



HERBALIFE

# Third Quarter 2012 Investor Update

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# Safe Harbor Statement

*This document contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words “may,” “will,” “estimate,” “intend,” “continue,” “believe,” “expect” or “anticipate” and any other similar words.*

*Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the Securities and Exchange Commission. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in our forward-looking statements include, among others, the following:*

- any collateral impact resulting from the ongoing worldwide financial “crisis,” including the availability of liquidity to us, our customers and our suppliers or the willingness of our customers to purchase products in a recessionary economic environment;
- our relationship with, and our ability to influence the actions of, our distributors;
- improper action by our employees or distributors in violation of applicable law;
- adverse publicity associated with our products or network marketing organization;
- changing consumer preferences and demands;
- our reliance upon, or the loss or departure of any member of, our senior management team which could negatively impact our distributor relations and operating results;
- the competitive nature of our business;
- regulatory matters governing our products, including potential governmental or regulatory actions concerning the safety or efficacy of our products and network marketing program, including the direct selling market in which we operate;
- legal challenges to our network marketing program;
- risks associated with operating internationally and the effect of economic factors, including foreign exchange, inflation, disruptions or conflicts with our third party importers, pricing and currency devaluation risks, especially in countries such as Venezuela;
- uncertainties relating to the application of transfer pricing, duties, value added taxes, and other tax regulations, and changes thereto;
- uncertainties relating to interpretation and enforcement of legislation in China governing direct selling;
- our inability to obtain the necessary licenses to expand our direct selling business in China;
- adverse changes in the Chinese economy, Chinese legal system or Chinese governmental policies;
- our dependence on increased penetration of existing markets;
- contractual limitations on our ability to expand our business;
- our reliance on our information technology infrastructure and outside manufacturers;
- the sufficiency of trademarks and other intellectual property rights;
- product concentration;
- changes in tax laws, treaties or regulations, or their interpretation;
- taxation relating to our distributors;
- product liability claims; and
- whether we will purchase any of our shares in the open markets or otherwise.

*We do not undertake any obligation to update or release any revisions to any forward-looking statements or to report any events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.*



## Herbalife Business and Performance Summary

### Growth Drivers

- Products address megatrends
- Daily Consumption increases addressable audience
  - Key consumption related metrics
- City-by-city strategy
- Infrastructure focused on supporting global growth.

### Strong Financial Performance

# Historical Earnings Growth

Fully Diluted Earnings per Share \$US



Non-GAAP Earning per FY2008-LTM 3Q 2012 adjusted for the stock split and change in accounting principle as described in Note 2, Basis of Presentation, to the Consolidated Financial Statements.



# Strong Cash Flow Generation

Since 2007, Net Income Approximated Free Cash Flow

(Dollars in Millions)	FY' 11	Since FY2007 Through 3Q 2012
Net Income	\$412.6	\$1,687.1
Cash from Operations	\$509.3	\$2,127.2
Cap Ex	(\$90.8)	(\$434.8)
Free Cash Flow	\$418.5	\$1,692.3



**Since 2007, have returned 108% of reported Net Income to shareholders in the form of dividends & buyback**

# Robust Capital Structure

	2008	2009	2010	2011	LTM Q3 2012
Total Debt/EBITDA	0.9x	0.7x	0.4x	0.3x	0.7x
Net Debt/EBITDA	0.5x	0.3x	0.0x	(0.1x)	0.3x
FCF/Total Debt	0.5x	0.9x	1.8x	2.1x	0.9x

