

FINAL TRANSCRIPT

Thomson StreetEventsSM

HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

Event Date/Time: May. 14. 2009 / 9:50AM ET

May. 14. 2009 / 9:50AM, HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

CORPORATE PARTICIPANTS

Rich Goudis

Herbalife Ltd. - CFO

PRESENTATION

Unidentified Participant

Okay, we're going to get started. We're pleased to have Herbalife and their CFO, Rich Goudis, with us at this year's conference which is their first appearance here.

Herbalife, as many of you know, sells nutritious foods and supplements around the world through its many distributors. We have thought very highly of the company's brands and management for some time. The products are uniquely high quality with a tremendous loyalty from both their distributors and their consumers.

In addition, management's been very good at strengthening its brands and constantly evolving the way it goes to market through best practice sharing. And the best example of that is, as Rich will touch on, is the rapid expansion of the daily consumption model whereby a customer gets their shake and some social interaction as well at a club for a very modest price. And that model should be good in a recession and probably better in a recovery.

And finally the Company has the distinction of being one of the most global consumer companies with 75% of business outside the US. That's a very good thing long term because of the tremendous growth opportunities it provides. In the short run, it can be a challenge given the fluctuations in currency they and others have seen. But that tradeoff is more than worth it.

So with that as an introduction, let me turn it over to Rich Goudis to tell us more about Herbalife and then we'll take Q&A.

Rich Goudis - Herbalife Ltd. - CFO

Thank you John. Thanks for the introduction. Good morning.

Let me just start with, I put my money where my mouth is. Over the last 6 months, I've bought \$1.5 million worth of Herbalife stock. So what I'm about to present to you I firmly believe in personally. And I would echo a lot of John's comments as we go through.

I think the first thing that you notice about this company is the resilience. It's now in business 29 years. We operate in 70 markets around the world. 78% of our business is derived outside the US. This is a business that when you look at the financials, the model you're going to be very attracted to free cash flow generation. You're going to be attracted to the return on invested capital, if those are important metrics to you. You're going to be impressed with how efficiently we try to get that excess cash back to you in the form of either share repurchases or dividends. Over the last couple of years, we've repurchased over \$500 million worth of our stock. We're less than 0.8 times debt to EBITDA. And we've also dividend at \$100 million over the last couple of years.

Our management team, Michael Johnson, our CEO hails from Disney. He was the president of Disney International. Probably a great grooming ground for now running this business, again operating in 70 markets around the world. Michael got his claim to fame really building the Buena Vista home video business. So very entrepreneurial at heart, which also helps with interacting with our distributor network.

May. 14. 2009 / 9:50AM, HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

Very quickly here on the top is net sales over the last 10 odd years. And you can see kind of the middle here, this was when the founder of the company passed away. From this period to when Michael came on in 2003, there were 5 different CEOs. So there was a lot of confusion and unrest within the distributor organization as far as what will the future hold.

You can see the acceleration of growth since Michael's been here. And look on the far right and this is with and without the impact of FX. The green is our current guidance, using spot rates of April 20th and the red would be as if we were using last year's currency. So while over the last couple of years we've gotten some benefit with the dollar essentially weakening over the last four or five years. With the dramatic strengthening of the dollar since really August of last year, we've had some dramatic headwinds and we have some additional information on our website to look at our P&L's with and without over the last several years.

Free cash flow, again very rich. Typically net income is a good proxy. While we don't guide for free cash, net income is a good proxy for that.

So what do we do with our distributors right now in this economy? What's our theme? Our theme with our distributors is "Why Herbalife? Why now?" The first "Why Herbalife? Why Now?" is that 63% of our business is categorized in the area of weight management. And with the global obesity epidemic, this is an easy opening door for our distributors. There's probably a lot of consumers who have seen these headlines. A lot of people who could lose 5, 10, 15 plus pounds. The shows like the Biggest Loser here in the US, Ugly Betty. There's a lot of other shows around the world that really play on top of this whole global obesity. And that's one aspect.

In other countries, for example like in Mexico, we can't make weight loss claims by law. So there it's about good nutrition. And what you find in a lot of poor and poorer economies, the consumers there have very-- are almost malnourished. They eat a lot of high fat, high carb diet, very low in nutrition value. So for example in Russia, the way the business is pitched is have a healthy breakfast. And that's the pitch.

