HERBALIFE LTD.
Form DEF 14A
March 12, 2012
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**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**

**SECURITIES EXCHANGE ACT OF 1934**

**(AMENDMENT NO.___)**

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

þ Definitive Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

# HERBALIFE LTD.

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

þ Fee not required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 11, 2012

Dear Fellow Shareholder:

We are pleased to enclose information about the 2012 Annual General Meeting of Shareholders, or the Meeting, of Herbalife Ltd., or the Company, to be held on Thursday, April 26, 2012 at 9:00 a.m., Pacific Daylight Time, at the principal executive offices of one of the Company s U.S. subsidiaries located at 800 W. Olympic Blvd., Suite 406, Los Angeles, California 90015. As discussed in more detail in the accompanying Proxy Statement, at the Meeting you will be asked to consider proposals to:

1. Elect the two directors named in the Proxy Statement, each for a term of three years;

2. Advise as to the Company s executive compensation;

3. Ratify the appointment of the Company s independent registered public accountants for fiscal 2012; and

4. Act upon such other matters as may properly come before the Meeting.

**MY FELLOW DIRECTORS AND I HAVE UNANIMOUSLY APPROVED THE PROPOSALS INCLUDED HEREIN AND RECOMMEND YOU VOTE IN ACCORDANCE WITH THE BOARD OF DIRECTORS RECOMMENDATIONS FOR EACH OF THE DIRECTOR NOMINEES NAMED IN THE ACCOMPANYING PROXY STATEMENT, AND FOR THE APPROVAL OF PROPOSALS 2 AND 3.**

Best Regards,

MICHAEL O. JOHNSON

*Chairman and Chief Executive Officer*

**YOUR VOTE IS IMPORTANT.**

**All shareholders are cordially invited to attend the Meeting in person. However, in order to assure your representation at the Meeting, you are urged to vote promptly. You may vote your shares via a toll-free telephone number or over the Internet. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding voting are contained in the Notice of Internet Availability of Proxy Materials and the proxy card.**

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**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**To Be Held Thursday, April 26, 2012**

To our Shareholders:

NOTICE IS HEREBY GIVEN that the 2012 Annual General Meeting of Shareholders, or the Meeting, of Herbalife Ltd., a Cayman Islands exempted limited liability company, or the Company, will be held on Thursday, April 26, 2012 at 9:00 a.m., Pacific Daylight Time, at the principal executive offices of one of the Company s U.S. subsidiaries located at 800 W. Olympic Blvd., Suite 406, Los Angeles, California 90015 for the following purposes:

1. Elect the two directors named in the Proxy Statement, each for a term of three years;

2. Advise as to the Company s executive compensation;

3. Ratify the appointment of the Company s independent registered public accountants for fiscal 2012; and

4. Act upon such other matters as may properly come before the Meeting.

Each of the above proposals will be proposed as Ordinary Resolutions as permitted by the Companies Law (2012 Revision).

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. Only shareholders of record at the close of business on February 29, 2012, are entitled to notice of and to vote at the Meeting and any subsequent adjournment(s) or postponement(s) thereof.

All shareholders are cordially invited to attend the Meeting in person. **However, to assure your representation at the Meeting, you are urged to vote promptly. You may vote your shares via a toll-free telephone number or over the Internet. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding voting are contained in the Notice of Internet Availability of Proxy Materials and the proxy card.**

Sincerely,

BRETT R. CHAPMAN

*General Counsel and Corporate Secretary*

Los Angeles, California

March 11, 2012

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**PROXY STATEMENT FOR 2012**

**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Herbalife Ltd., also referred to as we, our, us, Herbalife or the Company, is calling its 2012 Annual General Meeting of Shareholders, or the Meeting, to be held on Thursday, April 26, 2012 at 9:00 a.m., Pacific Daylight Time, at the principal executive offices of one of the Company s U.S. subsidiaries located at 800 W. Olympic Blvd., Suite 406, Los Angeles, California 90015.

At the Meeting, our shareholders will be asked to consider proposals to:

1. Elect the two directors named in the Proxy Statement, each for a term of three years;

2. Advise as to the Company s executive compensation;

3. Ratify the appointment of the Company s independent registered public accountants for fiscal 2012; and

4. Act upon such other matters as may properly come before the Meeting.

Our Board of Directors unanimously recommends that you vote for each of the director nominees named herein and for the approval of proposals 2 and 3. **YOUR VOTE IS VERY IMPORTANT.** Whether or not you plan to attend the Meeting, please take the time to vote. You may vote your shares via a toll-free telephone number or over the Internet. If you received a paper copy of the proxy card by mail, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding voting are contained in the Notice of Internet Availability of Proxy Materials and proxy card.

You should carefully read this Proxy Statement in its entirety prior to voting on the proposals listed above and outlined herein. This Proxy Statement is dated March 11, 2012, and is first being made available to shareholders of the Company on or about March 15, 2012. A Notice Regarding Internet Availability of Proxy Materials for the Annual General Meeting was mailed to shareholders of the Company on or about March 15, 2012, which contained instructions on how to access our proxy materials, including our Proxy Statement and Annual Report.

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## THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

### Information Concerning Solicitation and Voting

***Place, Time and Date of Meeting.*** This Proxy Statement is being furnished to the Company s shareholders in connection with the solicitation of proxies on behalf of our Board of Directors for use at the Meeting to be held on Thursday, April 26, 2012, at 9:00 a.m., Pacific Daylight Time, and at any subsequent adjournment(s) or postponement(s) thereof, for the purposes set forth herein and in the accompanying Notice of Annual General Meeting of Shareholders. The Meeting will be held at the principal executive offices of one of the Company s U.S. subsidiaries at 800 W. Olympic Blvd., Suite 406, Los Angeles, California 90015. Our telephone number is (213) 745-0500.

***Internet Availability of Proxy Materials.*** Under rules adopted by the U.S. Securities and Exchange Commission, or the SEC, we are furnishing proxy materials to our shareholders primarily via the Internet, instead of mailing printed copies of those materials to each shareholder. On or about March 15, 2012, we intend to mail to our shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials, including our Proxy Statement and our Annual Report.

***Record Date and Voting Securities.*** Only shareholders of record at the close of business on February 29, 2012, or the Record Date, are entitled to notice of and to vote at the Meeting. The Company has one series of Common Shares outstanding. As of the Record Date 117,121,150 Common Shares were issued and outstanding and held of record by 769 registered holders.

***Voting.*** Each shareholder is entitled to one vote for each Common Share held on the Record Date on all matters submitted for consideration at the Meeting. A quorum, representing the holders of not less than a majority of the issued and outstanding Common Shares entitled to vote at the Meeting, must be present in person or by proxy at the Meeting for the transaction of business. Common Shares that reflect abstentions are treated as Common Shares that are present and entitled to vote for the purposes of establishing a quorum and for purposes of determining the outcome of any matter submitted to the shareholders for a vote. However, abstentions do not constitute a vote for or against any matter and thus will be disregarded in the calculation of a plurality.

Broker non-votes are Common Shares held in street name through a broker or other nominee over which the broker or nominee lacks discretionary power to vote and for which the broker or nominee has not received specific voting instructions. Thus, if you do not give your broker or nominee specific instructions, your Common Shares may not be voted on certain matters. Common Shares that reflect broker non-votes are treated as Common Shares that are present and entitled to vote for the purposes of establishing a quorum. However, for the purposes of determining the outcome of any matter as to which the broker or nominee has indicated on the proxy that it does not have discretionary authority to vote, those Common Shares will be treated as not present and not entitled to vote with respect to that matter, even though those Common Shares are considered present and entitled to vote for the purposes of establishing a quorum and may be entitled to vote on other matters.

If you are a beneficial shareholder and your broker or nominee holds your Common Shares in its name, the broker or nominee is permitted to vote your Common Shares on matters such as the ratification of the appointment of independent registered public accountants, even if the broker or nominee does not receive voting instructions from you.

Directors are elected by a plurality, and the two nominees who receive the most votes will be elected. Abstentions and broker non-votes will not affect the outcome of the election. In respect of all other proposals, to be approved, any such proposal must receive the affirmative vote of a majority of the Common Shares present or represented by proxy and entitled to vote. In determining the outcome of such proposals, abstentions have the effect of a negative vote. Broker non-votes will not affect the outcome of any such proposals.

The results of the advisory vote on the Company s executive compensation are not binding on the Board of Directors.

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***Revocability of Proxies.*** Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use by either (a) delivering to the Corporate Secretary of the Company a written notice of revocation or a duly executed proxy bearing a later date, (b) granting a subsequent proxy through the Internet or telephone or (c) attending the Meeting and voting in person.

***Solicitation Expenses.*** This solicitation of proxies is made by the Board of Directors and all related costs will be borne by the Company. Proxies may be solicited by certain of our directors, officers, and regular employees, without additional compensation, in person, by telephone, facsimile, or electronic mail. We will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to the beneficial owners of Common Shares.

***Additional Information.*** This Proxy Statement contains summaries of certain documents, but you are urged to read the documents themselves for the complete information. The summaries are qualified in their entirety by reference to the complete text of the document. In the event that any of the terms, conditions or other provisions of any such document is inconsistent with or contrary to the description or terms in this Proxy Statement, such document will control. Each of these documents, as well as those documents referenced in this Proxy Statement as being available in print upon request, are available upon request to the Company by following the procedures described under Additional Information Annual Report, Financial and Additional Information.

**Important Notice Regarding the Availability of Proxy Materials for the Annual General**

**Meeting of Shareholders to Be Held on April 26, 2012.**

**The Proxy Statement and Annual Report to Shareholders are available at**

**http://bnymellon.mobular.net/bnymellon/hlf**

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## PROPOSAL 1:

## THE ELECTION OF DIRECTORS

### Generally

Our Amended and Restated Memorandum and Articles of Association, or the Memorandum and Articles of Association, presently provide for not less than one nor more than fifteen directors. The Board of Directors has, by resolution, presently fixed the number of directors at ten. Following the election of directors at the Meeting, the Board will be reduced to nine directors. The Memorandum and Articles of Association divide the Board of Directors into three classes, with the terms of office of each class of directors ending in different years. Currently the Board consists of four directors in Class I and three in each of Classes II and III; however, effective following the election of directors at the Meeting, the Board will consist of four directors in Class I, two in Class II and three in Class III. The current terms of office of Class II directors end at the Meeting. The current terms of office of Classes III and I directors end at the annual general meetings in 2013 and 2014, respectively.

The nominees for Class II directors are to be voted upon at the Meeting. The Board of Directors has nominated Pedro Cardoso and Colombe M. Nicholas for election as Class II directors to serve three-year terms expiring at the 2015 annual general meeting. The Company did not receive any shareholder nominations for director. Murray H. Dashe, a Class II director, notified the Board on February 16, 2012 of his preference to not stand for reelection for personal reasons.

The persons named as proxies on the accompanying proxy card intend to vote the Common Shares as to which they are granted authority to vote for the election of the nominees listed above. The form of proxy card does not permit shareholders to vote for a greater number of nominees than two. Although the Board of Directors does not know of any reason why any nominee will be unavailable for election, in the event any nominee should be unavailable at the time of the Meeting, the proxies may be voted for a substitute nominee as selected by the Board of Directors.