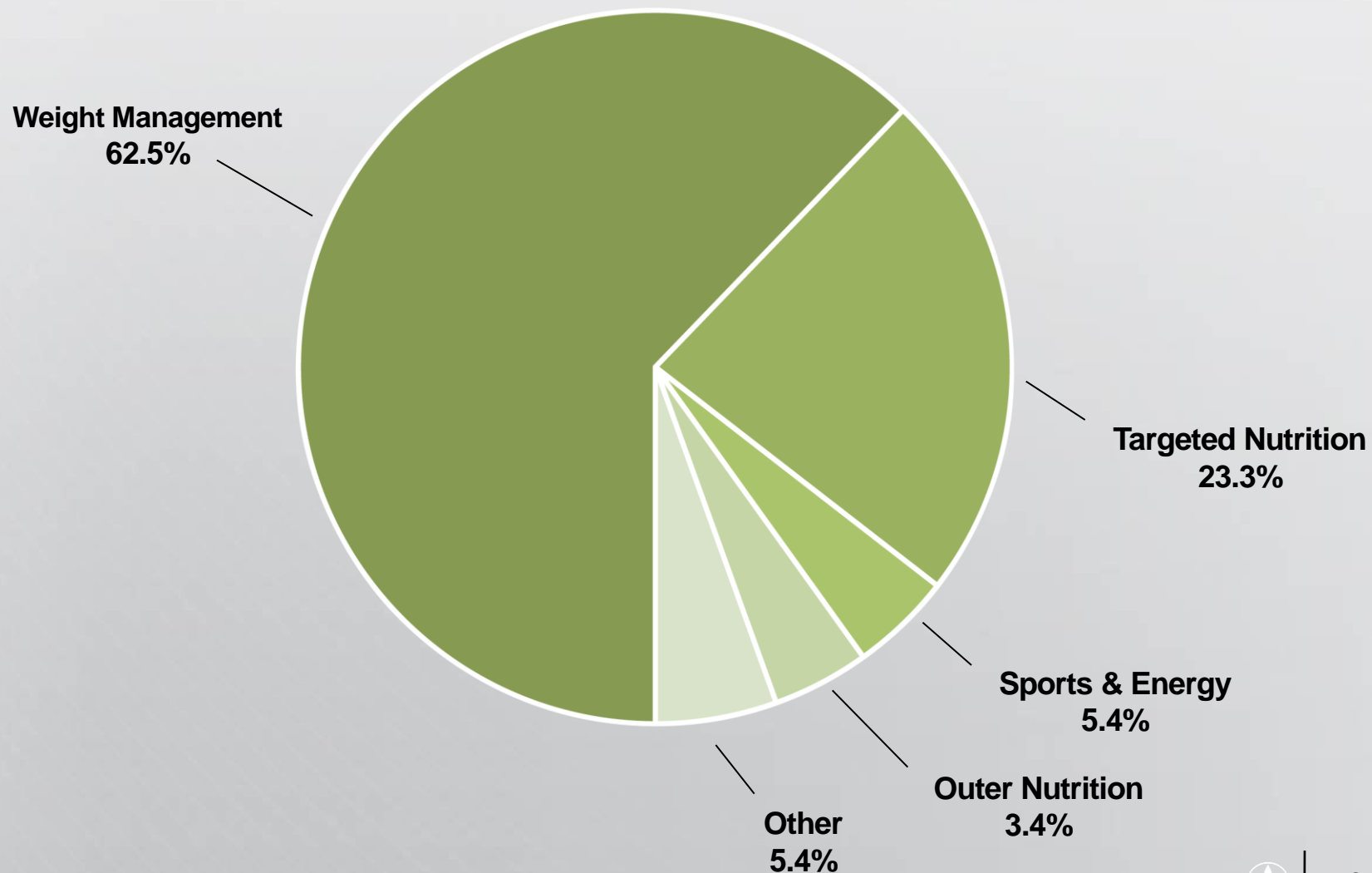


# Herbalife Business and Performance Summary

- Nutritional / weight management products
- 32 years old
- 85 countries
- \$3.9B in revenue (LTM)
- Direct selling distribution model (MLM)
  - Most Distributors (approx. 80%) have no down-line (single level) and join for self-consumption or reselling the product
  - Some Distributors build sales organizations to earn commissions on multiple levels (similar to sales organizations in most industry)



