life and desperate to lose weight. These products gave me an appreciation for my body, to live a lifestyle rather than making temporary fixes. I'm not done, I'm just getting started. No matter the length of time it takes to lose the weight I want, I will keep striving to be a better person, mother, and wife. It's really not about how much weight I've lost anymore, it's about showing others that anything is possible if they make the decision to do it!\*

\*An extensive questionnaire generated responses from more than 200 U.S. Independent Herbalife Members about their weight-loss programs and results. They reported weight loss ranging from 4 pounds to 167 pounds and a reduced body mass index (BMI) of 1.5 points to 24.1 points, suggesting that consumption of Herbalife® products is associated with weight loss and improvement in BMI in those ranges.

# I Am Herbalife.com

Taking care of customers. Changing people's lives.



**Don S.**  
ORANGE CITY, FL

I have lost 23 lbs. I am now 64 years old and a Certified Fitness and Zumba® Instructor that runs 6+ boot camps per week. I feel amazing and younger every year. I love Herbalife. I will use these products forever.\*



**Melanie J.**  
ST. GEORGE, UT

Herbalife has impacted me more than I ever imagined. I am down 54 pounds and 17% body fat. My kids got their mom back. I have a new outlook on life, I feel absolutely amazing and have become a strong and confident woman.\*



**Terry M.**  
MOUNT PLEASANT, TX

Before Herbalife, I was over 400 lbs. I was a regular couch potato. After Herbalife, I lost over 175 lbs. and I walk 4 to 6 miles a day.\*

\*An extensive questionnaire generated responses from more than 200 U.S. Independent Herbalife Members about their weight-loss programs and results. They reported weight loss ranging from 4 pounds to 167 pounds and a reduced body mass index (BMI) of 1.5 points to 24.1 points, suggesting that consumption of Herbalife® products is associated with weight loss and improvement in BMI in those ranges.

# I Am Herbalife.com



The screenshot shows the homepage of I Am Herbalife. At the top, the logo "I am HERBALIFE." is displayed in green. To the right, there are links for "Español" and "Get Updates", along with social media icons for Facebook and Twitter. Below the logo is a navigation bar with links for "Home", "Herbalife FAQ", "Customer & Member Stories", "What is Herbalife's Gold Standard?", "Latest", and "Contact". A gold seal with the text "GOLD HERBALIFE" is positioned on the right side of the navigation bar.

The main content area features a green background with the heading "Who is Herbalife?". Below this heading, there is a paragraph of text: "Herbalife is a global nutrition company publicly traded on the New York Stock Exchange. We have more than 7,400 employees, millions of customers and for more than 30 years we have been committed to bettering the lives of those we touch with products that support and encourage a healthy, active lifestyle." To the right of this text are two photos of women, Yuliana A. from Riverdale, CA, and Dana J. from Los Angeles, CA. Below the text is a "Read Their Stories" button and a "Tell your Story" button.

Below the main content area is a section titled "Customer & Member Stories". It contains a paragraph of text: "Herbalife's mission is to change people's lives. We provide the best nutrition and weight-management products in the world to help people pursue a healthy, active life. We also provide an opportunity for our members to supplement their incomes by selling our products. If you are one of the people whose life Herbalife has changed for the better, please share your story with the community." Below this text are three story cards. The first card is for Kristi G. from Irvine, CA, with the caption "Uses Herbalife To Lose Weight". The second card is for Josue H. from Madera, CA, with the caption "Uses Herbalife For A Healthy Active Lifestyle". The third card is for Vida H. from Grove, OK, with the caption "Uses Herbalife To Lose Weight".

Hear more from Herbalife customers and Members in their own words at [IamHerbalife.com](http://IamHerbalife.com).

# Why People Join Herbalife

People become Herbalife Members for a number of reasons. **The majority (74%) join primarily to receive a discounted price on products they and their families consume and enjoy.** Some wish to earn part-time money and others are drawn to the Herbalife opportunity because they can be their own boss and can earn income based on their own skills and hard work.



# The Reality of Direct Selling

Anyone considering an active Membership needs to understand the realities of direct selling.

**It is hard work.** There is no shortcut to riches, nor is there any guarantee of success. However, **for those who devote the time and energy,** develop a stable base of customers, then mentor and train others to do the same, the opportunity for personal growth and an attractive part-time or full-time income exists.



# We **Protect** Consumers



Herbalife provides the **Gold Standard** in consumer protection.

## Low Start-up Costs

- There are no minimum purchases required and there is a low cost for the Herbalife Member Pack.
- There is no requirement to purchase any sales and business tools to start up or succeed in your Herbalife Membership.

## Money-Back Guarantee

- There is a fully refundable, 90-day money-back guarantee for the cost of the Herbalife Member Pack if Membership is canceled for any reason.
- There is a 100% refund guarantee on product, plus return shipping costs for the return of all unsold products purchased in the prior 12 months if Membership is canceled for any reason.



