HERBALIFE INTERNATIONAL OF AMERICA, INC.

Moderator: Alan Quan
May 5, 2015
2:30 p.m. PT

Operator: This is conference # 18313228.

Good afternoon and thank you for joining the first quarter 2015 earnings conference call for Herbalife Limited. On the call today is Michael Johnson, the Company's Chairman and CEO; the Company's President, Des Walsh; John DeSimone, the Company's CFO; and Alan Quan, the Company's Vice President, Investor Relations. I would now like to turn the call over to Alan Quan to read the Company's Safe Harbor language.

Alan Quan: Before we begin, as a reminder, during this conference call, comments may be made that include some forward-looking statements. These statements involve risk and uncertainty and, as you know actual results may differ materially from those discussed or anticipated. We encourage you to refer to today's earnings release and our SEC filings for a complete discussion of risks associated with these forward-looking statements and our business.

In addition, during this call, certain financial performance measures may be discussed that differ from comparable measures contained in our financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles, referred to by the Securities and Exchange Commission as non-GAAP financial measures. We believe that these non-GAAP financial measures assist management and investors in evaluating and preparing period to period results of operations in a more meaningful and consistent manner. Please refer to the Investor Relations section of our Web site, Herbalife.com, to find our press release for this quarter, which contains a reconciliation of these measures.

Additionally, when management makes reference to volume during this conference call, they are referring to volume points. I'll now turn the call over to our Chairman and CEO, Michael Johnson.

Michael Johnson: Thank you, Alan. Good afternoon, everyone, and thank you for joining our first quarter 2015 earnings call. We began the year with better than expected financial results and, as a result, we've raised our full-year outlook.

Our key member metrics indicate that the changes we have implemented are taking hold around the globe, as a members increase their customer focus, creating a stronger foundation for continued growth, improved activity and higher retention. We are encouraged by our first quarter results, especially the way our members have embraced these marketing plan changes. But we all know we still have work to do and our entire team is committed to making sure we're consistently delivering profitable long-term growth.

For the first quarter, excluding the impact of currency, worldwide net sales of $1.1 billion increased 4 percent compared to the prior year period; including currency, net sales decreased 12 percent versus the first quarter of last year, reflecting the impact of the exchange rate challenges confronting all U.S. businesses with significant international presence. Since approximately 80 percent of our business is overseas, we expect an ongoing impact from currency headwinds for the remainder of the year and this is included in our guidance.

Worldwide volume points declined 4 percent compared to the prior year period, but they were slightly better than the high end of our guidance. These results are encouraging, given the changes we've made to the marketing plan and the fact that Q1 last year was the second highest volume quarter in the Company's history.

Further good news can be found in our EPS results, as first quarter adjusted EPS was $1.29 per diluted share, which is above our guidance of $1.00 to

$1.10. Reported EPS was $0.92 per diluted share, an increase of 24 percent compared to the prior year period.

To protect our profitability during a period of FX volatility and while we implemented marketing plan changes that we knew would slow down the near-term volume, we took prudent measures to control costs, reduce expenses and increase efficiency in the last quarter of 2014. I'm happy to report that this initiative has resulted in significant savings for the Company, and we will continue with these efforts to obtain even greater efficiencies.

During the first quarter, we also launched a number of new products across our different regions, including a savory Formula 1 meal replacement shake. We believe this is an important product offering, because savory shakes could provide another consumption occasion for our customers who want to enjoy a savory meal replacement for lunch or even dinner. We are currently developing a variety of Formula 1 meal replacement shakes that can be consumed hot and we hope will increase consumption frequency.

We launched a new digestive health product, Active Fiber Oat Apple, in 24 markets as a great complement to our market leading Formula 1 meal replacement line. Digestive health is a growing segment globally and this new product is a wonderful addition to our line-up, as it can be easily added to our shakes and to our beverages. Most people could improve their overall health by consuming more fiber, and we believe the combination of our Formula 1 shake and Active Fiber will be well-received by our consumers.