# Herbalife 3Q'12 Product Sales by Category





# Formula 1 Positioned as a Meal

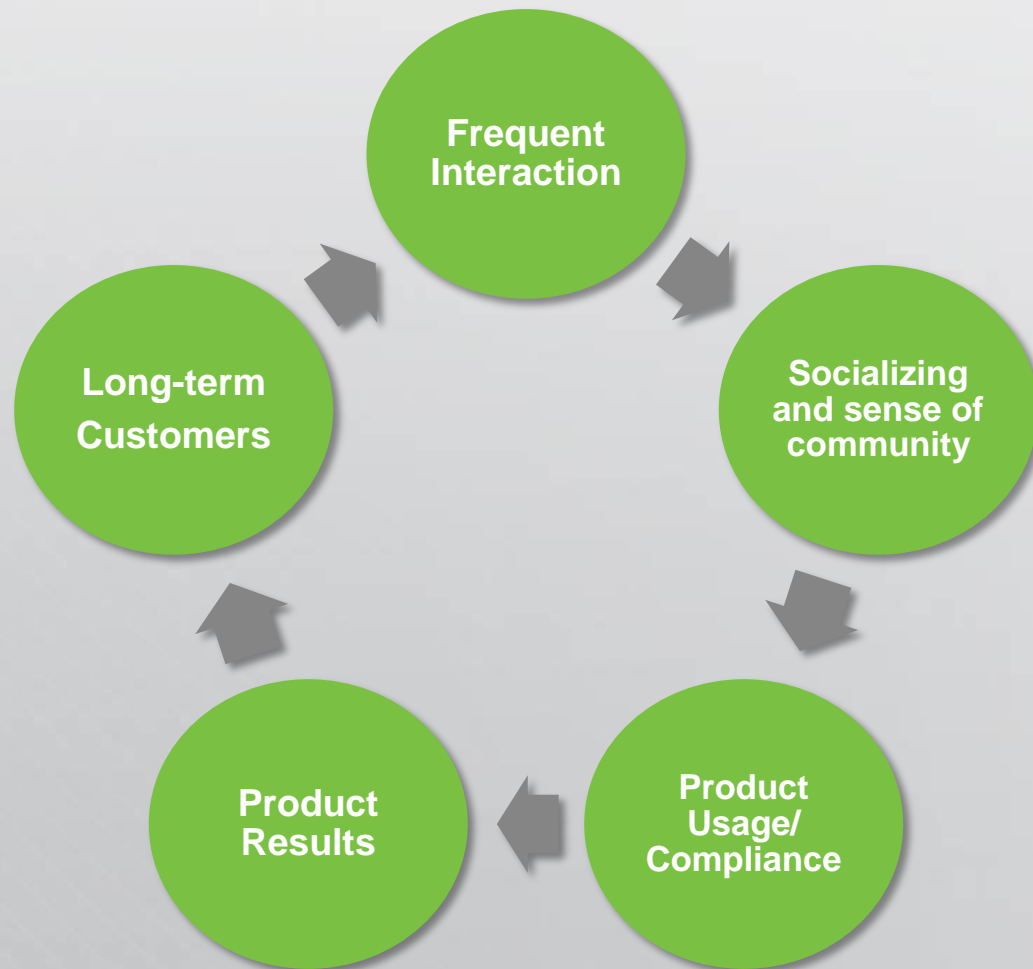
Replacement spending vs. discretionary



VS.



# Daily Consumption Creates Long-term Customers and Distributors



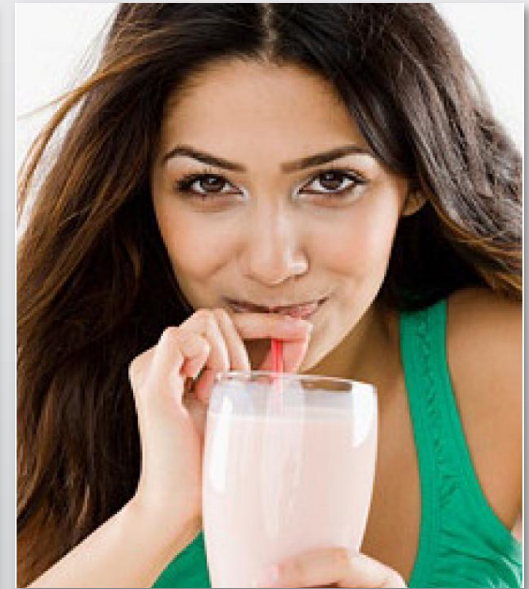
# Daily Consumption Improves Product Access for the Consumer