# We **Protect** Consumers *(continued)*

## **Up-front Business Opportunity Information**

- We provide clear, accurate, and timely disclosures to prospective Members regarding potential income in our Statement of Average Gross Compensation.

## **Written Acknowledgment**

- We require a new Member to acknowledge in writing that they are aware of each of these Gold Standard Guarantees before their Membership Application and Agreement is accepted.

## **Strong Product and Business Opportunity Claim Guidelines**

- We clearly define the benefit of each product and appropriate method of use directly on the product label so the right product is taken the right way to achieve the best results.
- Approved product claims and product information can also be found in Books 2 and 4 of the Herbalife Member Pack, product brochures, other official literature, and MyHerbalife.com.
- We provide realistic expectations of the business opportunity and the effort required to succeed at all levels.

It is essential that our Herbalife Members continuously live the Gold Standard in every one of their business practices, as an honorable and shining example of the ethics and integrity of our brand.

The **Herbalife** of today...

# We Invest in the Economy

While more and more companies are exporting manufacturing jobs overseas, **Herbalife is investing over \$130 million in a new 500,000+ square foot manufacturing facility** in North Carolina, due to be operational in mid-2014, that will create more than **500 local jobs**.



Winston-Salem, NC

# We Invest in Product Quality & Safety

In 2012, Herbalife spent **\$44 million** on scientific areas of **R&D, quality assurance, product safety and compliance**, partnering with world-class suppliers such as DuPont, BASF, DSM and Archer Daniels Midland, to leverage their science, research and production competency, to better our own products.



# Herbalife Is a **34-Year Old** Company

**Herbalife is not a pyramid scheme.**

**Simply put, pyramid schemes are illegal.**

They award payments to participants for the simple act of signing up other participants.

Herbalife is a legitimate multilevel marketing company. We pay compensation to participants based on the sale of product to satisfy demand by end-users.



# Herbalife Is a **34-Year Old** Company *(continued)*

Herbalife is focused on selling our products to people who want to consume them. And, there is **widespread consumer demand** for Herbalife® products. Independent research by Nielsen in 2013 showed that 8% of the U.S. adult population – or 19.2 million – have purchased an Herbalife® product for personal use.

A separate study by Lieberman Research Worldwide in 2012 showed that 5% of U.S. households, or 5.7 million households, had purchased an Herbalife® product within the last 3 months.



# Where We Are...

Consumers are looking for solutions with balanced nutrition, weight loss, getting the most out of a healthy, active lifestyle. Many companies offer only part of these solutions, but what makes Herbalife unique is that we offer consumers a **comprehensive solution**:

- **High-quality products**, 100% backed by science
- **Dedicated Members** that coach, motivate and help you reach your goals
- A **community** that can help you stay on track
- A **Global Nutrition Philosophy** that not only includes balanced nutrition from the foods we eat, as well as Herbalife® products, but promotes exercise, rest and hydration



# And Where We Are Going

Many consumers experience true, lasting results with Herbalife® products, which explains the incredible growth our company is experiencing. Herbalife reported revenue growth of 20% in the quarter that ended December 31, 2013, with an annual suggested retail sales of \$7.5 billion. **By 2020, our goal is to grow an incremental 40%, to reach over \$10 billion in suggested retail sales.**



# A Vote of **Confidence**



# Appendix

# Where Can You Find Herbalife?

Herbalife® products are distributed in over **90 countries** worldwide with more than **700 access points**, growing city-by-city and sharing our Global Nutrition Philosophy. Daily consumption, through various locations, such as **Nutrition Clubs**, **Fit Clubs** and **Wellness Centers**, allow Herbalife Members to positively impact the lives of millions of people and make a difference in our communities, every single day.