From the standpoint also of "Why Herbalife? Why Now?" And this is the economic side, right. The side of our business which is the business opportunity. So if you look at the US unemployment or Euro unemployment and you look at our distributor growth over that period of time, our distributor growth-- you know people would say well is this a kind of cyclical business? I would say it's not countercyclical. But this business can potentially be more resilient in difficult economic times. I think we're starting to bear that out.

And here's the compensation system. This is not just a single level business right like you would think of in a traditional business, but multi level where not only can I earn by buying the product at wholesale and retailing it to you. But more importantly, I can earn on the sales force that I recruit into the business. And that is very intriguing, especially as we get into some of the developing markets. And you'll see that in just a moment.

Also Why Herbalife? Why Now? This is the trade down. The trade down proposition whether it's in terms of value. And you can see here on the bottom the premium that a lot of other alternatives for breakfast that you may have had today or maybe not, you probably had the free breakfast on the ground floor here. But the trade down also more importantly in calories. Okay.

And somewhere-- I was just in an investor meeting and I guess Panera of Massachusetts yesterday recently just announced that they're going to start forcing people to show the amount of calories for the meals. Have you heard that? Right. And someone would tell me a Panera Bread sandwich-- anybody guess how many calories is in a sandwich? Like 1,600 calories. Right. So you know when you're supposed to be taking in 2,000 calories, again people don't know.

So to have this kind of a trade down is very material. At the same time providing the right nutrition content. So you don't get tired. That you don't feel fatigued. So this trade down is very important.

This is a list basically from a distributor pitch. This is how our distributors pitch this to consumer here, especially in the US.

May. 14. 2009 / 9:50AM, HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

This is a deeper dive now into the key metrics of our business. Okay and what I'm going to try to do over these next few pages is show you a lot of information. I'm going to highlight to you where investors have had concerns over the last couple quarters. So you don't leave this meeting and find me three months, six months and say Rich, you never told me this. Well I'm going to tell you. Okay and you circle these things and these are important.

So the first thing, we're going to go clockwise and we're going to start on the top left. We talk about distributors, 1.9 million distributors in 70 countries. But if you can look at this graph, we actually differentiate between blue and green, between just distributors, those people that like in the US will pay \$49 to get a 25% discount. In Korea there is no charge and they get a 25% discount. So it's a little different by country. Versus those people that come in at the top, which is about 500,000 people, who come in really as business builders. These people put inventory to work, money to work, to build a small business. Okay, part time or full time.

So let's take a look at a distributor. And when a distributor orders directly from the company, what do their order patterns look like? How would we characterize those people? So 51% of the time when they purchase directly from the company, we categorize them as discount buyers. Why? Because their average order is \$100 and they're earning a 25% discount.

29% of the time we categorize them as small retailers? Why? Their average order now is \$300 and they're earning about a 38% to 40% discount. And why is that? Now people start to see that Rich lost weight. They start asking Rich what he's done. I tell them I'm on Herbalife. And they start asking me, hey can you get me on that product too. I want to lose some weight. So it's circle of influence, okay.

And then the last group, about 20% of the time, is what we call potential supervisors. Now not only are you asking me for the product but maybe your assistant, your friend, your secretary, your wife and I'm starting to get to the point now where I'm ordering \$350 a month plus I'm in a 42% discount. And now I'm really thinking about you know do I really want to do this business? Do I want to stretch a little bit and put more time and effort into this business and make some money? And then those people become new sales leaders.

And you can see here over the last couple years the new sales leaders both in terms of percent and absolute numbers. And what I want you to do is I want you to circle these last four bars. Because this has given investors a lot of concern that our growth rate and also the absolute number has slowed down. And a lot of people intuitively would say, that doesn't make sense. I would think this is kind of countercyclical. I would think that your recruiting would be up.

Remember though that this group here, this is where you actually pay a lot of money to come in the business. This is like \$2,500, \$2,600 in terms of US net sales to come in the business. Not everybody has \$2,600 to come into the business, let alone here in the US but in Mexico and Thailand and Argentina and Brazil and Russia, okay. So we're going to take a look at why this is over the next couple pages.

And then last thing is how many of these people do we keep in the business, of these sales leaders? Okay, this is very important. And if you're going to invest in this space, these are the questions you want to ask peer companies of mine. Okay, very few people disclose this information, but you should want to know this, okay. We came into the business the retention rate was 28%. Today it's 40%. I'd like to tell you that that's good, great. I don't know cause a lot of people don't share this information. What I can tell you is we're not happy with this and we're trying to get this to be a bigger number, okay.