Also in our digestive health category, we extended our Herbal Aloe Concentrate range with the introduction of Cranberry and Mandarin flavors. These new flavors will create consumer excitement and provide more variety within the Aloe category.

We have updated and increase our full-year 2015 volume guidance to reflect the better-than-expected results in Q1, while leaving our previous assumptions for the remaining three quarters unchanged. As we stated in our last call, it is still our opinion that we expect to see a return to volume point growth in the second half of 2015.

In addition, yesterday, the Company announced that we had extended the maturity of $425 million of our revolving credit facility from March 9, 2016 until March 9, 2017. John will provide additional detail on this later in the call.

While some of the recent changes to the marketing plan have brought some short-term impact, our business fundamentals remain strong and we are confident our strategy is the right one, as evidenced by what we are seeing today. Our enhanced focus and that of our members is on building an even stronger foundation for our business, centered squarely on consumer needs, which results in higher sales leader retention, activity rates and sustainable long-term growth.

To that end, we have made great strides globally in bringing in new sales leaders in a more effective way. We know that sales leaders who take the time to build a business by fully knowing our products through personal testimonials and by developing and servicing their customer base are more active and stay longer with Herbalife. The three marketing plan changes we implemented recently, the last two of which were just completed during the first quarter of this year, are all designed to promote this change in approach and drive a shift in the balance of sales leader qualifications to the 3 to 12 month cumulative method.

In the first quarter of this year, 67 percent of those members who qualify to become a sales leader did so through the 3 to12 month cumulative method, compared to 38 percent during the prior year period. These figures were even more compelling in the month of March, the first month after the implementation of all three of the changes, with those members qualifying through the 3 to 12 month cumulative method at 79 percent.

Another compelling statistic shows that in the first quarter, the worldwide volume that came from sales leaders using the 1 to 2 month qualification method decreased to just 5 percent. And in the U.S., it decreased to just 3 percent. These figures are significant and reflect a company that is progressing well through a transition that will ultimately lead to higher sales leader retention and more sustainable, long-term growth.

These figures show that our changes are taking hold. But what is more important is the data that proves that these changes are having a positive impact on our overall performance. For example, based on the most recent sales leader requalification data, members who qualify through the 3 to 12 month cumulative method are approximately 62 percent more likely to be retained during their first requalification period than those seals leaders who qualify using the 1 to 2 month method.

Moreover, 3 to 12 month qualifiers are approximately 68 percent more likely to be active 12 months following their qualification period, based on data from our first quarter. Simply put, those members who qualifies as sales leaders over a longer period have demonstrated that they are more active and stay longer than those who qualify using the 1 or 2 month method.

Of course, the transition to the cumulative method, among other things, creates a natural lag in the pipeline of new sales leaders, because those that had previously purchased product to qualify in 1 to 2 months are now taking longer to qualify, by spreading volumes across the period of up to 12 months. As we get further from the implementation date, and especially once we pass the one-year anniversary, this lag will cycle through.

As an early adopter of the cumulative qualifier program, our EMEA region continues to deliver strong results. Compared to the first quarter of 2014, EMEA reported a local currency net sales increase of 14 percent with volume points up 13 percent; average active sales leaders increased 28 percent compared to the prior year. We believe that the results in EMEA are indicative of the benefits of the cumulative qualification method, higher retention, greater sales leader activity and higher volume growth, and demonstrate the potential that exists in other markets.

In Brazil, we are pleased with the transition of sales leaders to the cumulative qualification method, which represented the pathway for more than 69 percent of sales leaders in the first quarter, an increase of 28 percent over 2014. Again, when we look at March alone, the impact of our transition is clear.

With 86 percent qualifying as sales leader through cumulative method, the emphasis in Brazil on sustainability, retention and activity continues to grow.