### Director Qualifications

The Board believes that the Board, as a whole, should possess a combination of skills, professional experience and diversity of backgrounds necessary to oversee the Company s business. In addition, the Board believes that there are certain attributes that every director should possess, as reflected in the Board s membership criteria discussed below. Accordingly, the Board and the nominating and corporate governance committee consider the qualifications of directors and director candidates individually and in the broader context of the Board s overall composition and the Company s current and future needs.

The nominating and corporate governance committee is responsible for developing and recommending Board membership criteria to the Board for approval. The criteria, which are set forth in the Company s Principles of Corporate Governance, are available on the Company s website, *www.herbalife.com,* by following the links through Investor Relations to Corporate Governance, and include business experience and skills, independence, judgment, integrity, the ability to commit sufficient time and attention to Board activities, and the absence of potential conflicts with the Company s interests. In addition, the nominating and corporate governance committee periodically evaluates the composition of the Board to assess the skills and experience that are currently represented on the Board, as well as the skills and experience that the Board will find valuable in the future, given the Company s current situation and strategic plans. The nominating and corporate governance committee seeks a variety of occupational, educational, and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and to enhance the diversity of the Board in such areas as professional experience, geography, race, gender, ethnicity and age. While the nominating and corporate governance committee does not have a formal policy with respect to diversity, the nominating and corporate governance committee believes that it is essential that Board members represent diverse viewpoints. This periodic assessment enables the Board to update the skills and experience it seeks in the Board as a whole, and in individual directors, as the Company s needs evolve and change over time and to assess effectiveness of efforts at pursuing diversity. In identifying director candidates from time to time, the nominating and corporate governance committee may establish specific skills and experience that it believes the Company should seek in order to constitute a balanced and effective Board.

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In evaluating director candidates, and considering incumbent directors for renomination to the Board, the nominating and corporate governance committee has considered a variety of factors. These include each nominee s independence, financial literacy, personal and professional accomplishments and experience, each in light of the composition of the Board as a whole and the needs of the Company in general, and for incumbent directors, past performance on the Board. The process undertaken by the nominating and corporate governance committee in recommending qualified director candidates is described below under The Board of Directors Board Committees Nominating and Corporate Governance Committee.

The table below sets forth information about the two nominees and the directors whose terms of office continue beyond the Meeting including each such person s specific experience, qualifications, attributes and skills that led our Board of Directors to conclude that such nominee/director should serve on our Board of Directors.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR PEDRO CARDOSO AND COLOMBE M. NICHOLAS.**

**NOMINEES**

| Name and Experience | Class | Director Since |
|---|---|---|
| ***Pedro Cardoso***, age 45, has been an independent Herbalife distributor for 20 years and a member of the Company s Chairman s Club since 2005. Mr. Cardoso has built a successful organization of Herbalife independent distributors in 44 countries. He has been active in training Herbalife distributors around the world, and is a member of various strategy and planning groups for Herbalife. He is also an active volunteer for the Herbalife Family Foundation. Prior to joining Herbalife, Mr. Cardoso served as the Transportation Supervisor of the Avon Company from 1990 to 1992. He received his degree in applied mathematics from the Autonomous University of Lisbon. Mr. Cardoso s qualifications to serve on our Board include his 20 years of experience as an Herbalife distributor, which brings a first-hand understanding of the function and specific needs of our independent distributors, the ultimate drivers of our business, to the Board. His tenure as a distributor provides valuable insight into the Company s growth and development over the 20-year period. | II | 2009 |
| ***Colombe M. Nicholas***, age 67, has served as a consultant to Financo Global Consulting, the international consulting division of Financo, Inc., since 2002. Prior to joining Financo, Ms. Nicholas served as the President and Chief Executive Officer of The Anne Klein Company from 1996 to 1999. Prior to that role she served as the President and Chief Executive Officer of Orr Felt Company, President and Chief Operating Officer of Giorgio Armani Fashion Corp., and President and Chief Executive Officer of Christian Dior New York. Ms. Nicholas currently serves on the board of Kimco Realty Corporation and the Business Advisory Board of the University of Cincinnati College of Law. From November 2004 through March 2007 Ms. Nicholas served on the board of directors of Mills Corp., from June 2004 until June 2007 she served on the board of directors of Oakley, Inc. and from 1999 through July 2011 she served on the board of directors of Tandy Brand Accessories. She received a bachelor of arts degree from the University of Dayton and a juris doctorate degree from the University of Cincinnati College of Law, and holds an honorary doctorate in business administration from Bryant College of Rhode Island. Ms. Nicholas s qualifications to serve on our Board include her significant consumer marketing experience, which is relevant to the Company s business operations in selling, and in certain circumstances, manufacturing, packaged food and nutritional supplement products; her prior service as a chief executive officer, which helps the Board better understand management s day-to-day actions and responsibilities; and her service on other public company boards, which adds a depth of knowledge to our Board as to best practices in corporate governance. | II | 2006 |

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## CONTINUING DIRECTORS

| Name and Experience | Class | Director Since |
|---|---|---|
| ***Leroy T. Barnes, Jr.***, age 59, is the retired Vice President and Treasurer of PG&E Corporation, a position he held from 2001 to 2005. From 1997 to 2001, Mr. Barnes was Vice President and Treasurer of Gap, Inc. Prior to that, Mr. Barnes held various executive positions with Pacific Telesis Group/SBC Communications. Earlier in his career, Mr. Barnes was a consultant at Touche, Ross & Co., a predecessor of Deloitte & Touche. Mr. Barnes received his Bachelor s and Master s degrees from Stanford University, and his MBA from Stanford Business School. Mr. Barnes is a member of the boards of directors of The McClatchy Company, a newspaper and Internet publisher, and Frontier Communications Corporation a telecommunications-focused company, and was a member of the board of directors of Longs Drug Stores Corporation from February 2002 through October 2008. Mr. Barnes qualifications to serve on our Board include his past professional financial experience, which provides the Board with valuable knowledge of financial matters, as well as his experience serving on other public company boards, which adds a depth of knowledge to our Board as to best practices in corporate governance. | III | 2004 |
| ***Richard P. Bermingham***, age 72, is our Lead Director. He is currently retired, has over 40 years of business experience. From 1994 to 1997, Mr. Bermingham was the Vice Chairman of the Board of American Golf. Mr. Bermingham worked for Collins Food International, which was acquired by Sizzler International, Inc., from 1967 to 1994. He served as the Chief Executive Officer and a member of the board of directors of this publicly traded company for the period from 1987 to 1994. Mr. Bermingham currently serves on the boards of Special Value Expansion Fund, LLC and Joe s Crab Shack. Additionally, Mr. Bermingham served on the board of Interactive Health, Inc. until 2011, the board of EaglePicher Corp. until 2010 and the Advisory Board of Missouri River Plastics until March 2007. Mr. Bermingham was a certified public accountant and received his Bachelor of Science degree from the University of Colorado. Mr. Bermingham s qualifications to serve on our Board include his significant consumer marketing experience, which is relevant to the Company s business operations in selling, and in certain circumstances manufacturing, packaged food and nutritional supplement products; his past professional financial experience, which provides the Board with important knowledge regarding financial reporting rules and also qualify him as an Audit Committee Financial Expert; his prior service as a chief executive officer, which helps the Board better understand management s day-to-day actions and responsibilities; and his service on other public company boards, which adds a depth of knowledge to our Board as to best practices in corporate governance. | III | 2004 |

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| Name and Experience | Class | DirectorSince |
|---|---|---|
| ***Jeffrey T. Dunn***, age 54, has served as the President and Chief Executive Officer of Bolthouse Farms, a premier health and wellness company located in Bakersfield, California, since May 2008. Bolthouse Farms is the North American leader in growing/processing of fresh carrots as well the fastest growing national brand of super-premium juices and smoothies. From January 2006 through December 2007, Mr. Dunn served as the President and Chief Executive Officer of Ubiquity Brands, Inc., the parent company of Jay Foods, Inc., a Midwestern manufacturer and distributor of snacks, and prior to Ubiquity was the Managing Partner of Grassy Lake Partners, an investment and consulting firm. From 1985 to 2004, Mr. Dunn held a variety of senior executive positions with The Coca-Cola Company, serving most recently as Executive Vice President, and President and Chief Operating Officer of Coca-Cola North America and previously serving as President and Chief Operating Officer of Coca-Cola Americas. Mr. Dunn received his Bachelor s degree in business administration from the University of Georgia and his MBA from Pepperdine University. In 2010, Mr. Dunn was appointed to the advisory board of the U.S. Food Day Initiative for the Center for Science in the Public Interest. Mr. Dunn s qualifications to serve on our Board include his significant consumer marketing experience, which is relevant to the Company s business operations in selling, and in certain circumstances manufacturing, packaged food and nutritional supplement products; his significant knowledge and experience regarding international business matters, which is relevant to the Company in light of its operations across 81 countries worldwide; and his service as a chief executive officer, which helps the Board better understand management s day-to-day actions and responsibilities. | III | 2009 |
| ***Carole Black***, age 68, is the former President and Chief Executive Officer of Lifetime Entertainment Services, a multi-media brand for women, including Lifetime Network, Lifetime Movie Network, Lifetime Real Women Network, Lifetime Online and Lifetime Home Entertainment, serving from March 1999 to March 2005. Prior to that, Ms. Black served as the President and General Manager of NBC4, Los Angeles, a commercial television station, from 1994 to 1999, and in various marketing-related positions at The Walt Disney Company, a media and entertainment company, from 1986 to 1993. Ms. Black has served as a director of Time Warner Cable Inc. since July 2006. Ms. Black s qualifications to serve on our Board include her prior service as a chief executive officer, which helps the Board better understand management s day-to-day actions and responsibilities; and her service on another public company board, which adds a depth of knowledge to our Board as to best practices in corporate governance. | I | 2011 |