So now let's take a look at our top ten countries. And if you go out to our website, we have a lot of information, top ten markets in terms of net sales with and without FX over the last three years. We have our P&L's with and without FX. We have volume points. We have new supervisors, total supervisors. So a lot of data that you might want to use to help build your models or follow models of some of the analysts that cover the stock.

But here in terms of volume and volume essentially equates to US retail dollar. Here's the growth rate in the first quarter. Here's the rank in our top ten. And then here's the supervisor growth. And remember I showed you that graph where those bars were

May. 14. 2009 / 9:50AM, HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

going down. Okay and you can see here some markets like the US don't correlate. Some markets correlate very closely. And then other markets don't correlate much.

So what we're seeing through these-- this period of economic slowdown, some markets continue to correlate very well. So really the question is why do some markets don't? And so for example in the US. And what we're seeing in the US and kind of take a few minutes and go through this. Here's the US business as we went through '03, '04. And they started in this period of time to embrace the daily consumption models. And you can see the growth rate of the US business, okay. Where this was first introduced was in Mexico. And in Mexico, here was daily consumption. The company validated that it was a legitimate business model. And look at the acceleration, within triple digit growth in this period.

What drove this growth here in the US was the growth in our Latino population. Today in the US, 63% of our US business is Latino. So let's take a look at what that looks like.

So here over the last few years, by quarter, is the Latino volume and the Latino growth rate. And what caused a lot of investor concern and after we released fourth quarter was this sequential drop. And just negative growth rates. And for a lot of investors like oh no. Here it goes. The US is going to go into a tailspin. It's being affected by the economy. That's not what I expected. I expected it to be more resilient. And our stock fell on its way, all the way down to \$12. This is one of the major reasons. Mexico was another reason. And then we'll talk about that on the next page.

What has given investors probably a little more confidence over the last, at least last week since we released earnings, was this sequential gain. What we told investors in this period of time was we believe that this is a blip. But sitting in mid-February, we couldn't assure you it was a blip. What we were hearing in the channel was that there was a lot of fear in the marketplace. Fewer people were coming to the nutrition clubs. so less visitors. The people that were coming were buying less to take away, as up sales. People were sitting on their wallets. The little discretionary spending maybe people did want to put forth, they were doing it towards holiday spending not in the clubs. And our distributors sat back.

What have we been doing since is we've been engaging our distributors, say get out there. If you've lost two or three customers, get back out and capture three or four more customers. Get out on the street corner. Hand out flyers. Whatever it was that built your club, get back out there. And it was kind of just like why you go training sessions once in a while, right? To remember and refine some of the skills that you learned three, four, five, six, seven, ten years ago, but you get a little lazy. You get accustomed to doing what you're doing and you forget some of those skills. That's what we constantly have to do with our distributors. Get them back into training sessions, rejuvenate their enthusiasm and excitement and reinforce those tools that got them to be successful.

So do I believe that this is more of what I would expect? Yes I do. Do I think that this sequential growth is going to continue? I don't think that that growth rate will continue. I think this is a good base from which to expect continued growth. I would point out and you're going to see it on a couple of the charts, but the second quarter last year was our high point. We had a very large promotion last year in April, which is the kickoff to our 30th year anniversary. So we're going to have a tough comp in terms of volume. But I think what you really want to look at is look at this growth rate and look at or look at this volume growth from here and look at this growth rate and these numbers.

Similarly in Mexico, Mexico we went through a period of tremendous growth in '05 and '06, double and even triple digits. And we hit the wall. For those people that have followed us for a while, we called that '07 was going to be a flat year. And in fact it was down about 3%. What we thought also as we got into '08, was '08 was going to be the year for growth. And if you look here going from Q1 to Q2, and Q2 was about 1.2% above a year ago. So we felt good. We felt our metrics were working right. We felt like what we were hearing through the channel, the good communication, we felt we were on top of this story. We knew exactly where the market was going. And we were postured for good growth in Mexico going towards the back of '08.

Then in late June, we lost a challenge with the Mexican government on a VAT issue. We passed along a 15% VAT to our Mexican distributors. In August, so you saw the partial impact here and you saw the full impact here. That was the major driver of that

May. 14. 2009 / 9:50AM, HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

decline as well as I think less repatriated dollars. A lot of issues in Mexico as far as the economy. But again this drop led to again investor concerns and worries. And that's what also I think led to a stock here of \$12 in late February.