In Korea, we continue to see a transformation in the market, with high retention rates and an increased focus towards the cumulative sales leader qualification method. The percentage of sales leaders who qualified through this method grew to 67 percent, compared to 35 percent in the prior year period. With this improvement, our members remain committed and motivated to continue on the path to improved sustainability.

Moving on to the U.S., the percentage of sales leaders in the U.S. qualifying through the cumulative method in Q1 was 73 percent, compared to 52 percent for the prior year period. Again, just look at March. As the first month post-implementation of changes, we saw this percentage expand to an impressive 87 percent. We are also pleased that March marked the first time in eight months that the U.S. was above 100 million volume points. This, when viewed together with member productivity data, shows that the marketing plan enhancements are permeating throughout the member base in a positive way.

In March, we also added new functionality to our U.S. Web site that allows customers to purchase products online more easily through our members. While we don't anticipate this will have an immediate meaningful impact on sales, we do believe this new functionality is important in enabling our members to support those new customers who choose to make their purchases online, while still providing a high touch customer experience.

In Mexico, we are starting to see positive trends in the market. The percentage of members who qualified through the 3 to 12 cumulative method was 39 percent in Q1, compared to 25 percent in the prior year period. In March, that percentage expanded to 75 percent. Importantly, new member activity is up; and March figures indicate that our member leaders in Mexico have already begun to adapt to the changes and implement new training programs that reflect the new business practices.

In China, we have a strong consumption-based business focused on customers. We have put in place the building blocks for sensible, sustainable growth in this market and we are seeing some very positive activity and trends. It was my privilege to be in Macau less month, where the atmosphere was incredible and the enthusiasm and excitement of our service providers is reflected in the most recent quarterly results.

China continued its strong performance in the quarter, setting new records for volume points and active sales leaders in March. For the first quarter, local currency net sales increased 23 percent, volume points increased 25 percent and average active sales leaders improved by 22 percent, each compared to the prior year period.

Our customer loyalty program has been a key part of our strategy in China. In the first quarter, 94,000 new customers were added through the loyalty program, reflecting a 52 percent growth compared to the same period last year. With the continued enhancement of our online ordering platform in China, the establishment of multiple distribution centers, and with plans to build our third Herbalife innovation and manufacturing facility, we will continue to enhance our product supply chain and customer support network to deliver long-term and sustainable growth for our service providers.

What we see in China is what we see in EMEA and what we believe our transition will bring to our entire business globally, members who are dedicated to and focused on customers, customer acquisition, customer retention, customer service and customer loyalty.

To conclude, this has been an encouraging quarter in a number of areas and one that has seen us continue our progress. Importantly, we are seeing the positive impact of the marketing plan changes and the trends in key metrics that give us confidence that this momentum will continue to build throughout 2015. Our members are energized and fully behind the changes we made because they see firsthand the way these changes enhance the experience of both their customers and the new members.

We believe we are on track to cycle through the impact from these changes this year and create a stronger platform for sustainable growth that we believe will deliver long-term value for our shareholders. John will now take you through a more detailed look at the financials.

John DeSimone: Thank you, Michael. First, I will review the Company's first quarter reported and adjusted results, then I will discuss the second quarter and our remaining 2015 guidance. Lastly, I will discuss the recently announced amendment to our bank deal.

For the first quarter, local currency net sales grew 3.9 percent, while reported net sales of $1.1 billion decreased by 12.5 percent compared to the first quarter of 2014. Excluding Venezuela, local currency net sales were essentially flat compared to prior year.

Currency translation continues to have a significant impact on our reported results. As Michael mentioned, approximately 80 percent of our business is generated overseas, so this translates into significant, ongoing FX headwinds faced by all U.S. companies with a large international presence.

Q1 Venezuela sales were reflected at the Sicad II rate until mid-February, when we moved to the Simadi rate. During the first quarter, Venezuela accounted for 0.6 percent of our worldwide net sales.