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| Name and Experience | Class | Director Since |
|---|---|---|
| ***Michael O. Johnson***, age 57, is Chairman and Chief Executive Officer of the Company. Mr. Johnson joined the Company in April 2003 as Chief Executive Officers and became Chairman of the Board in May 2007. Mr. Johnson spent 17 years with The Walt Disney Company, where he most recently served as President of Walt Disney International, and also served as President of Asia Pacific for The Walt Disney Company and President of Buena Vista Home Entertainment. Mr. Johnson has also previously served as a publisher of Audio Times magazine, and has directed the regional sales efforts of Warner Amex Satellite Entertainment Company for three of its television channels, including MTV, Nickelodeon and The Movie Channel. Mr. Johnson formerly served as a director of Univision Communications, Inc., a television company serving Spanish-speaking Americans until March 2007, and on the Board of Regents for Loyola High School of Los Angeles. Mr. Johnson received his Bachelor of Arts in Political Science from Western State College. Mr. Johnson s qualifications to serve on our Board include his eight years of experience as our Chief Executive Officer and his five years of experience as our Chairman, which provides the Board with essential insight into the day-to-day operations of the Company as well as a broad based understanding of our business. Mr. Johnson also has significant experience in international business matters, which brings important knowledge to our Board regarding international business matters, which is particularly relevant to the Board in light of the Company s operations across 81 countries worldwide. | I | 2003 |
| ***Michael J. Levitt,*** age 53, is the Chairman and Chief Executive Officer of Stone Tower Capital LLC. Mr. Levitt founded Stone Tower in 2001 as an alternative investment management firm. Prior to forming Stone Tower, Mr. Levitt was a partner with the private equity firm Hicks, Muse, Tate and Furst Incorporated, from 1996 to 2001. Prior to joining Hicks Muse, Mr. Levitt served as a Managing Director and the Co-Head of the Investment Banking Division of Smith Barney Inc. from 1993 to 1995, with responsibility for the advisory, private equity sponsor and leveraged finance activities of the firm. Prior thereto, Mr. Levitt was a Managing Director with Morgan Stanley & Co. He was responsible for the firm s corporate finance, merger and acquisition and leveraged finance activities with private equity firms and non-investment grade companies. From October 2001 to March 2006, Mr. Levitt served as the lead outside director and chairman of the audit committee for IDT Corporation. Mr. Levitt also served as director to Alternative Asset Management Acquisition Corp. from March 2007 to May 2009. He served as Chairman of the Board from October 2009 to April 2010 of 57th Street General Acquisition Corp. In addition, he serves on the board for Great American Group, Inc. (July 2009 present). Mr. Levitt received his undergraduate and Juris Doctor degrees from the University of Michigan. Mr. Levitt s qualifications to serve on our Board include his significant consumer products investment experience, which is relevant to the Company s business operations in selling, and in certain circumstances, manufacturing, packaged food and nutritional supplement products; his service as a Chief Executive Officer, which helps the Board better understand management s day-to-day actions and responsibilities; and his past professional financial experience, which provides the Board with valuable knowledge of financial matters. | I | 2011 |
| ***John Tartol***, age 60, has been an independent Herbalife distributor for 30 years and a member of the Company s Chairman s Club since 2000. He is active in training other Herbalife distributors all over the world and has served on various strategy and planning groups for Herbalife. He is also active on behalf of various charities in his community and worldwide on behalf of the Herbalife Family Foundation. He has a Bachelor s degree in finance from the University of Illinois. Mr. Tartol s qualifications to serve on our Board include his 30 years of experience as an Herbalife distributor, which brings a first-hand understanding of the function and specific needs of our independent distributors, the ultimate drivers of our business, to the Board. His tenure as a distributor provides valuable insight into the Company s growth and development over the 30-year period. | I | 2003 |

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## THE BOARD OF DIRECTORS

### Director Independence

Our Board of Directors has affirmatively determined that each of Messrs. Barnes, Bermingham, Dashe, Dunn, Higby and Levitt and Mmes. Black and Nicholas is or was independent under section 303A.02 of the New York Stock Exchange, or the NYSE, Listed Company Manual and the Company s Categorical Standards of Independence, which are included as part of our Principles of Corporate Governance that are available on our website at *www.herbalife.com* by following the links through Investor Relations to Corporate Governance. The NYSE s independence guidelines and the Company s Categorical Standards include a series of objective tests, such as the person is not an employee of the Company and has not engaged in various types of business dealings involving the Company which would prevent the person from being an independent director. The Board of Directors has affirmatively determined that none of the foregoing directors had any relationship with the Company that would classify him or her as not independent.

### Board Meetings

The Board of Directors met four times during 2011. All Board members attended at least 75% of the aggregate number of Board meetings and applicable committee meetings held while such individuals were serving on such committees. Each director is expected to dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including attending meetings of the shareholders of the Company, the Board of Directors and committees of which he or she is a member. All current members of the Board other than Mr. Levitt attended the 2011 annual general meeting.

It is the policy of the Board of Directors to hold four regularly scheduled meetings, each of which include an executive session of non-management directors without the presence of management as well as a session of only the independent directors. Additional meetings of the Board of Directors, executive sessions of non-management directors and sessions of independent directors may be held from time to time as required or determined to be necessary. The Board has created the position of Lead Director to preside over executive sessions of non-management directors. The position is filled by an independent director elected by the independent directors serving a two-year term. Richard P. Bermingham currently serves as the Lead Director and his current term is scheduled to expire in April 2013 following the 2013 annual general meeting.

### Board Leadership

Currently Mr. Johnson serves as our Chairman and CEO. The Board has determined that a board leadership structure featuring a single leader as Chairman and CEO combined with a Lead Director best serves the interests of the Company and its shareholders. Combining the roles of Chairman and CEO makes clear that the individual serving in these roles has primary responsibility for managing the Company s business, under the oversight and review of the Board. Under this structure, the Chairman and CEO chairs Board meetings, where the Board discusses strategic and business issues. The Board believes that this approach makes sense because the CEO is the individual with primary responsibility for implementing the Company s strategy, directing the work of other executive officers and leading implementation of the Company s strategic plans as approved by the Board. This structure results in a single leader being directly accountable to the Board and, through the Board, to shareholders, and enables the CEO to act as the key link between the Board and other members of management.

In addition, the Board believes this structure is appropriate for the Company as the CEO is the person most knowledgeable about the Company and its business and is therefore the individual best able to provide guidance for productive Board meetings. The unique nature of the Company s direct selling business model requires that the Chairman and CEO have forged a close relationship with, and obtain and maintain the trust of, the Company s independent distributors.

Because the Board also believes that strong, independent Board leadership is a critical aspect of effective corporate governance, the Board has established the position of Lead Director. The Lead Director is an independent director elected for a two year term by the independent directors. The Lead Director chairs the Board meetings during all executive sessions and when the Chairman and CEO is unable to participate in Board meetings, and is a contact point for shareholders and third parties who may desire to contact the Board independently of the Chairman and CEO. Mr. Bermingham currently serves as the Lead Director. The responsibilities of the Lead Director include:

- setting the agenda for and leading the regularly-held non-management and independent director sessions, and briefing the Chairman and CEO on any issues arising from those sessions;
- coordinating the activities of the independent directors;
- presiding at meetings of the Board at which the Chairman and CEO is not present, including executive sessions of the independent directors;
- acting as the principal liaison to the Chairman and CEO for the views and any concerns and issues of the independent directors;
- advising on the flow of information sent to the Board, and reviewing the agenda, materials and schedule for Board meetings;
- being available for consultation and communication with major shareholders, as appropriate;
- maintaining close contact with the chairperson of each standing committee; and
- performing other duties that the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities.

The Board believes that a single leader serving as Chairman and CEO, together with an experienced and engaged Lead Director, is the most appropriate leadership structure for the Board at this time. The Board periodically reviews the structure of Board and Company leadership as part of the succession planning process.

**The Board s Role in Risk Oversight**

The full Board of Directors has the ultimate responsibility for risk oversight regarding the Company. The Board oversees a Company-wide approach to risk management, designed to enhance shareholder value and to support the achievement of strategic objectives and to improve long-term organizational performance. The first aspect of the Board s approach to risk management is to determine the appropriate level of risk for the Company generally, followed by an assessment of the specific risks the Company faces and the steps management is taking to manage those risks. The full Board s involvement in setting the Company s business strategy facilitates those assessments, culminating in the development of a strategic plan that reflects the Board s and management s consensus as to appropriate levels of risk as to specific aspects of the Company s business and the appropriate measures to manage those risks. Additionally, the full Board of Directors participates in a periodic enterprise risk management assessment during its quarterly meetings. In this process, risk is assessed throughout the business, focusing on risks arising out of various aspects of the Company s strategic plan and its implementation, including financial, legal/compliance, operational/strategic and compensation risks. The Board also assesses its role in risk oversight throughout our business. In addition to the discussion of risk with the full Board at least once a year, the independent directors discuss risk management during executive sessions without management present with the Lead Director presiding.

While the full Board of Directors has the ultimate oversight responsibility for the risk management process, various Board committees also have responsibility for risk management in certain areas. In particular, the audit committee focuses on financial risk, including internal controls, and assesses the Company s risk profile with the Company s internal auditors. The internal controls risk profile drives the internal audit plan for the coming year. The audit committee also handles violations of the Company s Code of Ethics and related corporate policies. Finally, the compensation committee periodically reviews compensation practices and policies to confirm that they do not encourage excessive risk taking. Management regularly reports on each such risk to the relevant committee or the full Board, as appropriate, and additional review or reporting on enterprise risks is conducted as needed or as requested by the Board or the relevant committee.

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**2011 Director Compensation**

The table below summarizes the compensation paid by the Company to non-management directors for the fiscal year ended December 31, 2011, adjusted to reflect our May 17, 2011 stock split.

| Name | Fees Earned or Paid in Cash ($) | Option/SAR Awards ($)(1) | Total ($) |
|---|---|---|---|
| Leroy T. Barnes, Jr. | 108,500 | 100,000 | 208,500 |
| Richard P. Bermingham | 126,500 | 100,000 | 226,500 |
| Carole Black(2) | 51,774 | 100,000 | 151,774 |
| Pedro Cardoso | 66,000 | 100,000 | 166,000 |
| Murray H. Dashe | 90,500 | 100,000 | 190,500 |
| Jeffrey T. Dunn | 94,000 | 100,000 | 194,000 |
| Lawrence M. Higby(3) | 25,167 | | 25,167 |
| Michael J. Levitt(2) | 55,911 | 100,000 | 155,911 |
| Colombe M. Nicholas | 78,500 | 100,000 | 178,500 |
| John Tartol | 66,000 | 100,000 | 166,000 |

(1) Amounts represent the aggregate grant date fair value of the relevant award(s) presented in accordance with ASC Topic 718, Compensation Stock Compensation. See note 9 of the notes to consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011 regarding assumptions underlying valuation of equity awards.

(2) Represents compensation earned from service commencement on April 28, 2011 through December 31, 2011.

(3) Mr. Higby declined to stand for reelection in 2011 and his Board service ended on April 28, 2011.

Each non-management director receives (i) $60,000 per year for services as a director and $5,000 for each Board committee on which the director served and an additional $20,000 per year for the Lead Director, an additional $15,000 per year for the chair of the audit committee, an additional $10,000 per year for the chair of the compensation committee and an additional $5,000 per year for the chair of the nominating and corporate governance committee, (ii) $1,500 for each Board meeting attended by the director in person or $1,000 per Board meeting attended telephonically, (iii) $2,500 for each audit committee meeting attended either in person or telephonically and (iv) $1,500 for each compensation committee and for each nominating and corporate governance committee meeting attended either in person or telephonically. Cash fees with respect to Board or committee membership or service as the Lead Director or a committee chair are paid ratably assuming twelve consecutive months of service from the date the particular membership or service commences. Cash fees for attending Board or committee meetings are paid in the month following the meeting date. Non-management directors also receive an annual equity grant pursuant to the Company s Amended and Restated Non-Management Directors Compensation Plan, which is part of the Herbalife Ltd. Amended and Restated 2005 Stock Incentive Plan, in the form of stock-settled stock appreciation rights, or SARs, with a grant date fair value (as determined for financial reporting purposes) of $100,000, which vest in four equal installments of 25% on July 15 and October 15 of the year of grant and January 15 and April 15 of the following year.

The Company has adopted stock ownership guidelines applicable to each non-management director. Specifically, each non-management director is encouraged to hold Common Shares and/or vested equity awards with a value equal to five times such director s annual retainer within two years of such director s appointment or election to the Board of Directors. Each nominee and continuing non-management director that has served on our Board for more than two years is compliant with these guidelines.