Why are investors a little more confident today? It's because of the sequential growth. The fact that we're running at about 40 to 42 million volume points a month. We're going to anniversary this favorably in that August/September timeframe. And as long as we get through this swine flu thing, which today hasn't affected us, we'll have to wait and see if consumer spending if that maintains; if the cruise ships start going back; if tourism goes back, cause that's a lot of dollars that flow into the economy. If that resumes, again it's going to a slow season so that's kind of good. This number should continue to sequentially grow and that's what you should hold us accountable to.

And then lastly China. China also, if you look at how we declined here in growth rate, especially into the fourth quarter, there was a lot of concern with China. China's a top five market for us. Last year in the second quarter, again we had a good quarter with a promotion going on. Also we enriched the compensation for the Chinese, their sales employees in that marketplace. And as you can see, we never got back to that level.

What I can tell you is coming out of this first quarter is that we're now at a run rate where we're going to challenge to hit that number this year without that kind of a promotion in the marketplace, so more natural, more organic. At the same time, the clubs that John initially talked about, which are nutrition clubs that drove the dramatic growth in China, excuse me in Mexico and in the US, here's again-- again here's the US curve. Here's the Mexico growth on nutrition clubs. Here's that growth in Taiwan with clubs.

We believe that that growth rate is what we could hope for in China. The club model that has been localized or acculturated if you will in Taiwan is now being taught in China. And that could be a real competitive advantage for us in that-- you know the very deep marketplace. We're seeing the same club model impact here in Korea. And Brazil, interestingly enough, is just beginning now to see the benefit of transitioning their business to a club model.

And let me just take a moment and talk to you about what the club model means. Traditionally, I may have approached you and said or you may have said to me, Rich I want to buy the Herbalife product. I want to get a program. I want to lose weight. And I'd sell you let's say a \$100 month supply.

Well not everybody has \$100 month supply, especially when you get into these lower income areas like in Mexico, in Indonesia, in India, in Brazil. But what they do have is that ability to afford maybe a meal a day, alright. So maybe it's 20 pesos in Mexico or 25 pesos. You ask the guys at Anheuser-Busch, you know they sell a lot more individual servings of beer than they do six packs or cases. So breaking that access to Herbalife down to a daily consumption model has opened up the target audience tremendously. And that's why you see this dramatic growth in a market like Mexico.

You wouldn't think coming in here that you associate Herbalife maybe as a premium product. To have that kind of ability to grow in a poor country like Mexico. But when the distributors changed their method of operation and create access on a daily basis, it's amazing what kind of growth can happen. And you saw with the Latino population in the US, amazing what can happen. We're seeing it now in Taiwan. We're seeing it in Korea. We're seeing it in Brazil.

So if you look again back at our top ten countries, the US we think, the Latinos have gone through that conversion. Mexico we kind of talked about we're going to anniversary that VAT. And I think that this number will start to turn positive in the late third quarter and into the fourth quarter. Taiwan, the real growth rate I will tell is probably more like 30% to 35%. There was a government stimulus voucher that was provided to consumers in the Taiwan marketplace. Our creative distributors really used that voucher and marketed against people spending that voucher on Herbalife product. So we've kind of taken that 10 to 15 million volume point out of that number and said that's really more the right run rate of growth.

The flipside is maybe we got some customers. And we'll have to see. If this number-- if we have a growth rate here of 40 or so percent next quarter, that's a good thing that we got more customers.

May. 14. 2009 / 9:50AM, HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

Brazil the growth rate here in terms of volume again they've gone through that inflection of slowing their business down, learning and localizing the clubs. And I think you're going to see a similar kind of trajectory.

The excitement part for me is China, as I talked about. I think it's going through a major transition. Today people in China are sales employees by law. What we're encouraging them to do now is to leave the employment of the company, become a sole proprietor, which is a legal status, a recognition in China. And why is that important? Because they register with the government. The government knows where they are. They know who they are. And at the same time when you become a sole proprietor, open up a nutrition club. So sole proprietor in a nutrition club and if we can envision that kind of a growth opportunity in China, that becomes to me a wow.

We talk in terms of volume points per capita. So our company average is one. Think of it one volume point equals one retail dollar. So it's about \$1.09 retail per capita excluding India and excluding China. China's at \$0.09. The US, we've been in for 29 years, is \$2.38. Mexico, because of the club model, is at \$5. And Taiwan, look at that penetration.

