



PERSHING SQUARE CAPITAL MANAGEMENT, L.P.

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June 26, 2015

CEO Michael O. Johnson  
Herbalife Ltd.  
800 West Olympic Blvd., Suite 406  
Los Angeles, CA 90015

Dear Mr. Johnson:

Today the *New York Post* reported on a 71-minute video in which you appear on a stage, making serious admissions about Herbalife and its conduct. "Video reveals Herbalife boss saw 'pyramiding' signs early on." <http://nypost.com/2015/06/25/video-reveals-herbalife-boss-saw-pyramiding-signs-early-on/>

We urge that you release the 71-minute video and any similar materials in your possession or control, and we encourage Herbalife employees, distributors and others with similar materials to come forward.

Herbalife often states that it is committed to "complete transparency." Pres. Des Walsh, in an interview with Fox Business on January 10, 2013, stated: "Our commitment is to total transparency." <http://video.foxbusiness.com/v/2086093166001/herbalife-pres-all-our-disclosures-are-fully-compliant/?#sp=show-clips>; Similarly, see SEC Form 8K, January 18, 2013 ("fully committed to complete transparency"); SEC Form 8K, May 1, 2012 ("for complete transparency"); CEO Michael Johnson, Q1 2013 Earnings Call ("We will provide transparency"). Now is the time to make good on that commitment.

You are quoted admitting that participation in Herbalife is a "lottery ticket" and that some distributors have made "false promises, claims, in hopes for product, for money, for recruiting, for customers, for pyramiding."

You have called Herbalife "the best business opportunity on the face of the earth." Herbalife Earnings Call (Q1 2010) Which is it - lottery ticket or opportunity?

Herbalife and its top recruiters tell the victims: “Earn what you’re worth”; “Everything is easy”; “Herbalife is the answer in these tough economic times.” Yet as Chairman’s Club member Stephan Gratziani admitted, also on videotape, there’s “a level of inauthenticity” and “an eventual deception” in Herbalife’s pitch. <http://www.factsaboutheralife.com/herbalife-unmasked>

There appears to be a pattern of admissions by Herbalife’s top management and top distributors, confirming Herbalife’s deceptive practices, which have been captured on videotape.

As you are quoted admitting in the video, Herbalife is a lottery ticket. Only it’s worse. A lottery ticket states on its face that it’s a lottery ticket. With a lottery ticket, you pay a dollar or two for a tiny chance at a longshot prize in a random drawing. With Herbalife, you spend thousands of dollars and months or years of effort on a chance of financial success that Herbalife knows from the start is virtually nil and that systematically favors a few people at the top. All those losing tickets at the bottom feed the winners at the top.

You must have had solid evidence in mind when you made those admissions, especially while on videotape before an audience. In the interest of complete transparency, please explain the facts which led you to make those admissions.

Since the time when you stated that Herbalife is a “lottery ticket,” how many people have won the Herbalife “lottery” compared to the number of people who have joined?

Every year, millions of hopeful entrepreneurs – the great majority of them with very little money – sign up as Herbalife distributors without meaningful information on the risks they face and the massive failure rate of people just like them.

In February 2013, we publicly asked you to provide simple data on how many people arrive and leave at each level of Herbalife’s network over time.

[http://www.factsaboutheralife.com/media/2013/04/Key-Herbalife-Questions\\_Final\\_4\\_9\\_13.pdf](http://www.factsaboutheralife.com/media/2013/04/Key-Herbalife-Questions_Final_4_9_13.pdf). That data would allow distributors to visualize easily that the chances of success are almost zero. Few make it to the senior ranks and, once there, few leave. You still have not disclosed the facts. In light of your admission that Herbalife is a lottery ticket, basic fairness suggests you should disclose the facts.

Sincerely,



David Klaffer