Volume points for the first quarter were down 4 percent, which was better than the high end of our guidance range. The beat was widespread, with the only notable exception being Mexico, which slightly under performed our expectations. Compared to guidance, our reported net sales were equal to the high end of the range, and would have been above the high end of the range excluding the impact of currency change as compared to those assumed in guidance.

Moving on to EPS, Q1 adjusted EPS was $1.29, which was above our guidance range at $1.00 to $1.10, but down 14 percent compared to the same period in 2014, due primarily to lower volume and strong currency headwinds partially offset by a lower diluted share count. First quarter adjusted diluted

EPS was negatively impacted by $0.44 currency headwind, compared to Q1 2014, of which $0.18 was due to Venezuela.

On a reported basis, Q1 EPS increased 24 percent, to $0.92 per diluted share in the quarter, compared to $0.74 per diluted share in the first quarter of 2014. Our first quarter reported EPS includes additional items considered outside of normal company operations, which we believe will be useful to investors when analyzing period over period comparisons of our results. These items include $0.12 of non-cash interest expense related to our outstanding convertible note, $0.03 related to expenses incurred responding to attacks on the Company's business model, and $0.02 for expenses related to the FTC inquiry.

Adjusted results also exclude a $0.12 favorable impact related to unrealized FX gains generated by movement in the euro and its impact on inter company balances which we chose to leave unhedged in the quarter, for cash management reasons. Lastly, adjusted results exclude $0.30 resulting from the remeasurement and impairment losses relating to the previously mentioned move to the Simadi rate in Venezuela. At the end of the first quarter, we have only approximately $12 million remaining in bolivar-denominated cash.

Compared to our first quarter guidance range of $1.00 to $1.10, the increase in our adjusted EPS was primarily due to higher than expected volume, which was above the high end of our guidance, and lower expenses due to the ongoing expense controls put in place, and a $0.04 favorable impact due to delayed expenses that would be spent later this year.

With respect to gross margin, our reported gross margin for the first quarter was 80.5 percent, which was approximately 40 basis points higher than the first quarter of 2014. The increase in the margin included the favorable impact of price increases, lower inventory write-downs and country mix, and the unfavorable impact of foreign currency fluctuations.

SG&A, excluding non-GAAP items, increased as a percent of net sales by approximately 400 basis points compared to Q1 2014. More than half of that increase, approximately 225 basis points, was due to an increase in China member payments due to the continued strong growth in that market. Of the remaining increase, the majority was due to the unfavorable impact of currency, approximately 130 basis points.

Moving on to effective tax rate, our first quarter adjusted effective tax rate was approximately 120 basis points higher than Q1 2014, and approximately 20 basis points higher than the high end of our guidance. The increase was primarily due to a higher full-year effective tax rate as a result of changes in country mix of earnings, partially offset by a decrease in net expenses from discrete events.

Now turning to guidance. Although we are pleased with our better-than-expected first quarter results, we continue to feel the impact of the marketing plan enhancements as they cycle through the business. As Michael stated, we have updated our full-year 2015 guidance to reflect Q1 results, but have kept our previously guided volume outlook for the remainder of the year essentially unchanged.

For volume expectations, the second quarter faces a difficult comparison, as Q2 2014 was the highest volume quarter in the Company's history. May of last year was the largest single month in the history of the Company and April was the second largest. We maintain our view that we expect to return to growth sometime during the second half of the year.

Net sales in our guidance continue to reflect the impact from currency. Currency headwinds will have a negative impact of approximately 1,000 basis points on net sales growth rates in Q2, and 900 basis points for the full year 2015, both adjusted for price increases in Venezuela tied to FX rate movement. Excluding Venezuela, the balance of the year will be negatively impacted by approximately 600 basis points due to currency.

For all guidance currency assumptions except Venezuela, we have used the average closing exchange rate during the first two weeks of the quarter. For Venezuela, our guidance reflects the previously mentioned Simadi rate of approximately 190 to 1. And it's important to know that the impact of this rate change on the balance of 2015 was mitigated by price increases instituted in Venezuela in both March and April that were tied to the FX rate movement.