**Weight Loss Challenge**

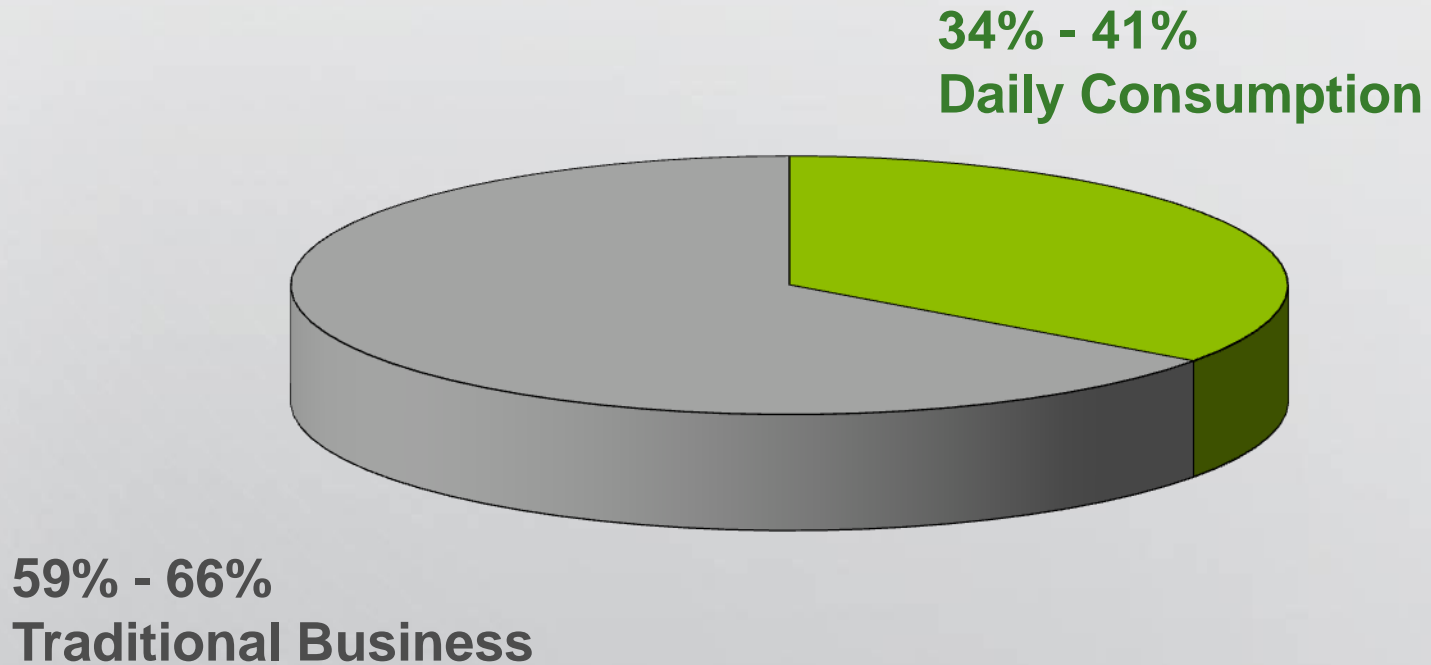


**Have you had your shake today?**



**Nutrition Clubs**

# What Percentage of Business is Daily Consumption?



*Daily Consumption estimated using various techniques including number and size of orders per month.*

# Nutrition Club Frequency and Longevity\*

Frequency	Longevity
U.S. > 55% attend everyday	U.S. > 55% attending longer than 6 months
MEXICO > 50% attend every day	MEXICO > 45% attending longer than 6 months
KOREA > 30% attend every day	KOREA > 30% attending longer than 6 months


\* Based on 2010 survey conducted by the company.



# Metrics Indicative of Consumption

Key metrics illustrate significant shift to daily consumption \*

	2002	2007	2011	3Q 2012 YTD
Top 3 products % of total volume (Formula 1, Tea & Aloe)	35%	48%	52%	52%
Retention of Sales Leaders	27%	41%	52%	n/a
Sales Leader activity rate	37%	40%	53%	56%
5K Sales Leader qualification %	n/a	n/a	18%	24%
New Sales Leader qualification volume, % of total volume	27%	26%	16%	14%***
Buyback % of retail sales **	2.4%	1.0%	0.4%	0.3%



\* Excludes China because of its different marketing plan

\*\* HLF offers to repurchase product from resigning Distributors for up to 12 months in most countries

\*\*\* YTD August, 2012



# City-by-City Strategy Improves Distributor Engagement

- Individual cities identified as penetration opportunities
- Unified local leadership
- Taking responsibility for their city
- Meetings and trainings
- Shared commitment to brand enhancements



# Infrastructure Built to Support Global Growth

## 1. Seed to Feed

- Protection/Regulatory compliance
- Ingredient traceability
- Vertical manufacturing