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The table below summarizes the equity-based awards held by the Company s non-management directors as of December 31, 2011, adjusted to reflect our May 17, 2011 stock split.

| | Options/Stock Appreciation Rights Awards | | | |
|---|---|---|---|---|
| **Name** | **Number of Securities Underlying Unexercised Options/SARs (#) Exercisable** | **Number of Securities Underlying Unexercised Options/SARs (#) Un-Exercisable** | **Exercise Price ($)** | **Expiration Date** |
| Leroy T. Barnes, Jr. | 58,824 | | 6.82 | 02/27/2016 |
| Leroy T. Barnes, Jr. | 13,064 | | 22.94 | 05/07/2017 |
| Leroy T. Barnes, Jr. | 2,726 | 2,726 | 53.29 | 05/18/2018 |
| Richard P. Bermingham | 58,824 | | 6.82 | 02/27/2016 |
| Richard P. Bermingham | 2,726 | 2,726 | 53.29 | 05/18/2018 |
| Carole Black | 2,726 | 2,726 | 53.29 | 05/18/2018 |
| Pedro Cardoso | 13,064 | | 22.94 | 05/07/2017 |
| Pedro Cardoso | 2,726 | 2,726 | 53.29 | 05/18/2018 |
| Murray H. Dashe | 28,576 | | 9.91 | 04/30/2016 |
| Murray H. Dashe | 13,064 | | 22.94 | 05/07/2017 |
| Murray H. Dashe | 2,726 | 2,726 | 53.29 | 05/18/2018 |
| Jeffrey T. Dunn | 4,170 | | 20.90 | 11/11/2016 |
| Jeffrey T. Dunn | 13,064 | | 22.94 | 05/07/2017 |
| Jeffrey T. Dunn | 2,726 | 2,726 | 53.29 | 05/18/2018 |
| Michael J. Levitt | 2,726 | 2,726 | 53.29 | 05/18/2018 |
| Colombe M. Nicholas | 58,824 | | 6.82 | 02/27/2016 |
| Colombe M. Nicholas | 13,064 | | 22.94 | 05/07/2017 |
| Colombe M. Nicholas | 2,726 | 2,726 | 53.29 | 05/18/2018 |
| John Tartol | 13,064 | | 22.94 | 05/07/2017 |
| John Tartol | 2,726 | 2,726 | 53.29 | 05/18/2018 |

**Shareholder Communications with the Board of Directors**

Shareholders and other parties interested in communicating directly with the Board of Directors, non-management directors as a group or individual directors, including Richard P. Bermingham in his capacity as the Lead Director, may do so by writing to Herbalife Ltd., c/o Corporate Secretary, 800 W. Olympic Blvd, Suite 406, Los Angeles, CA 90015, or by email at *corpsec@herbalife.com*, indicating to whose attention the communication should be directed. Under a process approved by the Board of Directors for handling communications received by the Company and addressed to non-management directors, the Corporate Secretary of the Company reviews all such correspondence and forwards to members of the audit committee a summary and/or copies of any such correspondence that, in the opinion of the Corporate Secretary, deal with the functions of the Board of Directors or committees thereof, or that he otherwise determines requires their attention. Directors may at any time review a log of all communications received by the Company and addressed to members of the Board of Directors and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Company s internal audit department and handled in accordance with procedures established by the audit committee with respect to such matters.

**Committees of the Board**

Our Board of Directors has a standing audit committee, nominating and corporate governance committee, and compensation committee.

### *Audit Committee*

From January 1, 2011 through April 27, 2011, the audit committee consisted of Messrs. Barnes, Bermingham, Dashe and Higby. From April 28, 2011 through July 26, 2011, the audit committee consisted of Messrs. Barnes, Bermingham and Dashe. Since July 27, 2011, the audit committee has consisted of Messrs. Barnes, Bermingham, Dashe and Levitt. Each director who served on the audit committee in 2011 is or was independent as discussed above under Director Independence. As required by Rule 303A.07 of the NYSE Listed Company Manual, the Board of Directors has affirmatively determined that each of Messrs. Barnes, Bermingham, Dashe, Higby and Levitt is or was financially literate, and that Mr. Bermingham is an audit committee financial expert, as defined in Item 407(d)(5) of Regulation S-K.

The principal duties of the audit committee are as follows:

- to monitor the integrity of the Company s financial reporting process and systems of internal controls regarding finance, accounting and reporting;
- to monitor the independence and performance of the Company s independent auditors and internal auditing department; and
- to provide an avenue of communication among the independent auditors, management, the internal auditing department and the Board of Directors.

Our Board of Directors has adopted a written charter for the audit committee which is available on the Company s website at *www.herbalife.com* by following the links through Investor Relations to Corporate Governance, and in print to any shareholder who requests it as set forth under Additional Information Annual Report, Financial and Additional Information. In 2011, the audit committee met four times.

### *Nominating and Corporate Governance Committee*

During 2011, the nominating and corporate governance committee consisted of Mme. Nicholas and Messrs. Barnes and Dunn. Each director who served on the nominating and corporate governance committee in 2011 is independent as discussed above under Director Independence. The principal duties of the nominating and corporate governance committee are as follows:

- to recommend to the Board of Directors proposed nominees for election to the Board of Directors both at annual general meetings and to fill vacancies that occur between annual general meetings; and
- to review and make recommendations to the Board of Directors regarding the Company s corporate governance matters and practices.

In identifying candidates to serve on the Board, the nominating and corporate governance committee first determines the evolving needs of the Board taking into account such factors as it deems appropriate, including, among others, the current composition of the Board of Directors, the range of talents, experiences and skills that would best complement those already represented on the Board of Directors, the balance of management and independent directors and the need for financial or other specialized expertise, as discussed in greater detail above under Proposal 1: The Election of Directors Director Qualifications. Applying these criteria, the nominating and corporate governance committee considers candidates for director suggested by its members and other directors, as well as by management and shareholders. The nominating and corporate governance committee also retains a third-party executive search firm on an ad-hoc basis to identify and review candidates upon request of the committee from time to time.

If the nominating and corporate governance committee decides, on the basis of its preliminary review, to proceed with further consideration, the committee members, as well as other directors as appropriate, interview the nominee. After completing this evaluation and interview, the nominating and corporate governance committee makes a recommendation to the full Board of Directors, which makes the final determination whether to nominate the candidate after considering the nominating and corporate governance committee s report.

A shareholder who wishes to recommend a prospective nominee for the Board of Directors pursuant to the provisions of the Memorandum and Articles of Association should notify the Corporate Secretary in writing with the appropriate supporting materials, as more fully described under Additional Information Shareholder Nominations.

The Board of Directors has adopted a written charter for the nominating and corporate governance committee, which is available on the Company s website at *www.herbalife.com* by following the links through Investor Relations to Corporate Governance or in print to any shareholder who requests it as set forth under Additional Information Annual Report, Financial and Additional Information. In 2011, the nominating and corporate governance committee met four times.

***Compensation Committee***

From January 1, 2011 through July 26, 2011, the compensation committee consisted of Messrs. Bermingham, Dashe and Dunn. Since July 27, 2011, the compensation committee has consisted of Mme. Black and Messrs. Bermingham, Dashe and Dunn. Each director who served on the compensation committee in 2011 is independent as discussed above under Director Independence. The principal duties of the compensation committee are as follows:

- to oversee and approve compensation policies and programs;
- to review and approve corporate goals and objectives relevant to the compensation of the Company s CEO and other executive officers;
- to evaluate the performance of the CEO and recommend the compensation level of the CEO for approval by the independent members of the Board of Directors;
- to evaluate the performance of certain executive officers and, considering the CEO s recommendations, set the compensation level for such executive officers;
- to administer existing incentive compensation plans and equity-based plans;
- to oversee regulatory compliance with respect to executive compensation matters; and
- to review the compensation of directors.

Our Board of Directors has adopted a written charter for the compensation committee which is available on the Company s website at *www.herbalife.com* by following the links through Investor Relations to Corporate Governance or in print to any shareholder who requests it as set forth under Additional Information Annual Report, Financial and Additional Information. Among other duties, the compensation committee is responsible for making the initial risk assessment of the Company s compensation programs and determining whether those programs require modification to remain consistent with the Board s determinations as to the levels of risk that are appropriate for the Company. In its assessment, the compensation committee reviewed the Company s compensation structure and noted numerous ways in which risk is potentially mitigated by practices and policies that include: the balanced mix between short- and long-term incentives; the use of multiple performance measures for the CEO s annual incentive awards; strong internal controls; the use of stock ownership guidelines; and the existence of an anti-hedging policy. In light of its analysis, the committee believes that the architecture of the Company s compensation programs provide various safeguards to protect against undue risk taking. In 2011, the compensation committee met seven times.

**Compensation Committee Interlocks and Insider Participation**

During the fiscal year ended December 31, 2011, Mme. Black and Messrs. Bermingham, Dashe and Dunn served on the compensation committee of the Board of Directors. During the fiscal year ended December 31, 2011, there were no relationships or transactions between the Company and any member of the compensation committee requiring disclosure hereunder.

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**PROPOSAL 2:**

**ADVISE AS TO THE COMPANY S EXECUTIVE COMPENSATION**

The Board of Directors of the Company is committed to excellence in governance. As part of that commitment, and as required by Section 14A of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Board of Directors is providing the Company s shareholders with an opportunity to provide an advisory vote related to executive compensation.

Our executive compensation program is intended to attract, motivate and retain a talented and high-performing executive team to lead the Company s success through a unique global business model, selling products that are regulated at varying levels in the markets where we operate. The Company s executive compensation program is designed to incent and create long-term growth and value for shareholders and is simple in design; the vast majority of the compensation of the Company s named executive officers the officers identified in the section entitled Executive Compensation Compensation Discussion and Analysis, is tied to Company operating and share price performance. Volume Point growth, operating income and earnings per share are used to determine executives annual incentive compensation. Long term incentives were provided to our named executive officers in 2011 in the form of an annual grant of stock appreciation rights, or SARs, that are subject to service criteria. In addition to his annual grant, in 2011 Mr. Johnson received a long term performance award in the form of SARs that is subject to both share price appreciation and volume point growth vesting criteria. In 2008, in connection with the execution of his current employment agreement, Mr. Johnson received a long term long term performance award in the form of SARs that was subject to both share price appreciation and service criteria. All of these awards directly align the long-term interests of our executives with those of our shareholders.

The Board of Directors believes the compensation program for the named executive officers was instrumental in helping the Company achieve strong financial performance in 2011 and over the most recent years. In 2011, the Company posted strong operating results in a challenging economic environment. The Company s share price increased 51% for the year surpassing the share price performance of our industry peers and the S&P 500 as a whole.

In addition, the management team accomplished major strategic objectives in 2011 that provided significant support for the Company s continued growth and success, including:

- expanding the global roll-out and distributor acceptance of daily consumption based sales methods;
- introducing over 300 product SKUs globally, including new products such as the *Herbalife24* sports line and seasonal Formula 1 flavors, along with the ongoing globalization of our top products;
- opening new countries to the Company s products and business opportunity, providing our distributors with new geographies to expand and build their businesses;
- increasing the Company s vertical manufacturing capacity of certain of our key products; and
- completing key investments in technology infrastructure to support the anticipated growth in the business.

Additional information regarding the Company s compensation program applicable to the named executive officers is described in the Compensation Discussion and Analysis section of this Proxy Statement and the related tables and narrative disclosure.

