

LuLaRoe 2015 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 our Independent Fashion Consultants (“Consultants”) flexibility; some Fashion Consultants exclusively devote their time and talents to selling our products to retail customers while others also work to build a team of Fashion Consultants. For those who build a team, whether that team consists of just one other Fashion Consultant or a large group of Fashion Consultants, 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 Consultants. It does not include the retail profits earned by Consultants from their sales of LuLaRoe products.

The average annual bonus payments made by LuLaRoe to ALL U.S. Consultants at all ranks (which includes Eligible and Ineligible Consultants) in 2015 was \$91.65, and the median annual bonus payments made to ALL U.S. Consultants at all ranks in 2015 was \$85.80.

The average annual bonus payments made by LuLaRoe to Eligible U.S. Consultants at all ranks in 2015 was \$424.81, and the median annual bonus payments made to Eligible U.S. Consultants at all ranks in 2015 was \$397.69.

An “Eligible” Consultant is a Consultant who has sponsored at least one other Consultant in the Consultant’s sales team and has met the personal production requirements set forth in the Leadership Bonus Plan. An “Ineligible” Consultant is a Consultant who has not met these requirements.

In 2015, 78.43% of U.S. Consultants were Ineligible and therefore did not receive any bonus payments from LuLaRoe.

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

Table 1. 2015 Annual Bonus Payments by Rank

Rank	% of <u>ALL</u> U.S. Consultants at this Rank in 2015	% of <u>ELIGIBLE</u> U.S. Consultants at this Rank in 2015	High Annual Bonus Earnings	Low Annual Bonus Earnings	Average Annual Bonus Earnings	Median Annual Bonus Earnings
Sponsor	17.15%	79.49%	\$21,419.51	\$180.96	\$4,751.73	\$3,700.41
Trainer	3.82%	17.68%	\$113,277.13	\$16,773.55	\$46,427.18	\$41,203.09
Coach	0.59%	2.73%	\$368,978.72	\$131,579.38	\$210,337.99	\$186,866.47
Mentor	0.02%	0.09%	\$204,498.60	\$204,498.60	\$204,498.60	\$201,498.60

Table 2. 2015 Monthly Bonus Payment Ranges of ALL Consultants (Eligible and Ineligible) [\[i\]](#)

Range of Monthly Bonus Payments	% of All Consultants	Range of Monthly Bonus Payments	% of All Consultants	Range of Monthly Bonus Payments	% of All Consultants
No Bonus Payments	87.04%	\$2,500.01 - \$5,000.00	1.34%	\$30,000.01 - \$50,000.00	0.03%
\$0.01 - \$50.00	0.52%	\$5,000.01 - \$7,500.00	0.51%	\$50,000.01 - \$75,000.00	0.00%
\$50.01 - \$250.00	2.96%	\$7,500.01 - \$10,000.00	0.17%	\$75,000.01 - \$100,000.00	0.00%
\$250.01 - \$500.00	3.59%	\$10,000.01 - \$15,000.00	0.10%	\$100,000.01 - \$150,000.00	0.00%
\$500.01 - \$1,000.00	2.25%	\$15,000.01 - \$20,000.00	0.09%	\$150,000.01 - \$200,000.00	0.00%
\$1,000.01 - \$2,500.00	1.34%	\$20,000.01 - \$30,000.00	0.07%	\$200,000.01 +	0.00%

Table 3. 2015 Monthly Bonus Payment Ranges of ELIGIBLE Consultants Only [\[ii\]](#)

Range of Monthly Bonus Payments	% of Eligible Consultants	Range of Monthly Bonus Payments	% of Eligible Consultants	Range of Monthly Bonus Payments	% of Eligible Consultants
\$0.01 - \$50.00	4.35%	\$5,000.01 - \$7,500.00	4.06%	\$50,000.01 - \$60,000.00	0.00%
\$50.01 - \$250.00	24.02%	\$7,500.01 - \$10,000.00	1.26%	\$60,000.01 - \$75,000.00	0.02%
\$250.01 - \$500.00	26.91%	\$10,000.01 - \$15,000.00	0.67%	\$75,000.01 - \$100,000.00	0.01%
\$500.01 - \$1,000.00	16.60%	\$15,000.01 - \$20,000.00	0.64%	\$100,000.01 - \$150,000.00	0.00%
\$1,000.01 - \$2,500.00	10.18%	\$20,000.01 - \$30,000.00	0.46%	\$150,000.00 - \$200,000.01	0.00%
\$2,500.01 - \$5,000.00	10.63%	\$30,000.01 - \$50,000.00	0.18%	\$200,000.01 +	

The above figures are not guarantees or projections of your actual earnings or profits. They do not include expenses incurred by Consultants in operating or promoting their independent businesses. LuLaRoe makes no guarantee of financial success. Success with LuLaRoe results only from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership. Your success will depend on whether you possess these qualities and, if so, how well you exercise these qualities.

The expenses a Consultant incurs in the operation of the Consultant's LuLaRoe business can vary widely and can be several hundred dollars or thousands of dollars annually. Such operating expenses include the amount that you pay to become a LuLaRoe Consultant and inventory purchases, and could include advertising and promotional expenses, training, travel, telephone and internet costs, business equipment, and miscellaneous expenses. You should factor in estimated expenses when projecting potential profits.

[i] The figures in Table 1 are annualized, based on the bonuses paid to Consultants at each rank each month. To calculate the annual bonus payments by rank, the average, median, high, and low bonus payments paid to Eligible Consultants at each rank in each month of 2015 were added together and then divided by 12.

[ii] Table 2 consists of the actual percentage of Consultants qualified in the band and is then averaged for a 12-month period. The total number of Consultants at the end of the period was 5,085.

[iii] Table 3 consists of the actual percentage of eligible Consultants qualified in the band and is then averaged for a 12-month period. The total number of eligible Consultants at the end of the period was 1,097.