## 2. Increase Distributor Access Points

- Easier product access for Distributors



# Herbalife 3Q'12 vs 3Q'11

## Growth Across all Key Metrics



\* Excludes China and is annual retention



# 3Q'12 Volume Results

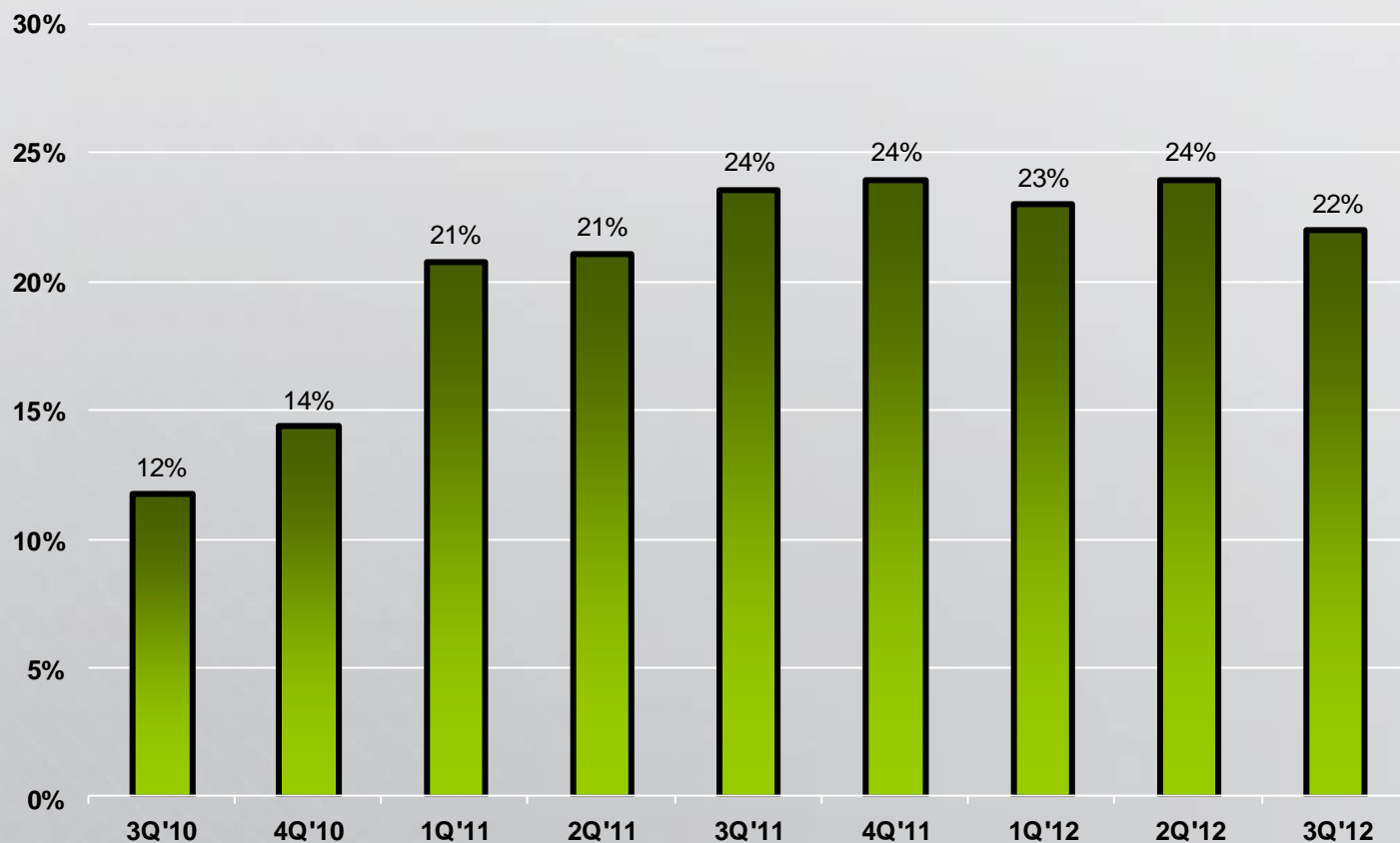
(VP in millions)

	3Q'12 Volume Points	% Change vs. PY
Worldwide	1,192.8	17%
North America	287.4	14%
Mexico	211.2	17%
Asia Pacific	305.6	17%
South & Central America	186.0	24%
EMEA	145.5	10%
China	57.0	41%