For the reasons discussed above, the Board of Directors unanimously recommends that shareholders vote in favor of the following resolution:

***Resolved, that the shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed pursuant to Item 402 of Regulation S-K and described in the Compensation Discussion and Analysis, the compensation tables and the accompanying narrative disclosure, in the proxy statement.***

While the resolution is non-binding, the Board of Directors values the opinions that shareholders express in their votes and in any additional dialogue. It will consider the outcome of the vote and those opinions when

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making future compensation decisions. The next shareholder advisory vote on the Company s executive compensation is expected to occur at the 2013 annual general meeting and the Company currently intends to offer shareholders this advisory vote on an annual basis.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADVISORY RESOLUTION ON THE COMPANY S EXECUTIVE COMPENSATION.**

## PROPOSAL 3:

## RATIFICATION OF THE APPOINTMENT OF INDEPENDENT

## REGISTERED PUBLIC ACCOUNTANTS

The audit committee has selected KPMG LLP as the Company s independent registered public accountants for the fiscal year ending December 31, 2012. Services provided to the Company and its subsidiaries by KPMG LLP in fiscal 2010 and 2011 are described under Fees to Independent Registered Public Accountants for Fiscal 2010 and 2011. Additional information regarding the audit committee is set forth in the Audit Committee Report.

The Memorandum and Articles of Association do not require that our shareholders ratify the selection of KPMG LLP as the Company s independent registered public accountants. However, we are requesting ratification because we believe it is a matter of good corporate practice. If the Company s shareholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain KPMG LLP, but may, nonetheless, retain KPMG LLP as the Company s independent registered public accountants. Even if the selection is ratified, the Audit Committee in its discretion may change the appointment at any time if it determines that the change would be in the best interests of the Company and its shareholders.

The Company has been advised that representatives of KPMG LLP will be present at the Meeting where they will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

In the event shareholders do not ratify the appointment of KPMG LLP, the appointment will be reconsidered by the audit committee and the Board of Directors.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR FISCAL 2012.**

### Audit Committee Report

The audit committee is responsible for monitoring our financial auditing, accounting and financial reporting processes and our system of internal controls, and selecting the independent registered public accounting firm on behalf of the Board of Directors. Our management has primary responsibility for our internal controls and reporting process. Our independent registered public accounting firm, KPMG LLP, is responsible for performing an independent audit of our consolidated financial statements and the effectiveness of our internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing an opinion thereon. In this context, the audit committee met regularly and held discussions with management and KPMG LLP. Management represented to the audit committee that the consolidated financial statements for the fiscal year 2011 were prepared in accordance with U.S. generally accepted accounting principles.

The audit committee hereby reports as follows:

The audit committee has reviewed and discussed the audited consolidated financial statements and accompanying management s discussion and analysis of financial condition and results of operations with our management and KPMG LLP. This discussion included KPMG LLP s judgments about the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

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The audit committee also discussed with KPMG LLP the matters required to be discussed by the Statements on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

KPMG LLP also provided to the audit committee the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding KPMG LLP s communications with the audit committee concerning independence, and the audit committee has discussed with KPMG LLP the accounting firm s independence. The audit committee also considered whether non-audit services provided by KPMG LLP during the last fiscal year were compatible with maintaining the accounting firm s independence.

Based on the reviews and discussions referred to above, the audit committee recommended to the Board of Directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2011, which have been filed with the SEC. The audit committee also selected KPMG LLP to serve as our independent registered public accounting firm for the year ending December 31, 2012.

**AUDIT COMMITTEE OF**

**THE BOARD OF DIRECTORS**

Leroy T. Barnes, Jr., Chairman

Richard P. Bermingham

Murray H. Dashe

Michael Levitt

**Fees to Independent Registered Public Accountants for Fiscal 2010 and 2011**

The following services were provided by KPMG LLP during fiscal 2010 and 2011:

| | 2010 | 2011 |
|---|---|---|
| Audit Fees(1) | $ 3,396,000 | $ 3,839,000 |
| Audit-related fees | | |
| Tax fees(2) | $ 452,000 | $ 474,000 |
| All other fees | | |
| Total | $ 3,848,000 | $ 4,313,000 |

(1) Audit fees consist of fees for professional services rendered for the audit of the Company s consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011, including the audit of internal controls required by Section 404 of the Sarbanes-Oxley Act of 2002, and the review of financial statements included in the Company s Quarterly Reports on Form 10-Q, and for services that are normally provided by the auditor in connection with statutory and regulatory filings or engagements.

(2) Tax fees were billed for the following services: tax compliance and international tax guidance.

**Pre-Approval Policy**

The audit committee has adopted pre-approval policies and procedures for audit and non-audit services which the Company s independent auditors have historically provided. Pursuant to those policies and procedures, the Company s external auditor cannot be engaged to provide any audit or non-audit services to the Company unless the engagement is pre-approved by the audit committee in compliance with the Sarbanes-Oxley Act of 2002. All fees and services described in the table above were pre-approved pursuant to this policy.

## EXECUTIVE COMPENSATION

### COMPENSATION DISCUSSION AND ANALYSIS

This section explains the Company s executive compensation program as it relates to the following named executive officers whose compensation information is presented in the tables following this discussion in accordance with SEC rules:

| | |
|---|---|
| Michael O. Johnson | Chairman and Chief Executive Officer |
| Desmond Walsh | President |
| Richard P. Goudis | Chief Operating Officer |
| Brett R. Chapman | General Counsel and Corporate Secretary |
| John DeSimone | Chief Financial Officer |

***Executive Summary***

Our executive compensation program is intended to attract, motivate and retain a talented and high-performing executive team to lead the Company s success through a unique global direct selling business model, selling products that are regulated at varying levels in the markets where we operate. The compensation program is designed to accomplish this in a way that incents and creates long-term growth and value for our shareholders. The compensation committee of the Board of Directors, or, for purposes of this Compensation Discussion and Analysis, the Committee, has responsibility for establishing, developing and implementing these programs.

The Committee believes the compensation program for the named executive officers was instrumental in helping the Company achieve strong financial performance in 2011 and over the most recent years. Several key operating performance measures that drive our share value Volume Point growth, operating income and earnings per share are used in the annual incentive plans for our named executive officers. Each of these measures is more fully described in Annual Incentive Awards Targets and Award Determination, below. Long-term incentives granted in 2011 in the form of SARs provide a direct alignment to long-term shareholder interests.

In 2011, the Company reported strong operating results in a challenging global economic environment. These included Volume Point growth of 21% and increases in operating income and earnings per share of 45% and 39%, respectively, as reflected below:

| **$ Millions (Except Per Share Data)** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2011 Growth** | **5-Year Average Growth** |
|---|---|---|---|---|---|---|---|---|
| Volume Points | 2,434 | 2,688 | 2,779 | 2,838 | 3,233 | 3,922 | 21% | 10% |
| Operating Income | 256.9 | 313.2 | 332.3 | 296.0 | 387.5 | 562.3 | 45% | 19% |
| Earnings per Share (Diluted) (1) | 0.96 | 1.32 | 1.68 | 1.61 | 2.37 | 3.30 | 39% | 29% |

(1) Prior periods have been adjusted to reflect the two-for-one stock split effected in the second quarter of 2011. 2010 was also adjusted for the change in accounting principle with respect to the Company s method of accounting for excess tax benefits recognized as a result of the exercise of share-based equity awards described in Note 2 of the Annual Report on Form 10-K for the year ended December 31, 2011.

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The Company s share price increased 51% for the year, far surpassing the share price performance of our industry peers and the S&P 500 as a whole. The publicly traded companies in the industry peer group reflected in the following chart are Avon Products, Inc., Nature s Sunshine Products, Inc., Tupperware Brands Corporation, Nu Skin Enterprises Inc., USANA Health Sciences Inc., Weight Watchers International, Inc. and Mannatech, Inc. An investment of $100 in Herbalife on December 31, 2006 would be worth nearly three times the same investment in the median of our industry peers or the S&P 500 as of December 31, 2011 as reflected in the chart below:

**Comparison of Cumulative Five Year Total Return**

| | 12/31/06 | 12/31/07 | 12/31/08 | 12/31/09 | 12/31/10 | 12/31/11 |
|---|---|---|---|---|---|---|
| Herbalife Ltd. | $ 100.00 | $ 101.76 | $ 56.18 | $ 108.62 | $ 186.29 | $ 285.48 |
| S&P 500 Index | $ 100.00 | $ 105.49 | $ 66.46 | $ 84.05 | $ 96.71 | $ 98.76 |
| Peer Index | $ 100.00 | $ 111.19 | $ 71.53 | $ 101.40 | $ 104.25 | $ 95.81 |

Key strategic accomplishments in 2011 that provided significant support for the Company s continued growth and success, included:

- expanding the global roll-out and distributor acceptance of daily consumption based sales methods;
- introducing over 300 product SKUs globally to create excitement among our independent distributors, including new products such as the *Herbalife24* sports line which will allow as to provide a high-performance nutrition line to the Company s sponsored athletes and seasonal Formula 1 flavors to enhance the penetration of our top-selling global product, along with the ongoing globalization of our top products into new markets;
- opening new counties to the Company s products and business opportunity, providing our distributors with new geographies to expand and build their businesses;
- increasing the Company s vertical manufacturing capacity of certain of our key products; and
- completing key investments in technology infrastructure to support the anticipated growth in the business.

The compensation of the Company s named executive officers in 2011 consisted almost exclusively of base salary, annual cash incentives, and grants of equity in the form of SARs. Due to the level of annual cash incentives and SARs, the vast majority of their total compensation is tied to the Company s financial performance. In setting target compensation, the Committee focuses on the total compensation opportunity for the executive. Although there is no targeted mix of compensation elements, the proportion of compensation designed to be delivered in variable pay versus base salary increases with the ability of the executive to influence overall Company results. For 2011, as reflected in the Summary Compensation Table, 95% of CEO compensation was provided in the form of annual and long-term incentives that are tied to the Company s top line performance, operating income results and stock price. For the other NEOs as a group, 74% of total compensation was similarly based on performance-based compensation.

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The Company s executive compensation program is simple and performance-based in design. The Company does not provide tax gross ups (other than with respect to benefits payable to Mr. Johnson in the event of a change in control, as provided in his 2008 employment agreement) or supplemental retirement benefits to its executives offers limited perquisites deemed appropriate to meet competitive practice or to reinforce the Company s strategy and culture of supporting healthy lifestyles.

At our 2011 annual general meeting, our shareholders expressed strong support for our executive compensation program, with over 96.3% of votes cast in favor of the advisory vote proposal. When designing our 2012 executive compensation program, the Committee considered, among other things, the 2011 vote results and other feedback we received from shareholders. After careful consideration, the Committee determined not to make any significant changes to the design of our executive compensation program for 2012 as a result of our 2011 advisory vote.

**Executive Compensation Program Objectives**

As a global leader in network marketing and nutritional products generating approximately 80% of our revenues outside the United States, we operate in an environment of challenging regulatory, economic and political uncertainty. Our success depends on the leadership of highly-talented, adaptive and dedicated executives who can apply the necessary skills to operate effectively through our unique global direct selling business model and our nutritional supplement product line. Our compensation program for the named executive officers provides highly-competitive rewards to executives who contribute to our success in achieving superior growth in profitability and shareholder returns over time.

The Committee believes that shareholder interests are advanced if the Company assembles, motivates and rewards a high-performing management team. To promote this objective, the Committee was guided by the following underlying principles in developing our executive compensation program:

- The program should be designed to attract and encourage a long-term commitment from the talented executives necessary to lead our global direct selling business in advancing shareholders interests in a manner consistent with our mission of changing people s lives.

- Compensation opportunities should be highly competitive with the pay practices of companies that operate in highly regulated, global markets and require similar executive skills and capabilities.

- A meaningful proportion of total compensation should be at risk and tied to achievement of performance goals and improvement in shareholder value.