So you know what I look at and say, what do we need to do to get China to the company average? And have a business that's over a billion volume points, you know 1.5 billion retail sales or net sales in China. That would become almost 50% of our existing business. That's what excites me.

Now our CEO Michael would be very cautious to you. He'd say, wait when I was at Disney, they continually screwed us over there. Right, so a deal's not a deal. The analogy of those-- they were trying to do very big things. They were trying to put theme parks in. We're down at the very local level. We're down at that entrepreneurial level, all those shop keepers. And I think that that's what excites me.

Here the underpenetrated markets, again China. India, India interestingly enough in the quarter, again they're embracing that club concept. They were up 90% year over year. Small base, but it tells me that the business is starting to replicate. They're getting success. Their checks are going up. Success breeds success. That could be very exciting.

Indonesia-- we pitch Indonesia to our distributors. Indonesia is Mexico. Alright, a hundred islands or so, so we'll have to have a little different go-to-market strategy. But 130 odd million people, very family oriented, potentially one religion, very communal. Clubs should work very well in Indonesia.

The markets we'll open this year, Vietnam will be the most material. Very large market. Again very Asian. We'll take that same Taiwanese type of approach and try to bring that learning and that culture of our company there.

I'll go through the financials very quickly. But we've had some headwinds as the dollar has strengthened this year. Most material will be in the first half of the year. We start to anniversary that in the August/September timeframe. And the comps get a lot easier when we get past August.

And this really just talks through the net sales growth and the earnings growth. If you look here our high point with \$3.53 last year. This year we're guiding \$2.90 to \$3.10. So it's somewhere between '07 and '08. Our goal when we started the year, when we did our budgeting last October, we wanted to have a better year in '09 than '08. We probably will in terms of volume points. We're now looking to see that volume will probably be up one percent or so. Net sales will be a challenge given FX.

Free cash-- typically free cash is a good proxy or net income I should say is a good proxy for free cash. Last year we spent a significant amount on Oracle and moving our corporate headquarters. This year we're guiding \$55 to \$60 million in CapEx. And you could see what we did in the first quarter. Don't anniversary that. We took down inventory about \$18 million in the first quarter. We don't expect that significant reduction to repeat. Debt to EBITDA again about nine times. Our net debt is about \$150 million, which improved \$50 million sequentially from the fourth quarter.

May. 14. 2009 / 9:50AM, HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

Again another reason why investors were spooked a little while ago, we started the year in November guiding at \$3.00 to \$3.20 on this kind of a volume assumption and this tax rate. We took the year down by \$0.10 after that fourth quarter where we saw the US decline, Mexico, China slowdown. We got a little more conservative on our volume outlook.

Half the people yelled at me for taking the number down. Half the investors said why didn't you take it down lower? For the first time that we're public, the guide-- the consensus out there is below our range, which is pretty interesting. We now come back after beating the first quarter by about \$0.08. We have more optimistic outlook on volume. Our tax rate was up because of mix of countries, which we think will sustain that kind of tax rate.

And we held \$2.90 to \$3.10 right now until we get further in the year, get a little better visibility. Does Mexico sequentially improve? Does the US hold? Does China sequentially improve? The sort of things that we went through as far as issues.

And here's some pluses and minuses. I won't go through that. You can read it and call me if you like.

But here's what we've done. Here's our track record. On the left is when we initially guide, which is in November of the previous year. What do we do and what do we say? Again we started at \$3.00 to \$3.20. You know I can tell you that management's incentive comp is baked in that number somewhere. So we have all the incentive in the world to get into that zone. We're a little bit below it right now. Our hope is if the dollar continues to soften like it has, that's just again one of those uncontrollables. But that's a benefit from where we guided on April 20th, using those rates to where we are now.

But more fundamentally is grow volume in our key markets, improve margins. The board just reauthorized new share repurchase program of \$300 million. That's not baked into our assumptions if we're able to utilize that and generate the free cash to utilize it.

So with that, here's the "Why Herbalife? Why now?" I think it's dramatically undervalued. Again I bought \$1.5 million worth of stock in the last 5 months. I firmly believe in. We're trading at levels below where we were when did a secondary in 2005, when we were doing \$2 in earnings. This year we'll do, call it \$3 in earnings and really no debt. Debt is not due until 2012 or 2013. So a lot of the issues that a lot of investors are dealing with in other companies, those issues aren't residing here.

And I think more importantly as you get better visibility into these nutrition clubs and the adoption of these in some of these emerging markets, which can be very, very exciting, very impactful.