# Growth Driven by Engaged Distributors

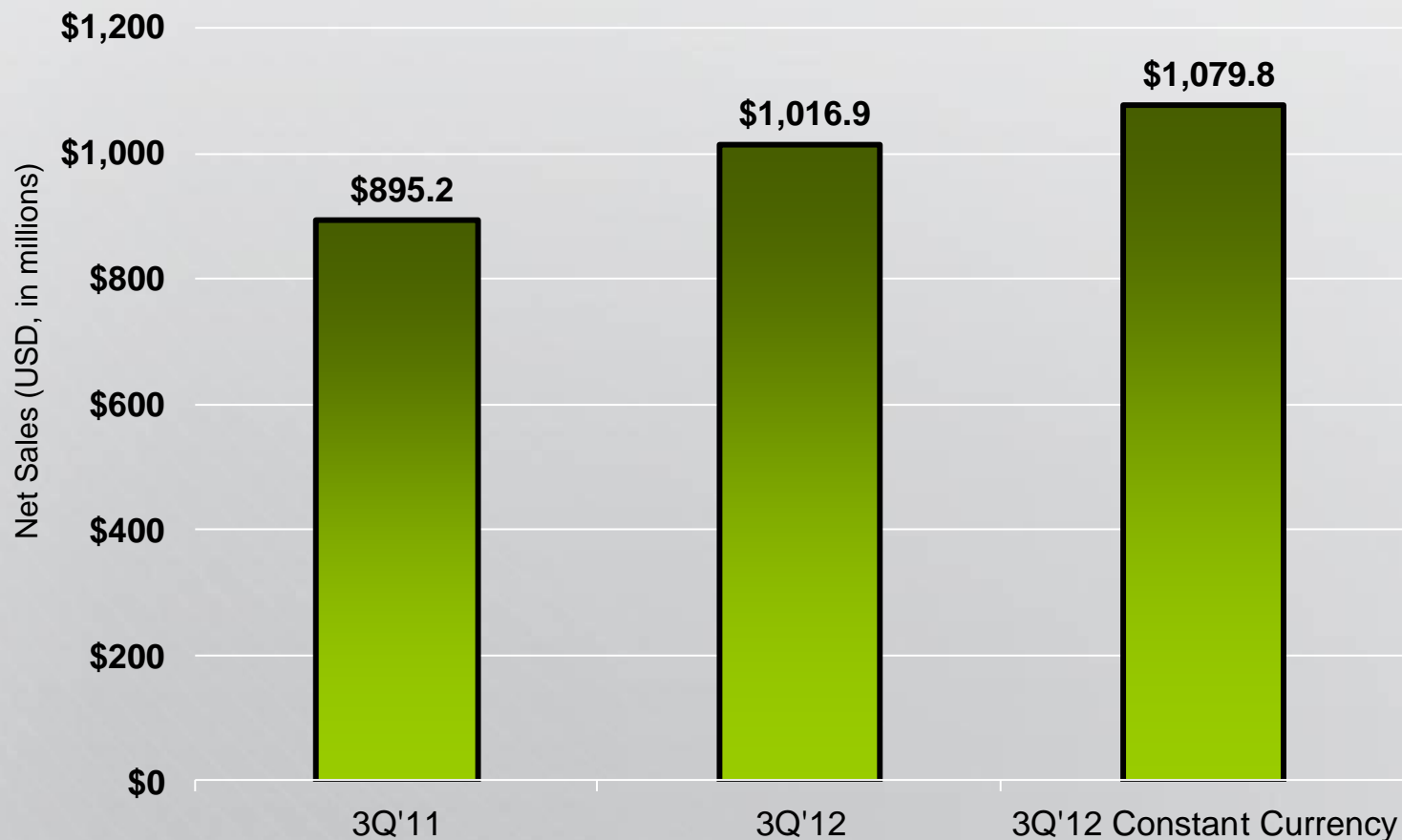
## Year/Year Change in Average Active Sales Leaders



# 3Q'12 Results – Net Sales

Net sales increased 14% in 3Q' 12 compared to prior year;