- Incentive compensation should provide superior pay for superior performance that meets or exceeds the high expectations of our shareholders.

Incentive compensation should reflect a balanced time horizon between annual and long-term performance in order to promote sustainable growth in the value of the enterprise.

Long-term incentives should be provided in Company equity to encourage executives to plan and act with the perspective of shareholders and the Company s Vision, Mission and Values in mind and to reward them for successful implementation of our growth strategies.

**Compensation Advisor**

The Committee retained Pay Governance, LLC to assist in evaluating our executive compensation programs and in setting any executive officer s compensation. Pay Governance is a nationally recognized compensation consulting firm. The compensation advisor provides an additional objective perspective as to the reasonableness of our executive compensation programs and practices and their effectiveness in supporting our business and compensation objectives. During 2011, the compensation advisor regularly participated in Committee meetings and advised the Committee with respect to compensation trends and best practices, plan design, competitive pay levels, CEO long-term performance equity grants, individual pay decisions with respect to our named executive officers and other executive officers, and proxy statement disclosure. While our compensation advisor regularly consults with management in performing work requested by the Committee, Pay Governance did not perform any separate services for management.

**Establishing CEO Compensation**

The Chair of the Committee, with input from the compensation advisor and other independent members of the Board, recommends the CEO s compensation to the Committee in executive session, not attended by the CEO. Once a recommendation has been established by the Committee, the CEO s compensation is reviewed and approved by the independent members of the Board.

**Role of Executive Officers in Executive Compensation Decisions**

The CEO reviews compensation data gathered from a group of peer companies approved by the Committee and described below under Peer Group , or the Herbalife Peer Group, and general industry compensation surveys, considers each executive officer s performance and makes a recommendation to the Committee on changes to base salary, annual incentive awards (except for Mr. Chapman, whose annual incentive target must match that of the CEO pursuant to Mr. Chapman s employment agreement) and equity awards for each executive officer other than himself. The CEO participates in Committee meetings at the Committee s request to provide background information regarding the Company s strategic objectives and to evaluate the performance of and compensation recommendations for the other executive officers. The Committee utilizes the information provided by the CEO along with input from its compensation advisor and the knowledge and experience of its members in making compensation decisions.

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**Purpose of Compensation Elements**

The compensation and benefits program for our named executive officers consists of and is designed to achieve the following:

| *Pay Component* | *Purpose* |
|---|---|
| Base Salary | Provide a competitive foundation for total compensation to each executive in consideration of his demonstrated sustained performance, capabilities, job scope and experience |
| Annual Cash Incentives | Focus and reward executives for achievement of challenging annual financial and other operating objectives that drive growth in shareholder value over the time |
| Long-term Incentives (SARs and Performance-Based Stock Options) | Enable our executives to share in the value created for shareholders and encourage successful executives to remain with the Company |
| Executive Medical & Wellness | Promote a healthy lifestyle among our executives through an annual health screening evaluation, supplemental medical reimbursements and an allowance for purchase of physical conditioning equipment, services and related resources |
| Financial Planning | Encourage executives to engage knowledgeable experts to assist with personal financial and tax planning, which we believe facilitates greater focus on their Company duties |
| Retirement Benefits | Encourage executives to build retirement resources by providing a match on deferred compensation in the Company s 401(k) plan and Senior Executive Deferred Compensation Plan, and purchasing Company stock through the Employee Stock Purchase Plan. |
| Insurance Benefits (Life and Disability) | Provide a competitive benefit in the event of death or disability of an executive. |
| Severance Benefits | Enable executives to focus his full time and attention on meeting the financial and operating objectives set by the Committee without fear of the financial consequences of an unexpected termination of employment. |
| Change in Control Benefits | Enable executives to focus on shareholder interests when considering strategic alternatives. |

Target annual incentive compensation, and equity grant value, are set as a percentage of base salary. In setting target annual and long-term incentive compensation levels, the Committee focuses on the total compensation opportunity for each executive. Mr. Johnson s target and maximum incentive as a percentage of his base salary was negotiated and is set forth in his 2008 employment agreement. Target incentives for other executives are set by the Company depending on the employee s position, scope of responsibilities, ability to influence Company results, and competitive pay practices among the Herbalife Peer Group, although the target incentives for Messrs. Chapman and Goudis are subject to minimums set forth in their respective employment agreements. Variations in compensation among our executive officers reflect differences in the scope and complexity of the functions they oversee, the contribution of those functions to our overall performance, their experience and capabilities, and individual performance. Although there is no targeted mix of compensation elements, the proportion of compensation designed to be delivered in variable pay vs. base salary increases with the ability of the executive to influence overall Company results. We also monitor the compensation practices of our peers to obtain a general understanding of competitive compensation practices and target metrics. Please refer to the discussion below under Peer Group for a more detailed discussion of our use of peer group and general industry compensation data.

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**Base Salaries**

The Committee reviews base salaries of the named executive officers annually. No changes were made in base salary for 2011, which are set forth below:

| Executive | 2011 Salary |
|---|---|
| Michael O. Johnson | $ 1,230,000 |
| Desmond Walsh | $ 650,000 |
| Richard P. Goudis | $ 650,000 |
| Brett R. Chapman | $ 615,500 |
| John DeSimone | $ 525,000 |

**Annual Incentive Awards**

***General***

Our annual cash incentive plans are designed to motivate and reward the achievement of financial and operating goals that drive value creation for our shareholders. The Committee establishes performance criteria and goals for our incentive plans each year that are aligned with public investor expectations. The performance measures used for each named executive officer are based on the executive s primary area of focus and the executive s ability to affect the Company s results. The Company s named executive officers participate in one or more of three executive incentive plans: the Incentive Plan that covers Messrs. Johnson and Chapman, the Herbalife Senior Management Bonus Incentive Plan, or the SMBIP, in which Messrs. Walsh, Goudis and DeSimone participate, and a supplemental Alternative Performance Target, or APT, incentive provided only to Mr. Johnson.

***Incentive Plan***

Pursuant to the terms of their employment agreements, which were the result of arms-length negotiation, annual incentive awards provided under the Incentive Play to Messrs. Johnson and Chapman are based on the achievement of targeted Earnings Per Share, or EPS, which the Committee believes is an important measure of shareholder value creation that aligns the interest of our executives with the expectations of our investors.

***Alternative Performance Target Plan***

Mr. Johnson s employment agreement provides for a supplemental APT incentive equal to 25% of his total annual incentive opportunity. The APT incentive allows the Committee a degree of flexibility in incentivizing and rewarding him for the achievement of key strategic, as well as financial, targets. As in 2009 and 2010, Volume Points were used in 2011 to determine the APT in order to encourage a keen focus on the top-line growth valued by our investors. For a more detailed discussion of Volume Points, please refer to the Targets and Award Determination below.

***Herbalife Senior Management Incentive Plan***

The other named executive officers Messrs. Goudis, Walsh and DeSimone participate in the SMBIP. The performance measures used, along with the associated weighting, were selected in consideration of each executive s areas of primary responsibility and his ability to influence the Company s financial results. Thus, the Committee based funding on achievement of targets for Company Operating Income and Volume Points for Messrs. Goudis and Walsh. Operating Income and EPS were used for Mr. DeSimone. A summary of 2011 annual incentive plan performance measures and weightings in calculating annual incentives is presented in the table below.

| | Weight in Determining Annual Incentive | | |
|---|---|---|---|
| **Executive** | **EPS** | **Operating Profit** | **Volume Points** |
| Michael O. Johnson, *Chairman and Chief Executive Officer* | 75% | | 25% |

| | | | |
|---|---|---|---|
| Desmond Walsh, *President* | | 50% | 50% |
| Richard A. Goudis, *Chief Operating Officer* | | 50% | 50% |
| Brett R. Chapman, *General Counsel & Corporate Secretary* | 100% | | |
| John DeSimone, *Chief Financial Officer* | 50% | 50% | |

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***Targets and Award Determination***

Performance targets in the incentive plans are aligned to what we believe to be the expectations of our board and investors at the time of the annual budget review. Budget figures are built from the bottom up based on input from operating regions regarding trends in their respective markets, including the general economic environment, sale and consumption of our products, distributor activity and retention, and the degree of risk in achieving forecasted revenue and expense levels. In setting performance targets, the Committee also considers Wall Street analyst s financial expectations for the Company and selected companies within the Herbalife Peer Group.

For purposes of each of the three incentive plans, the performance measures are defined as follows:

EPS is the Company s reported fully-diluted earnings per share calculated according to U.S. Generally Accepted Accounting Principles, then adjusted for non-recurring or exceptional items reviewed and determined each quarter by the Committee. The Committee adjusted EPS used to calculate incentive awards in 2011 to take into account the accelerated write-down of deferred financing costs in the first quarter due to the Company s refinancing of its credit facility, making EPS for incentive plan purposes consistent with the Company s target setting as well as public communications to investors and analysts.

Volume Points are point values assigned to each of our products that are usually equal in all countries for a similar product and are essentially based on the suggested retail price of U.S. products. The Company uses Volume Points to measure product sales volume. Volume Points are a useful measure of top line performance results because they exclude the impact of foreign currency fluctuations and pricing changes. In general, an increase in Volume Points indicates an increase in our revenue and our local currency net sales. As incremental revenue provides a high profit contribution, Volume Point growth is a key metric for our management team.

Operating Income is the Company s net sales less expenses, including royalty payments, costs of sales and general operating expenses, adjusted for non-recurring or exceptional items.

**2011 Annual Incentive Plan Performance Targets**

| | Threshold | Target | Maximum | Results | Results % of Target |
|---|---|---|---|---|---|
| **Performance % of Target** | **94%** | **100%** | **106%** | | |
| EPS | $2.39 | $2.55 | $2.70 | $3.31 | 130% |
| Volume Point Growth (%) | 8.46 | 9.00 | 9.54 | 21.0 | 112% |
| Operating Income (millions) | N/A | $458 | $485 | $562 | 123% |

For each of the EPS, Volume Point Growth and Operating Income metrics under our annual incentive plans, our 2011 performance exceeded 106% of target. Accordingly, each named executive officer became entitled to a maximum payout permitted under the applicable plan.

The EPS threshold level applied only to Mr. Johnson in order to encourage and reward him for proposing and achieving challenging EPS performance targets. Mr. Chapman and Mr. DeSimone receive incentive awards with respect to EPS results only if EPS meets or exceeds the targeted level. Similarly, the Volume Point growth threshold level only applies to Mr. Johnson through his APT incentive to encourage and reward him for year-over-year volume growth. Mr. Goudis and Mr. Walsh receive incentive awards as to the Volume Point growth portion of the SMBIP only if Volume Point growth meets or exceeds the targeted level. For 2012, the EPS threshold level and the Volume Point growth threshold level have been eliminated from the Incentive Plan and the APT incentive, respectively.

Target-level bonuses are awarded for EPS and Operating Income results between 100% and 102.9% of target, and bonus awards increase on a prorated basis in steps for results from 103% to 106%. This bonus scale is designed to encourage realistic target setting and prudent risk-taking while simultaneously creating a cap on the potential payout in order to avoid excessive incentive awards as compared to performance. Under Mr. Johnson s APT incentive performance measure, target-level bonuses are awarded for Volume Point growth at 100% of target, and bonus funding and awards increase ratably in steps for each 0.5% achievement in excess of the incentive target, up to 200% of target at 106% achievement. Under the Volume Point growth portion of the

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SMBIP incentive payable to Messrs. Goudis and Walsh, target-level bonuses are awarded for results between 100% and 102.9% of target, and bonus awards increase on a prorated basis in steps for results from 103% to 106%.