Guidance for the second quarter adjusted diluted EPS is in the range of $1.05 to $1.15, which includes an unfavorable currency impact of approximately $0.40 per diluted share inclusive of approximately $0.14 resulting from Venezuela. Adjusted EPS guidance for the full year is now in the range of $4.30 to $4.60, which includes a currency headwind of approximately $1.26 per diluted share, inclusive of $0.45 for Venezuela.

The new guidance range represents an increase from previous guidance of $0.20 to the low end and $0.10 to the high end. This increase reflects the beat in Q1, partially offset by $0.04 for a slightly higher tax rate than assumed a quarter ago, $0.04 from the timing of expenses previously noted, and $0.03 of additional negative currency impact compared to assumptions used last quarter.

Our free cash flow guidance for the year, defined as cash from operations less capital expenditures, has increased to a range of $440 million to $470 million, reflective of our first quarter results in which we generated approximately $145 million. Our capital expenditure guidance remains unchanged from that previously provided.

Yesterday, the Company amended its credit facility to extend the maturity date of its revolving credit facility to March 9, 2017. The term loan will still mature on March 9, 2016. Pursuant to this amendment and upon execution, the Company will make payments of approximately $20.3 million and $50.9 million on the term loan and revolving credit facility, respectively. We will bring the total expected available borrowing capacity on our revolving credit facility to $425 million as of September 30, 2015.

The interest cost on the amended deal effectively remains the same through the original maturity date of March next year. For the subsequent year, March 2016 through March 2017, the interest cost will be 200 basis points higher than the existing deal. This new amendment does allow the Company the ability to pay dividends or repurchase its common shares to a maximum of

$233 million, which is the amount currently authorized by the Board; however, no buyback is included in our current guidance. I will now turn the call back over to Michael before taking questions.

Michael Johnson: Thanks, John. Before we take your questions, I'd like to provide a few additional highlights for the quarter. In March, we kicked off our 35th anniversary celebration with our worldwide Herbalife Summit event here in Los Angeles, where we were joined by over 4,500 passionate, dedicated and engaged sales leaders from all over the world. I spoke with many of them, a and one message came through loud and clear from them all, they believe we're on the right path and that we will all succeed together.

During the event, we set a Guinness world record for the largest high intensity training workout in 24 hours across multiple venues. Around the world, hundreds of thousands of Herbalife employees, members, customers and friends participated, including more than 3,500 right here at LA Live, who came together to show the benefits of living a healthy, active life.

The excitement was contagious, as social media captured what we all know to be true. There's a vast population of Herbalife members, employees and customers around the world that have never been more engaged or enthusiastic about what we are doing as a company.

More recently, on April 28, we announced that we would be a games supplier for the Special Olympics World Games, taking place here in Los Angeles in July. As part of the partnership, we will provide nutrition products to all athletes, volunteers and staff throughout the Games, as well as making our LA distribution center available as a uniform distribution and credentialing hub for the 30,000 volunteers who will be supporting the Games, alongside our own employees and members who are excited to play their part. This is what Herbalife's all about, improving the lives of people around the world through the efforts of our members and employees.

With that, we would now be happy to take your questions. Operator, would you please open the lines?

Operator: At this time if you would like to ask a question press star then the number one on your telephone keypad. Again for any questions that is star then the number one. We'll pause for just a moment to compile the Q&A roster.

Our first question comes from the line of Meredith Adler with Barclays.

Meredith Adler: Good to see that all your marketing changes are being accepted so well by the distribution base. I was wondering if we could go back and talk about some of the other kinds of initiatives that had been worked on in the past. Interested to know whether you're still seeing daily consumption grow. And the combination of fitness and healthy eating, how is that going? Maybe everybody's been distracted by these other changes, but I was wondering if that's still helping to drive the business.

