

ADVOCARE INCOME DISCLOSURE STATEMENT 2017

"I've always encouraged people to help others, and I think the rule applies that we can get what we want in life if we help other people get what they want in life. And this is about helping people — people helping people."

Charles E. Ragus

WHAT SHOULD I KNOW ABOUT THE ADVOCARE BUSINESS OPPORTUNITY?

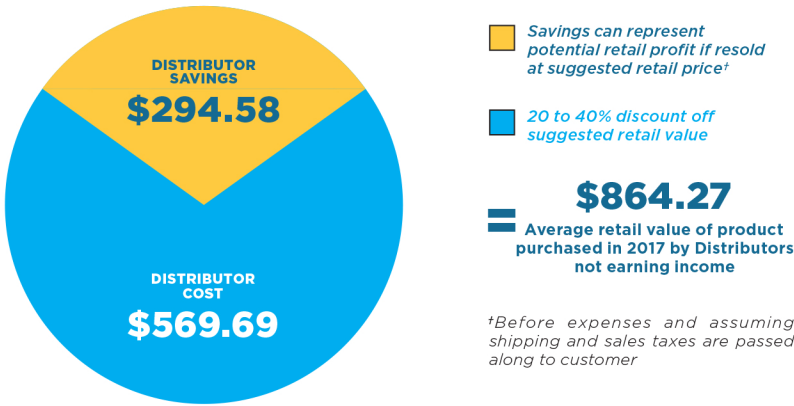
1. As a Distributor, you can buy products at a discount to enjoy, sell products to make a profit and sponsor others who want to enjoy or sell the products to earn income from AdvoCare. You cannot earn money simply for sponsoring another Distributor.
2. Distributors set their own schedule and choose how and when to work. Many people start their business by selling products in their spare time to people they know as a way to make a little extra money.
3. Building a successful business takes significant time, dedication and hard work. Like all businesses, success is not guaranteed.
4. All purchases come with a 30-day satisfaction guarantee and may be returned for refund or exchange.
5. Distributors are not required to purchase any products or keep any inventory. The initial cost to start is \$59.00 plus tax and shipping for the Distributor Kit. The annual renewal fee is \$50.00. For those no longer interested in being a Distributor, AdvoCare offers to repurchase all inventory, including the cost of the Distributor Kit.

RETAIL PROFITS

As a Distributor, you will receive an immediate product discount of 20% with the ability to increase up to 40%. The difference between the discounted price you pay and the price you charge customers can result in a 20 to 40% profit if you charge the suggested retail price before expenses.

In 2017, AdvoCare had 387,372 Distributors who qualified for a 20 to 40% discount and purchased products or earned income from AdvoCare. **While 67.28% of Distributors did not earn income from AdvoCare, they did purchase products and had the opportunity to resell them for a profit. Distributors in this group benefited from an average product savings of \$294.58 (see chart).** Distributors who did earn income from AdvoCare saved an average of \$854.78 on their purchases.

The opportunity to earn profit from the resale of these purchases is not included in income reported by AdvoCare.



WHOLESALE COMMISSIONS

When your discount advances, so does your ability to earn income from AdvoCare. AdvoCare pays Wholesale Commissions based on the purchases of the Preferred Customers and Distributors you sponsor. Your commission is the difference between your discount and theirs. In 2017, 112,552 of Distributors sponsored a Preferred Customer or Distributor and received Wholesale Commissions from sales by AdvoCare to these individuals. This chart shows the average Wholesale Commission earned by Distributors from sales in 2017 to Preferred Customers or Distributors they personally sponsored.

NUMBER OF DISTRIBUTORS	NUMBER OF SPONSORED PREFERRED CUSTOMERS/ DISTRIBUTORS	AVERAGE WHOLESALE COMMISSION EARNINGS
241,019	0	\$0
56,301	1	\$45
25,539	2	\$98
14,753	3	\$151
9,668	4	\$199
6,705	5	\$250
25,322	6 - 20	\$497
8,064	21+	\$2,641
In 2017, 387,372 Distributors purchased products at a discount and/or earned income from AdvoCare.		