The following table shows the incentive eligible earnings (*i.e.*, 2011 base salary), target and maximum incentive percentages and amounts, and 2011 incentive awards for each named executive officer. All 2011 awards to named executive officers were based solely on the calculated results to target performance levels.

**2011 Incentive Award Calculation**

| Executive | Incentive Eligible Earnings | Target Incentive % | Maximum Incentive % | Actual Results - % of Target EPS | Volume Point | Operating Profit | Award % | Award Amount |
|---|---|---|---|---|---|---|---|---|
| Michael O. Johnson | | | | | | | | |
| *Base Incentive* | $ 1,230,000 | 112.5 | 225 | 131 | | | 225 | $ 2,767,500 |
| *APT Incentive* | $ 1,230,000 | 37.5 | 75 | | 109 | | 75 | $ 922,500 |
| *Total* | $ 1,230,000 | 150.0 | 300 | | | | 300 | $ 3,690,000 |
| Desmond J. Walsh and Richard P. Goudis | | | | | | | | |
| *Volume Point Incentive* | $ 650,000 | 40 | 80 | | 109 | | 80 | $ 520,000 |
| *Operating Income Incentive* | $ 650,000 | 40 | 80 | | | 119 | 80 | $ 520,000 |
| *Total* | $ 650,000 | 80 | 160 | | | | 160 | $ 1,040,000 |
| Brett R. Chapman | $ 615,500 | 55 | 99 | 131 | | | 99 | $ 609,345 |
| John DeSimone | | | | | | | | |
| *EPS Incentive* | $ 525,000 | 27.5 | 49.5 | 131 | | | 49.5 | $ 259,875 |
| *Operating Income Incentive* | $ 525,000 | 27.5 | 49.5 | | | 119 | 49.5 | $ 259,875 |
| *Total* | $ 525,000 | 55.0 | 99 | | | | 99 | $ 519,750 |

***Long Term Incentive Awards***

The Company s equity grants are intended to align executive officers interests with the interests of shareholders by rewarding increases in the value of our share price and enabling us to attract, motivate and retain highly qualified individuals for positions of responsibility. The Committee also believes that these long-term incentives foster teamwork and long-term decision making necessary for continued success. Each year, the Committee determines the form of equity grant. For 2011, the total grant value was made in the form of SARs. SARs provide an opportunity for executives to earn additional compensation only to the extent our share price increases over the share price on the grant date and are less dilutive to our shareholders than stock options.

To frame our equity grant decisions, the Committee established guideline grant values for the named executive officers in consideration of individual performance, scope of job responsibilities, prior equity grants and competitive practices using published information regarding the Herbalife Peer Group compiled by Pay Governance. The guidelines are intended to provide highly competitive opportunities, generally in the top quartile of competitive practices. Using these guidelines, our Chairman and CEO proposed to the Committee equity grants for each of the named executive officers other than himself. At the same time, the Committee, separately and without the involvement of the Chairman and CEO, evaluated and proposed equity grants for the Chairman and CEO to the independent members of the Board of Directors for their approval. For 2011, the Committee determined that the high end of the guideline range should be used for Mr. Johnson in consideration of the exceptional strong Company performance in the past year. The number of SARs granted is calculated by dividing the grant value by the option value determined in accordance with financial accounting and disclosure rules under ASC Topic 718 Share Based Payments using Herbalife s closing share price on the date of grant.

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**2011 Long Term Incentive Award Guidelines & Awards    Annual Grant Program**

| Executive | SAR Guideline Aggregate Grant Value | SAR Guideline Award |
|---|---|---|
| Michael O. Johnson | $ 4,550,000 | 210,648 |
| Desmond J. Walsh | $ 1,253,000 | 58,009 |
| Richard P. Goudis | $ 1,253,000 | 58,009 |
| Brett R. Chapman | $ 900,000 | 41,667 |
| John DeSimone | $ 900,000 | 41,667 |

SARs were granted with an exercise price equal to the closing price of our Common Shares on May 18, 2011, the grant date, when the option value was $21.60 and our closing share price was $53.29. The SARs awarded to our named executive officers in 2011 vest and become exercisable to the executives based upon continued Company service over three years at the rate of 20% on the first anniversary of the award, 20% on the second anniversary of the award, and 60% on the third anniversary of the award. Vesting the greatest percentage of the award on the third anniversary of the grant date further encourages executive retention. Executives may exercise vested SARs at any time while employed at the Company and for 30 days following termination of employment other than for cause, so long as any such exercise is no later than ten years following the date of grant, at which point in time they expire. At exercise, the gains on SARs are settled by issuing Common Shares.

Additional details of the 2011 equity awards made to our executives can be found in the tabular disclosure below under 2011 Grants of Plan-Based Awards.

In March 2008, Mr. Johnson executed a new employment agreement pursuant to which he received the 2008 SARs. Since the award of that performance-based incentive, the Company s financial performance has been exceptional. In 2010, the Company achieved the share price criteria of $40.215 (adjusted to reflect our May 17, 2011 stock split) required to vest the final tranche of Mr. Johnson s 2008 SARs, subject to continued service requirements. In consideration of the outstanding value created for shareholders under Mr. Johnson s leadership and desiring to both motivate continued high rates of profitable growth and encourage the retention of Mr. Johnson s services for an additional three years, the Company made a special grant of 863,557 performance-based SARs to Mr. Johnson on August 4, 2011, which had a grant date fair value of $15,000,000. The exercise price of these SARs is $57.98, the closing share price on the grant date. These SARs vest and become exercisable if two criteria are satisfied: (1) the Company must meet or exceed certain Volume Point performance targets with respect to fiscal 2014 as determined by the Committee, and (2) the average closing price of the Company s common shares during the month of December 2014 must be at least $69.49, which is 20% greater than the average closing price of the Company s common shares over the ten trading days ending August 4, 2011.

**Equity Award Grant Policy**

Annual long term incentive grants of SARs were made to our named executive officers on May 18, 2011 following a meeting of the Committee and the release of the Company s First Quarter 2011 earnings. It is the Company s policy to make annual grants to our executive officers as of the third business day following our release of quarterly financial results after the annual shareholder meeting. In 2011 we deferred this grant date to May 18, 2011 due to our pending stock split that was effective on May 17, 2011. We also follow a monthly grant approval process where awards are authorized for newly-hired employees, certain selected retention situations, and to newly promoted executives other than our executive officers. The policy provides that the exercise price of stock options and SARs granted to executive officers and other employees will be established as the closing share price on the grant date. All equity awards made to our named executive officers and other executives are made pursuant to our equity grant policy, which was approved by the Committee.

**Hedging**

Company policy prohibits executives from entering into hedging transactions with respect to the Company s common stock.

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**Stock Ownership Guidelines**

The Committee believes that named executive officers should be shareholders and maintain significant holdings of Common Shares. Because a significant portion of each named executive officer s compensation is paid in the form of equity-based incentive compensation awards, the Committee believes that the use of ownership guidelines is an appropriate and beneficial approach to providing additional motivation to act in the long-term best interests of shareholders.

Pursuant to our policy, the CEO is encouraged to acquire and hold Common Shares and/or vested equity awards with an aggregate value equal to five times his base salary by 2013. The other named executive officers are encouraged to acquire and hold Common Shares and/or vested equity awards with an aggregate value equal to two times their respective base salaries by 2013. As of February 29, 2012, all of our named executive officers were in compliance with these guidelines or are on track to be in compliance by 2013. The Committee reviews progress toward these standards annually.

**Benefits and Perquisites**

The Company s U.S.-based employees, including the named executive officers, participate in a variety of savings, health and welfare and paid time-off benefits typically provided by competitors for the services of the Company s employees. Health and welfare and paid time-off benefits help ensure that Herbalife has a healthy, productive and focused workforce.

In addition, our named executive officers are eligible to participate in the following executive benefits and perquisites that we offer:

Executive Health Benefits We value executive health and strive to support a healthy lifestyle among our named executive officers by providing the following health-related benefits:

Executive Medical Reimbursement In 2011 we provided certain senior executives with a supplemental reimbursement program to our existing medical insurance program. These reimbursement payments could be used to pay for deductibles, co-pays, and pharmacy expenses not covered by our medical insurance plan. The maximum supplemental reimbursement under this plan was $6,000 per executive per year. In 2012 the Company eliminated this benefit and executives were encouraged to participate in government approved flexible spending accounts available to all Company employees.

Executive Physical We provide our executives with an annual health screening evaluation. We have arranged services with the Executive Health Department at UCLA, although this program allows executives to use other qualified medical practitioners for the annual health screening. The services are voluntary and confidential. We provide for a reimbursement of up to $2,040 annually for each executive under this program.

Executive Wellness We provide a $2,000 annual benefit to executives for the purchase of fitness training equipment, personal training services and other reasonable products or services that support physical conditioning.

Financial Planning We reimburse our named executive officers for financial counseling and tax preparation. This benefit is intended to encourage executives to engage knowledgeable experts to assist with personal financial and tax planning, which we believe enables executives greater focus on their Company duties.

Retirement benefits Our named executive officers participate in our tax-qualified 401(k) Plan and our Senior Executive Deferred Compensation Plan described in more detail under Non-Qualified Deferred Compensation Plans. We maintain these plans for the purposes of providing a competitive benefit, allowing named executive officers an opportunity to defer compensation to encourage our named executive officers to save for retirement. The 401(k) plan provides an employer match on the first 1% of employee deferral at 100%. On the next 5% of employee deferral, the employer match is 50%. The annual maximum employee deferral is $16,500. Employer matching contributions vest 100% after two years of service.

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Employee Stock Purchase Plan  Our named executive officers are eligible to participate in our broad-based Employee Stock Purchase Plan, or the ESPP. The ESPP generally allows all U.S. based employees and officers to purchase Common Shares through payroll deductions of up to 10 percent of their annual, eligible compensation up to a maximum of $25,000 per year. The price of Common Shares purchased under the ESPP is equal to 85 percent of the fair market value of the Common Shares on the specified purchase date. We maintain the ESPP for the purpose of providing eligible employees of the Company and its subsidiaries with an opportunity to participate in the Company s success by purchasing the Common Shares through payroll deductions.

Life Insurance  We provide basic life insurance coverage of 200% of base salary up to a maximum of $1,000,000 to our executives and up to $750,000 to all other eligible employees. This is a fully insured benefit. Employees are taxed on their imputed income from this benefit on coverage exceeding $50,000.

Long Term Disability  We provide long term disability coverage to all eligible employees in order to provide replacement for lost income due to extended periods of a medical related leave of absence. The benefit after 90 days of disability is 60% of base salary up to a monthly maximum of $25,000. This is a fully insured benefit plan and is not taxable to the employee.

Company Purchased Event Tickets  We maintain season tickets at the Staples Center and at the Home Depot Center in Southern California. Like our other employees, our named executive officers have the opportunity to use tickets not otherwise allocated for Company business purposes.

**Employment and Severance Agreements**

In order to attract highly qualified executives capable of leading the Company, we have previously entered into employment agreements with Mr. Johnson, Chairman and Chief Executive Officer, Mr. Goudis, Chief Operating Officer, and Mr. Chapman, General Counsel and Corporate Secretary. Those agreements establish the terms and conditions for the employment relationship each executive has with the Company and specifies compensation, executive benefits, severance provisions, change in control provisions, preservation of confidential and proprietary information, non-solicitation, non-disparagement, and other conditions. Only Mr. Johnson s agreement provides for an excise tax gross-up.