# The Truth About the Herbalife Business Model

## WARNING SIGNS OF A PYRAMID SCHEME



## TRUTH ABOUT HERBALIFE

<p><b>PAYMENT FOR “MERE RECRUITMENT”</b></p>	<p>All compensation is based on product sales, not recruitment.</p>
<p><b>UNDULY HIGH, NON-REFUNDABLE REGISTRATION FEE</b></p>	<p>The Herbalife Mini HMP starter pack costs \$59.50 in the U.S. and is fully refundable.</p>
<p><b>REQUIREMENT TO PURCHASE LARGE INITIAL INVENTORY AMOUNTS</b></p>	<p>There is no minimum purchase requirement and Herbalife explicitly discourages inventory-loading.</p>
<p><b>NO PROVISION TO RETURN UNSOLD INVENTORY WHEN QUITTING</b></p>	<p>If a Member wants to leave the business for any reason, Herbalife will buy back any resaleable inventory purchased in the prior 12 months. There is no restocking fee and the company will pay for return shipping costs.</p>
<p><b>LITTLE EVIDENCE OF INVESTMENT IN PRODUCTS</b></p>	<p>In 2012 alone, Herbalife spent \$44 million on R&amp;D, quality assurance, product safety and compliance. We also partner with world-class ingredient suppliers such as DuPont, BASF, DSM and Archer Daniels Midland to leverage their science, research and production competency to better our own products.</p>
<p><b>LITTLE EVIDENCE OF COMPANY INFRASTRUCTURE</b></p>	<p>Herbalife has 7,400 employees worldwide, operates a botanical extraction plant and two manufacturing facilities. The company is also investing over \$130 million in a 500,000+ square-foot manufacturing facility in North Carolina, which is due to be operational by mid-2014 and will create more than 500 local jobs.</p>
<p><b>NO REAL CHANCE FOR PEOPLE AT THE BOTTOM TO MAKE MONEY</b></p>	<p>All Members have the opportunity to earn money by selling Herbalife® products. Most Members (74 percent) sign up solely to buy products at a discount for their own consumption. The earnings of the rest of the Members vary with the time and effort they choose to put into the business. Later entrants can and often do earn more than earlier entrants: In 2012, 80 percent of Herbalife’s top 100 earners made more money than the Member who originally brought them into the business.</p>

# We **Welcome** the Federal Trade Commission (FTC) Inquiry

Herbalife welcomes the inquiry given the tremendous amount of misinformation in the marketplace, and will cooperate fully with the FTC. **We are confident that Herbalife is in compliance with all applicable laws and regulations.** Herbalife is a financially strong and successful company, having created meaningful value for shareholders, significant opportunities for Members and positively impacted the lives and health of its consumers for over 34 years.



# We Have Perspective

When friends and family ask about our Company and our critics, here's what we have to say...

## 1) What is Multilevel Marketing?

Multilevel marketing (MLM) is a retail distribution model in which a group of registered independent Members market and distribute a manufacturer's products directly to consumers. MLM is a type of direct selling, distinguished from other direct-selling methods by its compensation system, which awards income to Members both for their "personal sales" (sales they themselves generate to end users) and the personal sales of Members downline from them (that is, Members who are introduced to the program and mentored by the upline Member) generate to end users.

The MLM model of compensation is widespread. In 2011, 15.6 million direct-selling Members in the United States generated \$29.87 billion in retail sales, in the United States, the largest national market for MLM sales. Other direct-selling companies who use a multilevel marketing model include Amway, Avon, Shaklee and Tupperware. Visit [www.dsa.org](http://www.dsa.org) for a full listing of all members of the U.S. Direct Selling Association.

## 2) What is a pyramid scheme and how does it differ from an MLM? What makes Herbalife a legitimate MLM?

Simply put, an illegal pyramid scheme awards payments to participants for the simple act of signing up other participants. A legitimate multilevel marketing company, like Herbalife, pays compensation to participants based on the sale of product to satisfy demand by end users.

# We Have Perspective *(continued)*

## 3) What is Pershing Square and who is Bill Ackman?

Pershing Square is a hedge fund founded by Wall Street billionaire Bill Ackman. In December 2012, Pershing Square and Ackman took a “short” position on Herbalife publicly traded stock, betting \$1 billion against Herbalife. Despite Pershing Square’s bet, and Ackman’s relentless near-daily campaign to mislead the public about Herbalife in an effort to make money for himself and his investors, Herbalife continues to thrive.

Herbalife reported revenue growth of 20% in the quarter that ended on December 31, 2013, evidencing the widespread demand to consume Herbalife® products and the legitimacy of the Herbalife business model. Pershing Square stands to make a lot of money if the Herbalife share price goes down. Due to the continued success of Herbalife, Pershing Square has reportedly lost hundreds of millions of dollars so far.

## 4) What is the Federal Trade Commission (FTC)?

The Federal Trade Commission (FTC) is the U.S. agency responsible for preventing business practices that are deceptive or unfair to American consumers. The FTC attempts to fulfill this mission without unduly burdening legitimate business activity.

## 5) Does a decision to investigate a company mean the FTC has decided something is wrong?

No, an investigation does not signify any wrongdoing. Initiating an investigation only means the FTC will take a close look at a situation without pre-determining whether there has been any legal violation. Other respected companies such as Hyundai, Ikea, Nordstrom, and PetSmart have been involved in an FTC inquiry, without any legal action taking place.

## 6) What should you do now?

You should remain focused on what we know to be right – business as usual, working closely with your teams, supporting each other and bringing great nutrition to more people each and every day. If you get questions about the inquiry, you should emphasize that Herbalife is confident in its compliance with applicable laws and regulations, and that, given all the misinformation and misunderstanding in the market, we believe this inquiry is a positive development for the company.