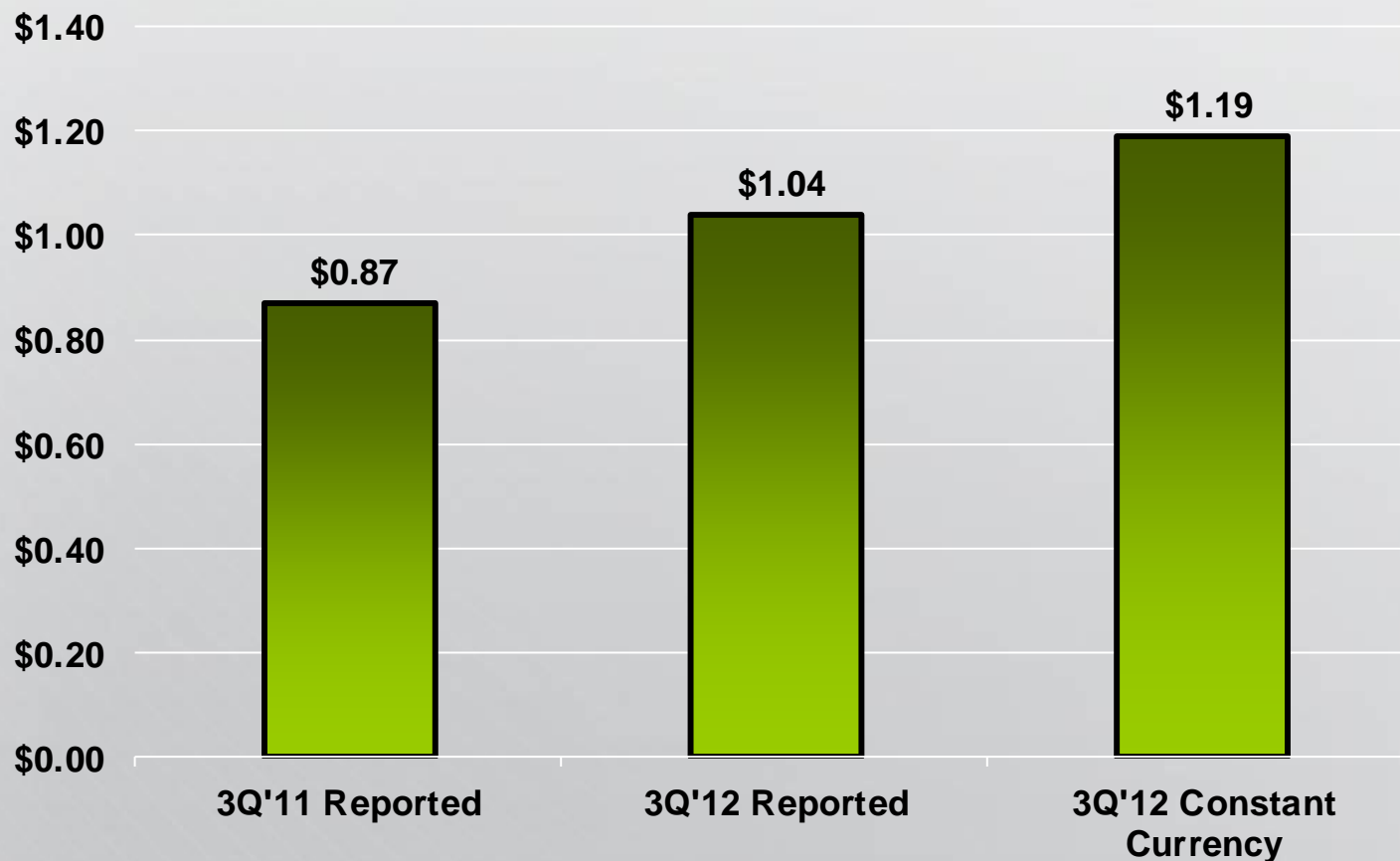
FX adjusted net sales increased 21%



# 3Q' 12 Results – EPS

Reported EPS increased 20% compared to prior year;