INCENTIVES, TRIPS AND CHAMPION'S PATHWAY BONUSES

For those Distributors who have achieved top selling qualifications, bonuses and trips may be earned. In 2017, Distributors earned trips to Mexico, New York City and Ireland and bonuses through Champion's Pathway, a limited-time bonus and the Rookie Bonus.

INCENTIVE EARNED	TRIPS	BONUSES
NUMBER OF DISTRIBUTOR EARNERS	310	4,072
AVERAGE VALUE EARNED	\$9,426	\$295

OVERRIDES AND LEADERSHIP BONUSES

NUMBER OF ADVISORS	NUMBER OF SELLERS IN ORGANIZATION	AVERAGE OVERRIDES & LEADERSHIP BONUSES
60,283	1-10	\$11
7,121	11-25	\$193
3,179	26-50	\$739
1,963	51-100	\$2,168
1,359	101-250	\$7,093
793	251-1,000	\$30,048
452	1,001+	\$186,566
*A seller is a Distributor who purchased and sold products, contributing to the Overrides or Leadership Bonus earnings for the upline Advisor.		

As a Distributor, you can qualify to become an Advisor based on your purchases and sales and those of Preferred and Registered Customers and Distributors you may have sponsored, earning the top discount level with the potential to earn all five ways from AdvoCare. When an Advisor sponsors another Distributor who also sells products to others, it is possible for that Advisor to begin earning Overrides and Leadership bonuses from the sales organization. In 2017, 25,585 Advisors earned Overrides and Leadership Bonuses from the sales of Distributors in their organization.

COMPENSATION FROM ADVOCARE

The compensation (including Wholesale Commissions, Overrides, Leadership Bonuses, other bonuses, trips and incentives) set forth below and to the side reflect the gross amounts paid by AdvoCare to its Distributors for sales to their Registered Retail Customers and Preferred Customers, as well as for the activities of the Distributors' sales organizations. 32.72% of all Distributors received compensation from AdvoCare (Paid Distributors). **The median annual compensation paid by AdvoCare to Paid Distributors in 2017 was \$125. The mean or average compensation was \$1,402.**

PERCENTILE OF PAID DISTRIBUTORS	NUMBER OF PAID DISTRIBUTORS	MINIMUM INCOME EARNED	AVERAGE TIME AS DISTRIBUTORS
TOP 50%	63,368	\$125	3.6 YEARS
TOP 10%	12,673	\$944	4.2 YEARS
TOP 1%	1,267	\$17,826	7.9 YEARS

These income amounts do not include expenses the Distributor may have incurred, nor any profits earned from in-person retail sales. For more information about how to earn income, review the AdvoCare Policies, Procedures & Compensation Plan.

2017 INCOME	NUMBER OF DISTRIBUTORS*	PERCENTAGE OF DISTRIBUTORS
\$0	260,635	67.28%
\$0.01 - \$200	77,707	20.06%
\$201 - \$500	26,303	6.79%
\$501 - \$2,000	16,153	4.17%
\$2,001 - \$10,000	4,676	1.21%
\$10,001 - \$20,000	735	0.19%
\$20,001 - \$50,000	618	0.16%
\$50,001 - \$150,000	370	0.10%
\$150,001 - \$300,000	105	0.03%
\$300,001 - \$4M	70	0.02%
*In 2017, AdvoCare had 387,372 Distributors who purchased products at a discount and/or earned income from AdvoCare.		

WHAT IF IT DOESN'T WORK FOR ME?

AdvoCare offers to repurchase all inventory from Distributors who choose to resign or otherwise discontinue their Distributorship, including the cost of the Distributor Kit. Contact Customer Service at 1-800-542-4800 and review the AdvoCare Policies, Procedures & Compensation Plan for more information.