

LuLaRoe 2016 Income Disclosure Statement

LuLaRoe's mission is to provide an opportunity for people to create freedom by selling comfortable, affordable, and stylish clothing. We offer Independent Fashion Retailers ("Independent Retailers" or "Retailers") flexibility; some Independent Retailers exclusively devote their time and talents to selling our products to retail customers while others also work to build a team of Independent Retailers. For those who build a team, whether that team consists of just one other Independent Retailer or a large group of Independent Retailers, LuLaRoe pays bonuses to them based on the sales production of their teams. The income disclosed in this document is based solely on bonus payments made by LuLaRoe to Independent Retailers based on the sales generated by their teams. It does not include the retail profits earned by Independent Retailers from their sales of LuLaRoe products.

The average annual bonus payments made by LuLaRoe to ALL U.S. Independent Retailers at all ranks (which includes Eligible and Ineligible Independent Retailers) in 2016 was \$2,064.77.

The average annual bonus payments made by LuLaRoe to Eligible U.S. Independent Retailers at all ranks in 2016 was \$2,118.54, and the median annual bonus payments made to Eligible U.S. Independent Retailers at all ranks in 2016 was \$525.94.

An "Eligible" Independent Retailer is an Independent Retailer who has sponsored at least one other Independent Retailer in the Independent Retailer's sales team and has met the personal production requirements set forth in the Leadership Bonus Plan. An "Ineligible" Independent Retailer is an Independent Retailer who has not met these requirements.

In 2016, 72.63% of U.S. Independent Retailers were Ineligible and therefore did not receive any bonus payments from LuLaRoe. To the extent those Independent Retailers earned income as Independent Retailers, such income was earned from their retail sales of LuLaRoe products to their customers. In 2016, 27.37% of U.S. Independent Retailers participated in and received bonus payments pursuant to the Leadership Bonus Plan.

As noted above, the information presented in this document and in the tables below DOES NOT include the income, if any, earned by Independent Retailers through their sales of LuLaRoe products to customers. Nor does it account for expenses incurred by Independent Retailers in the operation of their independent businesses selling LuLaRoe products. It includes only bonus payments made by LuLaRoe to Eligible Independent Retailers pursuant to the LuLaRoe Leadership Bonus Plan.

Table 1. 2016 Annual Bonus Payments by Rank ^[1]

Rank	% of ALL U.S. Retailers at this Rank in 2016	% of ELIGIBLE U.S. Retailers at this Rank in 2016	High Annual Bonus Earnings	Low Annual Bonus Earnings	Average Annual Bonus Earnings	Median Annual Bonus Earnings
Sponsor	27.33%	99.84%	\$44,542.23	\$222.03	\$6,781.84	\$5,103.60
Trainer	4.89%	17.88%	\$231,132.95	\$20,150.80	\$52,353.30	\$44,174.16
Coach	0.61%	2.22%	\$888,005.01	\$78,380.25	\$268,618.45	\$226,580.04
Mentor	0.08%	0.30%	\$2,473,957.68	\$546,794.74	\$1,118,930.24	\$1,013,736.29

^[1] The figures in Table 1 are annualized, based on the bonuses paid to Independent Retailers at each rank each month. To calculate the high, low, average, and median annual bonus payments by rank, the average, median, high, and low bonus payments paid to Eligible Independent Retailers at each rank in each month of 2016 were added together and then divided by 12. These figures include Independent Retailers who qualified at least 1 month out of the year at the specified rank. A single Independent Retailer may be counted in the calculations for multiple ranks.

Table 2. 2016 Monthly Bonus Payment Ranges of ALL Independent Retailers (Eligible and Ineligible) ^[2]

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\$50.01 - \$250.00	2.90%	\$7,500.01 - \$10,000.00	0.26%	\$75,000.01 - \$100,000.00	0.02%
\$250.01 - \$500.00	5.07%	\$10,000.01 - \$15,000.00	0.20%	\$100,000.01 - \$150,000.00	0.00%
\$500.01 - \$1,000.00	4.01%	\$15,000.01 - \$20,000.00	0.09%	\$150,000.01 - \$200,000.00	0.01%
\$1,000.01 - \$2,500.00	2.66%	\$20,000.01 - \$30,000.00	0.11%	\$200,000.01 +	0.00%

Table 3. 2016 Monthly Bonus Payment Ranges of ELIGIBLE Independent Retailers Only ^[3]

Range of Monthly Bonus Payments	% of Eligible Retailers	Range of Monthly Bonus Payments	% of Eligible Retailers	Range of Monthly Bonus Payments	% of Eligible Retailers
\$0.01 - \$50.00	1.81%	\$5,000.01 - \$7,500.00	3.46%	\$50,000.01 - \$60,000.00	0.21%
\$50.01 - \$250.00	15.82%	\$7,500.01 - \$10,000.00	1.41%	\$60,000.01 - \$75,000.00	0.11%
\$250.01 - \$500.00	27.51%	\$10,000.01 - \$15,000.00	1.08%	\$75,000.01 - \$100,000.00	0.09%
\$500.01 - \$1,000.00	21.76%	\$15,000.01 - \$20,000.00	0.50%	\$100,000.01 - \$150,000.00	0.03%
\$1,000.01 - \$2,500.00	14.38%	\$20,000.01 - \$30,000.00	0.60%	\$150,000.00 - \$200,000.01	0.02%
\$2,500.01 - \$5,000.00	10.70%	\$30,000.01 - \$50,000.00	0.54%	\$200,000.01 +	0.00%

^[2] The figures in Table 2 were calculated as follows: The percentage of Retailers for each of the specified ranges was determined for each month of 2016. Those percentages were then added together and the sum divided by 12. Because the calculation used to determine the percentage of Independent Retailers in each band is an average, the totals do not sum to 100%.

^[3] Note that the figures in Table 3 do not include ineligible Retailers. As such, the figures in Table 3 were calculated as follows: The percentage of Eligible Retailers for each of the specified ranges was determined for each month of 2016. Those percentages were then added together and the sum divided by 12. Because the calculation used to determine the percentage of Independent Retailers in each band is an average, the totals do not sum to 100%.

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