FX adjusted EPS increased 37%



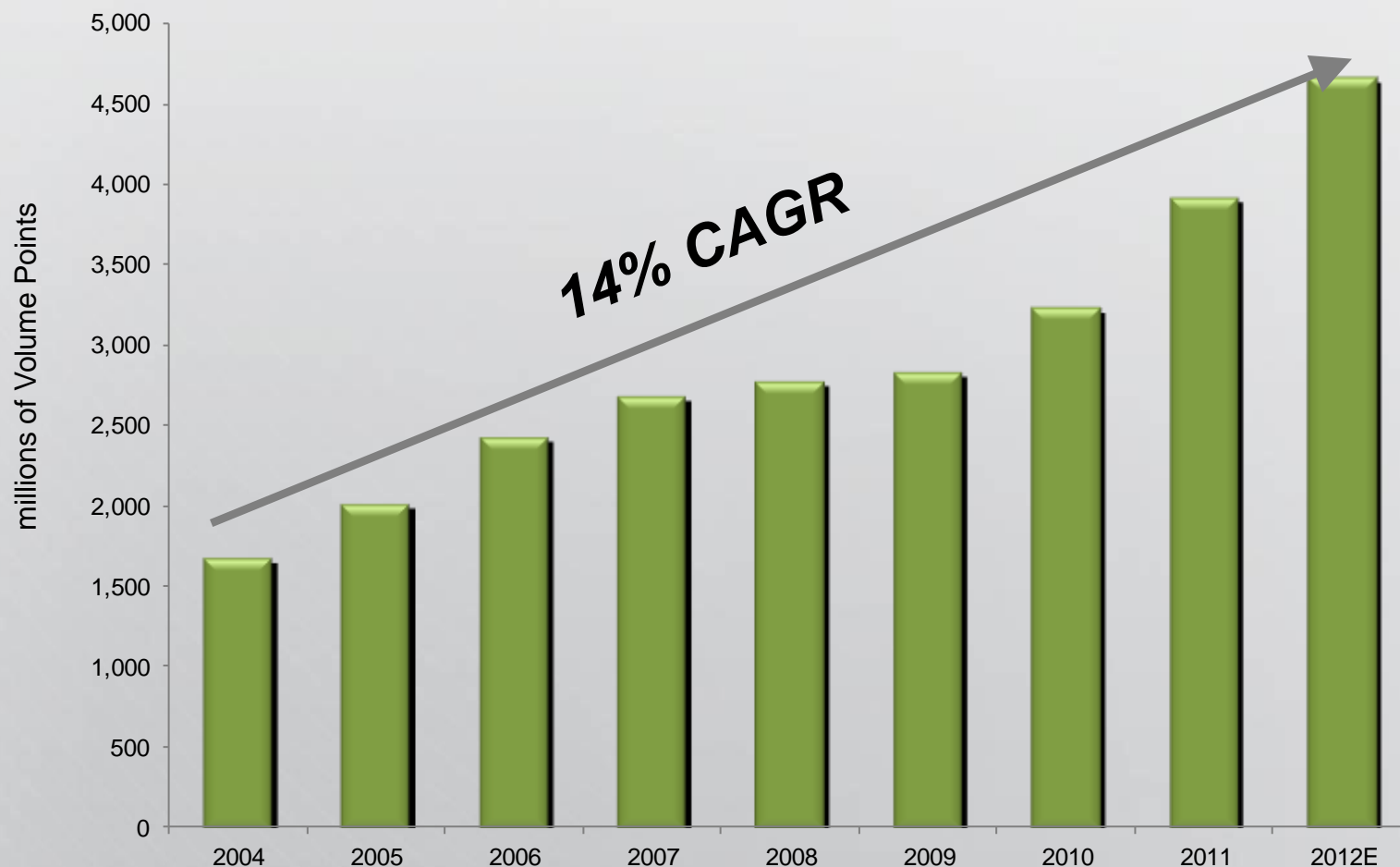
# FY'12 & FY'13 Guidance

	Three Months Ending December 31, 2012		Twelve Months Ending December 31, 2012		Twelve Months Ending December 31, 2013	
	Low	High	Low	High	Low	High
Volume Point Growth vs PY	13.0%	15.0%	18.0%	20.0%	8.5%	10.5%
Net Sales Growth vs PY	17.0%	19.0%	16.0%	18.0%	10.0%	12.0%
Diluted EPS <sup>1</sup>	\$0.97	\$1.01	\$3.99	\$4.03	\$4.40	\$4.55
Cap Ex (\$ millions)	\$50.0	\$60.0	\$110.0	\$120.0	\$165.0	\$185.0
Effective Tax Rate	26.0%	28.0%	26.0%	28.0%	26.5%	28.5%

<sup>1</sup> – See Schedule A – “Reconciliation of Non-GAAP Financial Measures” in the press release dated October 29, 2012 for additional detail.



# Sustainable Growth Driven by a Growing Business Method



2012E Volume Points are based on the mid-point of guidance provided in the 3Q '12 earnings release dated October 29, 2012.



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### Strong Financial Performance





Nutrition for a better life.