Des Walsh: Hello, Meredith. This is Des. Look, we see enhancement in every area. Obviously, we see continued adoption of the Fit Plus model. We see continued expansion of daily consumption through the clubs. I would say literally firing on all cylinders, that all of the initiatives that we put in place in recent years are all contributing to the enhanced performance that we're seeing in our metrics today.

Meredith Adler: OK. That's great. And maybe a question for John. Was there something in particular that made you decide to refinance the bank debt? Were you just uncomfortable that it was all going to come due next year? What drove it?

John DeSimone: It's just not one thing, but I think the biggest pieces start with flexibility. We have – we would have had $825 million due within the next 12 months. That's down to $420 million. So that's the current piece. We have $425 million in cash already in the U.S., so we already have enough cash to cover the current piece. So I think from just a flexibility of utilization of cash, it's beneficial.

I also think that if we want to buy back stock, there are some covenants around buying back stock. Basically, you've got to pay the term note down by a dollar if you buy a dollar back in stock, and the revolver down. So if we want to pay more down in debt, we can use some to buy back stock. But we're not anticipating doing that in the near term, but at least we have some flexibility there.

And lastly, the piece that we did roll was the revolver and that really is an option, if nothing else. If we want to pay the revolver down, because we have no better use of cash, then we have the flexibility to do that.

Meredith Adler: Great. That's very helpful. Thank you.

Operator: Again, ladies and gentlemen, in order to ask a question press star and the number one on your telephone keypad. Again, that is star then the number one.

Our next question comes from Michael Swartz with SunTrust.

Michael Swartz: I think, Michael and John, you both mentioned some cost reduction programs. Can you give us a sense of scale and scope of those, what you're actually doing and then maybe where we're seeing more of those savings? Is it coming from cost of goods? Is it coming from SG&A? Maybe you could provide a little color on that.

John DeSimone: Most of it's in SG&A. I define it more as cost control. We're going through a transition on how members come into the business; and that has a short-term impact, we believe, on volume. And during that time, we want to be prudent on expenses.

We haven't done any kind of big reduction in staff. We don't plan to do it. It was really all about just being wise with what we're spending money on, doing a little less travel. Nothing, I would say, that is facing distributors or distributor facing. So nothing that impacts what distributors see and feel and touch, but all the other types of expenses that are administrative and overhead based.

Michael Swartz: OK. Great. And maybe you can give us a little more sense of the momentum exiting the quarter. It sounds like the cumulative qualification process is really picking up. Are there any other metrics you can give us in terms of what you're seeing from a volume point or average active standpoint, as we moved from January to February to March?

John DeSimone: I will say, one of the things we're seeing is more activity from new members that come in. So new members, when they join, some buy directly from the Company and some do not. And we're seeing more of them buy directly from the Company. So I think that's devaluing the new member stat a little and maybe valuing more new member activity, which is something we will evaluate releasing in the near future.

As far as how things spread out during the quarter, we generally don't discuss how things profile. I can tell you that we didn't change significantly any of our volume expectations for Q2, or Q3 or Q4. So there's nothing that we're seeing in the trends that would make us believe that those quarters are more at risk, so we kept our guidance the same.

Michael Swartz: OK. Great. Thanks for the color.

Operator: Our next question comes from Tim Ramey with Pivotal Research Group.

Tim Ramey: One clarification. I think at the fourth quarter call, you said you thought that currency would be $1.19 headwind, and now you're saying $1.26. There's got to be something missing between that $0.07 increment. What am I missing there? I have to believe currency certainly got worse than $0.07.

John DeSimone: Currency got a little worse than $0.07. Some of that was hedged, though. We had about $0.12 hedged. So actually, currency, just be clear, currency for Qs 2, 3 and 4 is about $0.03 worse than we assumed. So we also had a little bit of a hit in Q1, and that's the differential. If not for a hedge, we would've been about $0.12 lower.

Tim Ramey: Great. And then the Mexico field sales, there was concern about how that would flow through the system with inventory in Mexican distributor warehouses. What can you report on how that seems to have played out?