So with that I'll open up to your questions. John, do you want to start?

QUESTIONS AND ANSWERS

Unidentified Participant

Well no, we've probably got about five minutes, so we'll throw it out to the floor.

Rich Goudis - Herbalife Ltd. - CFO

Yes.

Unidentified Audience Member

The majority of your products are of a liquid nature or to be mixed in with liquids. Is there any intention to perhaps increase the amount of solids chewables rather than swallowing products?

May. 14. 2009 / 9:50AM, HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

Rich Goudis - Herbalife Ltd. - CFO

Our secret is we sell you the active, you provide the inactive. So from our distribution channel, it's a lot easier for us to sell you an active to put in this inactive and drive down our unit cost and deliver that to you then sell you so full on.

So but with that said, this year we'll introduce a meal replacement bar in Europe, 250 calories so it qualifies for EU purposes as meal replacement, more convenient so you can stay regiment on your diet. That's chewable. We'll introduce a satiety product here in the US in the fourth quarter which will be an adjustable, something that you take maybe an hour before you eat and it'll satiate or make you feel a little fuller. And we're also looking at a very super high antioxidant drink, which will be more probably in the concentrate form.

Unidentified Audience Member

The reason for the question most dieters and doctors say that people like to chew more than drink.

Rich Goudis - Herbalife Ltd. - CFO

Right.

Unidentified Audience Member

And that for weight loss and weight loss retaining the level of weight, you have to give the consumer more that he can actually eat rather than drink. And that being said, what percentage of your business would you like to see going forward in a non-drink variety?

Rich Goudis - Herbalife Ltd. - CFO

We don't have that articulated that way. We do have snacks. We do have bars that are 110, 120 calories. I think some of those are in the bags outside. We do have little nuts, soy nuts so you can get that salt and you can get that chewing feeling.

But typically the way they would teach you to lose weight at Herbalife is initially two shakes a day and maybe a snack in between and have a meal at night. And then once you get to your weight goal, then it's one shake a day and then a normal meal, not a Panera Bread meal I hope, and a normal meal at lunch and dinner. But also introduce some kind of activity in your life. That's kind of where we're moving.

Unidentified Audience Member

Thank you.

Rich Goudis - Herbalife Ltd. - CFO

You're welcome.

May. 14. 2009 / 9:50AM, HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

Unidentified Participant

Well I'll take one here. You talked about the Latino market in the US. What are you doing to crack the-- I know the non-Latino market has been a little more of a struggle for you in the US. What are you doing there with regard to club development? And is the-- I know you were sponsoring the youth soccer organization.

Rich Goudis - Herbalife Ltd. - CFO

Right.

Unidentified Participant

Has that begun to bear any fruit?

Rich Goudis - Herbalife Ltd. - CFO

On the general market just as a perspective, we were up 1% in the first quarter versus the Latino where we were up 8%. So to John's point, the general market has really fallen behind from a standpoint of composition of the business. When I came in the business, the general market was 60% of the business.

Primarily the reason is the Latinos, when they come in the business, they're looking to do it full time. So coming in and opening up a club and opening up let's say it's in Compton and opening up that front door every day, that fits with what they want to do. They want to be in a business full time. A lot of our Anglos are still looking at this as a part-time business. So that's why the club business doesn't really work for them from the standpoint of a home club.

What we find a lot of our Anglos now picking up as far as an attractive daily method of operation is what we all weight loss challenges. Where they'll go into let's say your place of work, set up the kitchenette with an array of Herbalife products and they're running a weight loss challenge. So you may be your affluence or maybe you put in a \$100 each. You go through this 12-week program. The winner gets half the pot. The other half maybe goes to charity. We just did it with our sell side analysts and somebody from Jefferies won it and they lost 10% of their body weight over the course of the 12 weeks.

So that's really what's I think having us hope for the US business. And being up 1% in this difficult economy I think is also we look at is probably better than average on a pure volume basis.

But I think clearly the Anglo group, they're looking at the Latinos and they're trying to figure out how that they-- how they can grow their business and hold their checks as well.

Maybe one more question. You're all quiet. You're all tough one on one. Alright, well thank you very much. I appreciate you taking the time to listen to Herbalife.

Unidentified Participant

Thanks, Rich.

May. 14. 2009 / 9:50AM, HLF - Herbalife Ltd. at Goldman Sachs Consumer Products Conference

DISCLAIMER

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2009, Thomson Financial. All Rights Reserved.