Des Walsh: Tim, this is Des. Certainly, I think we're very pleased with what we're seeing in Mexico. As you know the primary driver between the two changes that took place in February were intended to continue this journey that we've been on, really since 2009, in terms of the switch to the cumulative 3 to 12 month sales leader qualification.

Looking at the numbers in Mexico, you saw that, obviously, tremendous progress, going from 39 percent cumulative in overall Q1 75 percent in March. So certainly, those final two pieces kicked in, in February, that we are very pleased to see our Mexican member leadership has assimilated the new marketing plan changes, and we're seeing solid fundamentals as we go through into the remainder of the year. So leadership for it is in place, and now we just want to cycle through those changes.

John DeSimone: If I could add, Tim – this is John – as I said in my script, we missed our (inaudible) in Mexico, but only slightly. There was nothing materially different than we had expected.

Tim Ramey: I was going to ask, John, you talked about a new actuarial model for modeling, essentially, retention and volume. Based on the fact that you're not changing volume assumptions in the guidance, I assume you're validating that model, to a degree?

John DeSimone: Just as a reminder for those who are unfamiliar or don't remember what we talked about last call, was we changed our models based on shifts we're seeing in the business from the modifications to the marketing plan. And post-February, which is when the last two changes went into place, we saw some changes from what we had modeled, but nothing material. Usually, it was a shift from people – new people buying more and people who've maybe been a little more senior buying less. And that's pretty indicative of what you'd expect with the elimination of field sales.

So we constantly validate the model every month and will continue to do that. And as we get more information, the model will get better. But there's nothing at this point that we see that would change our expectations. And hence, we didn't change our expectations.

Tim Ramey: Just one more, to circle back on the credit agreement. My printer ran out of paper, as I was printing page Q. So I haven't reviewed it yet. But I think you said you can buy back stock up to, what was it, $230 million authorized by the Board?

John DeSimone: Yes. So we have $233 million authorized and outstanding, and that's what the limit is on the credit facility. In addition, no covenant change on leverage ratio or interest coverage ratios, no cost change until next year. So through the old maturity period, the interest costs are the same. Post-March of next year, for the subsequent year, the interest costs of each one are 200 basis points higher than the current deal.

Tim Ramey: OK. And you have to have the term loan – or the revolver completely paid down to buy back stock, is that what I heard?

John DeSimone: No, no, no. You have to pay down $1.00 on the revolver and $1.00 on the term loan to buy back $1.00 in stock. So basically, the banks are saying, if you're going to buy back stock, that's fine, but they want a piece, too.

Tim Ramey: Those bastards at BofA.

John DeSimone: No. No. First of all, it was the entire bank group. This went through a lot of banks, and this was, I think, a good vote of support. We are outstanding $500 million on our credit facility. And $425 million of it got extended for a year without any incremental interest cost for the original term. To me, this is a very positive step and a vote of confidence from the banks.

But one of the things banks generally don't like is, and with our overhang, is that we go spend the money and buy back stock. So there are some restrictions on it. But at least we have some flexibility to buy back the stock up to the current authorized amount.

Tim Ramey: OK. Thanks. I'll let it move on. Thanks.

Operator: And again ladies and gentlemen if you have a question that’s star then the number one on your telephone keypad. Again, that’s star and one.

We do have a question from the line of Scott Van Winkle with Canaccord Genuity.

Scott Van Winkle: When you gave the March figures for the percentage of supervisors qualifying under the 3 to 12 month model, I think I wrote down 87 percent in the U.S.. Is the other 13 percent just someone who does it less than 3 months? Obviously, there's a first-order limitation and they're just faster than the 3 to 12 month model? What's the delta there between 87 percent and potentially all of them?

Des Walsh: A lot more people expert at math on the call than I am. But yes, when you subtract 100 from 87, that's what you get left with. And that is the number who are achieving the level of the supervisor in a one- or two-month qualification, as opposed to a 3 to 12 month qualification.

Michael Johnson: Scott, the marketing plan changes don't demand or require 3 months. What they do is drive people to a slower built sales leader, and that's what we're seeing. It doesn't mean somebody can't do it in 2 months.

Scott Van Winkle: Got you. Then one of your direct selling peers today reported, they made a comment about strong China sales. And they talked about a more favorable operating environment in China, in general. Is there anything that's changed in that market, regulatory environment wise, that might be more favorable than, say, a year ago? Obviously, there was a competitor over there that had a struggle a year ago. Has that market changed at all?

Des Walsh: Not that we see. Obviously, we always believe that the Chinese government has looked very favorably upon our business there. We've seen consistent support for that. We're very pleased with our business and the outlook. But certainly nothing that has changed materially, in terms of a regulatory outlook.

Scott Van Winkle: OK. And then last, as we think about the vast majority of distributors taking a more gradual approach to qualifying as supervisor, does that have any implications on what percentage are using nutrition clubs or a daily selling method? Or is it just insignificant, it's just the process by which they go to qualify?

Des Walsh: It really doesn't, Scott. What it does reflect is our leaders' confidence in that this measure is going to be – have a long-term beneficial effect. So as you know we began this whole concept back 2008, 2009 with the introduction of the accumulated qualification.

Over the years, we've seen enhanced adoption. And then last summer, as you know we took a worldwide vote on this. 80 percent of those eligible to vote voted, 80 percent of those voted in favor of it. So this reflects the fact that in EMEA and in China, where there has been significant adoption of the accumulated qualification, that our leaders saw this as beneficial for them; and hence, the adoption on a worldwide basis.

So no change in terms of how people are doing the business, just increased confidence that with these changes comes growth and sustainability in the future.

John DeSimone: And let me add, Scott, that with specific respect to nutrition clubs, a member is required to be in the business at least three months before they open up a club, anyway. So the marketing plan change has no impact on clubs.

Scott Van Winkle: Thank you.

Operator: And we have no further questions in queue.

Michael Johnson: OK. So this is Michael. Let me just make a few observations. Thank you all for being with us, number one. And obviously, no more questions.

Just a little bit about what's been taking place, actually very recently here. Last week, Herbalife was a sponsor of the Milken Institute Global Conference. And many of us attended several of the sessions, and I participated in one of the panels. It was actually called the Business of Health, but it was really about obesity.

And some of the themes that came through, just once again, gave me great confidence in Herbalife and what we're doing. And one that came through loud and clear at many of these sessions is that our society is facing a tremendous public health issue because of poor nutrition. One of the panelists called it a trillion dollar issue here in the United States alone. The lack of education about healthy choices, the lack of access to healthy choices, the lack of affordable healthy choices, these are really the underlying causes that everyone agreed that have to be tackled if we are to help individuals and communities turn the tide on this tremendous public health issue.

I came out of this with a strong feeling. Never have I felt more strongly about the contribution of Herbalife's members and its products, that we do and what we make to address this global challenge. Our healthy shake supplements, fitness products, combined with a personal community-based approach, are making a difference in cities and towns all across this globe. It's really fascinating to see the way we go to market and how we impact people's life.

We have an incredibly strong team of people dedicated to this mission and committed to making a difference and we have never been more confident in the future of our Company. Our members and employees, they live this Company. You saw that in our results with our Guinness World Book of Records, the participation we have in triathlons and events around the world.

Our Herbalife brand, it's really amazing. It's the positive impact of Herbalife that we get to see every day. Our focus, as it's always been, that Des has said and as our team has always reiterated, our focus is to build Herbalife better every day for our customers, our members and you, our shareholders.

So thank you for your support and we'll be with you again at the end of the next quarter. Thanks a lot.

Operator: Ladies and gentlemen, this does conclude the first quarter 2015 earnings conference call for Herbalife Limited.

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