The Company has also previously entered into a severance agreement with each of Messrs. Walsh and DeSimone. These agreements contain severance and change in control provisions similar to those found in the employment agreements of Messrs. Goudis and Chapman, as detailed below. Neither agreement provides for an excise tax gross-up.

As a result of these agreements, each of the named executive officers is eligible for certain benefits and payments if his employment terminates for various reasons or as a result of a change in control of the Company. The Company has provided these benefits to the named executive officers to allow them to focus on the value of strategic alternatives to shareholders without concern for the impact on their continued employment, as each of their offices is at heightened risk of turnover in the event of a change in control. Separation benefits include cash payments and other benefits in an amount the Company believes is appropriate, taking into account the time it is expected to take a separated executive to find another job. Separation benefits are intended to ease the consequences to the executive of an unexpected termination of employment. The Company requires a general release with non-compete and non-solicitation provisions in connection with the individual separation agreements.

We consider it likely that it will take more time for higher-level employees to find new employment commensurate with their prior experience, and therefore senior management generally are paid severance for a longer period. Additional payments may be approved by the Committee in some circumstances as a result of negotiation with executives, especially where the Company desires particular non-disparagement, cooperation with litigation, non-competition and non-solicitation terms.

The employment agreement for each of Messrs. Johnson, Goudis and Chapman and the severance agreement for each of Messrs. Walsh and Mr. DeSimone specifically details various provisions for benefits and cash payments in the event of a separation. Generally, these agreements provide for certain benefits upon death, disability, resignation by the executive with good reason or termination by the Company without cause. They also provide for the acceleration of unvested equity awards in connection with a change in control.

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The employment agreements and equity compensation awards granted to Messrs. Johnson, Goudis and Chapman contain change in control and termination provisions. In general, these arrangements provide for benefits upon a termination of such executive s employment in connection with a change in control. These arrangements are intended to preserve morale and productivity and encourage retention in the face of the disruptive impact of a change in control of the Company. Based on a competitive analysis of the severance and change in control arrangements maintained by the corporations in the Herbalife Peer Group, the Committee believes that these benefits are customary among the Herbalife Peer Group for executives in similar positions as these three executives.

Please refer to the discussion below under Potential Payments Upon Termination or Change in Control for a more detailed discussion of our severance and change in control arrangements.

**Peer Group**

We believe that it is appropriate to offer industry competitive cash and equity compensation to our senior executives in support of our objective to assemble and maintain a highly performing management team. To help us in our evaluation of compensation, Pay Governance analyzed publicly available information, including proxy data, as well as recent market trends and certain compensation surveys. Our level of compensation for our executive officers was compared to compensation paid by the Herbalife Peer Group. The criteria used to identify the Herbalife Peer Group were: (1) industry we compete for talent with those highly regulated consumer product companies and general industry companies of similar size; (2) business complexity Herbalife operates in 81 countries around the world in a highly regulated business where approximately 80% of its revenues are generated outside of the United States; and (3) financial scope our management talent should be similar to that of companies of a similar size in terms of revenues and market capitalization.

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With respect to pay decisions regarding 2011 named executive officer compensation, the industry peer group was comprised of 17 companies. All of the peer companies were within 50% and 200% of Herbalife annual revenues, market capitalization, or both. The industry peer group median revenue of $3.7 billion and median market capitalization of $8.0 billion were comparable to those of Herbalife, particularly after considering Herbalife s revenue and marketing capitalization growth rates. During this period, the Herbalife Peer Group consisted of the following:

| Company Name | 12 Month Revenue as of 12/31/11 ($ Millions) | Market Capitalization 12/31/11 ($ Millions) |
|---|---|---|
| Avon Products Inc. | 11,292 | 8,037 |
| Estee Lauder Companies Inc. | 9,441 | 22,622 |
| Sara Lee Corp. | 9,020 | 12,914 |
| Hershey Co. | 6,081 | 13,831 |
| Dr. Pepper Snapple Group, Inc. | 5,903 | 8,016 |
| The Clorox Company | 5,312 | 8,766 |
| The J. M. Smucker Company | 5,202 | 8,656 |
| Energizer Holdings Inc. | 4,667 | 4,965 |
| McCormick & Co. Inc. | 3,698 | 6,759 |
| Mead Johnson Nutrition Company | 3,677 | 15,939 |
| Perrigo Co. | 2,960 | 9,871 |
| International Flavors & Fragrances Inc. | 2,788 | 4,603 |
| Church & Dwight Co. Inc. | 2,749 | 6,841 |
| Tupperware Brands Corporation | 2,585 | 3,503 |
| Weight Watchers International, Inc. | 1,819 | 5,743 |
| Nu Skin Enterprises Inc. | 1,744 | 3,617 |
| Monster Beverage Corporation | 1,703 | 10,213 |
| ***Median*** | ***3,698*** | ***8,037*** |
| Herbalife Ltd. | 3,455 | 7,844 |

**Tax Implications**

***Section 162(m) of the Code***

Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, limits deductions for certain executive compensation in excess of $1,000,000 in any fiscal year. Certain types of compensation are deductible only if performance criteria are specified in detail and payments are contingent on stockholder approval of the compensation arrangement. We attempt to structure our compensation arrangements to achieve deductibility under Section 162(m), unless the benefit of such deductibility is outweighed by the need for flexibility or the attainment of other corporate objectives. Cash payments made in 2011 under our Annual Incentive Plan and SAR awards made in 2011 under our Long Term Incentive Plan constitute performance based compensation within the meaning of Section 162(m) and therefore should be deductible. The Committee will continue to monitor issues concerning the deductibility of executive compensation and will take appropriate action if and when it is warranted. Since corporate objectives may not always be consistent with the requirements for full deductibility, the Committee is prepared, if it deems appropriate, to enter into compensation arrangements under which payments may not be deductible under Section 162(m). Thus, deductibility will not be the sole factor used by the Committee in ascertaining appropriate levels or modes of compensation.

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*Section 280G of the Code*

Section 280G of the Code disallows a company s tax deduction for what are defined as excess parachute payments and Section 4999 of the Code imposes a 20% excise tax on any person who receives excess parachute payments in connection with a change in control. Mr. Johnson, as part of his employment agreement entered into in March 2008, would be provided with tax gross-up payments in the event any change in control payments that may be payable under his agreement become subject to this excise tax. The Committee believes that the provision of tax gross-up protection is appropriate and necessary for his retention and consistent with the current practices of the industry peer group. Please refer to the discussion under Potential Payments upon Termination or Change in Control for more detail on the potential gross-up payments and lost tax deductions. The committee will reconsider the appropriateness of the gross-up for Mr. Johnson upon the negotiation of a new employment agreement, if any.

**Compensation Committee Report**

The Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on its review and discussion with management, the Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

**COMPENSATION COMMITTEE OF**

**THE BOARD OF DIRECTORS**

Richard P. Bermingham, Chairman

Carole Black

Murray H. Dashe

Jeffrey T. Dunn

**Executive Officers of the Registrant**

Set forth below is certain information as of the date hereof regarding each named executive officer.

| Name | Age | Position with the Company | Officer Since |
|---|---|---|---|
| Michael O. Johnson | 57 | Chief Executive Officer, Director, and Chairman of the Board | 2003 |
| Desmond Walsh | 55 | President | 2006 |
| Richard Goudis | 50 | Chief Operating Officer | 2004 |
| Brett R. Chapman | 56 | General Counsel and Corporate Secretary | 2003 |
| John DeSimone | 45 | Chief Financial Officer | 2009 |

*Michael O. Johnson* is Chairman and Chief Executive Officer of the Company. Mr. Johnson joined the Company in April 2003 as Chief Executive Officer and became Chairman of the Board in May 2007. Before joining the Company Mr. Johnson spent 17 years with The Walt Disney Company, where he most recently served as President of Walt Disney International, and also served as President of Asia Pacific for The Walt Disney Company and President of Buena Vista Home Entertainment. Mr. Johnson has also previously served as a publisher of *Audio Times* magazine, and has directed the regional sales efforts of Warner Amex Satellite Entertainment Company for three of its television channels, including MTV, Nickelodeon and The Movie Channel. Mr. Johnson formerly served as a director of Univision Communications, Inc., a television company serving Spanish-speaking Americans, and served on the Board of Regents for Loyola High School of Los Angeles. Mr. Johnson received his Bachelor of Arts in Political Science from Western State College.

*Desmond Walsh* is the President of the Company and has held this position since January 2010. Mr. Walsh joined the Company in January 2004 as Senior Vice President, Worldwide Distributor Sales and was promoted to Executive Vice President for Worldwide Operations and Sales in April 2008. From 2001 to 2004, Mr. Walsh served as the Senior Vice President of the commercial division of DMX Music. Prior to DMX Music, Mr. Walsh

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spent five years as Vice President and General Manager of Supercomm, Inc., a subsidiary of the Walt Disney Company. Mr. Walsh also previously served in management positions at MovieQuik Systems, a division of The Southland Corporation (now 7-Eleven) and at Commtron Corporation, a leading consumer electronics and video distribution company. Mr. Walsh received his Bachelor of Laws degree from the University of London.

*Richard Goudis* is Chief Operating Officer of the Company and has held this position since January 2010. Mr. Goudis joined the Company in June 2004 as Chief Financial Officer after serving as the Chief Operating Officer of Rexall Sundown, a Nasdaq 100 company that was sold to Royal Numico in 2000, from 1998 to 2001. After the sale to Royal Numico, Mr. Goudis had operations responsibility for all of Royal Numico s U.S. investments, including General Nutrition Centers, or GNC, Unicity International and Rexall Sundown. From 2002 to May 2004, Mr. Goudis was a partner at Flamingo Capital Partners, a firm he founded in 2002. Mr. Goudis also previously worked at Sunbeam Corporation and Pratt & Whitney. Mr. Goudis graduated from the University of Massachusetts with a degree in Accounting and he received his MBA from Nova Southeastern University.

*Brett R. Chapman* is General Counsel and Corporate Secretary of the Company and has held these positions since October 2003. Before joining the Company in October 2003, Mr. Chapman spent thirteen years at The Walt Disney Company, most recently as its Senior Vice President and Deputy General Counsel, with responsibility for all legal matters relating to Disney s Media Networks Group, including the ABC Television Network, the company s cable properties including The Disney Channel and ESPN, and Disney s radio and internet businesses. Prior to working at The Walt Disney Company, Mr. Chapman was an associate at the law firm of Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Chapman received his Bachelor of Science and Master of Science in Business Administration from California State University, Northridge and his Juris Doctorate from Southwestern University School of Law.

*John DeSimone* is Chief Financial Officer of the Company and has held this position since January 2010. Mr. DeSimone joined the Company in November 2007 as Senior Vice President Finance and was promoted to the position of Senior Vice President Finance & Distributor Operations in December 2008. From June 2004 through October 2007, Mr. DeSimone served as the Chief Executive Officer of Mobile Ventures, LLC (formerly known as Autoware, Inc.), an automotive aftermarket accessory distributor and retailer. Prior to working at Mobile Ventures, LLC, Mr. DeSimone previously served as the Controller, Vice President of Finance and Chief Financial Officer of Rexall Sundown, Inc., a multinational manufacturer and distributor of nutritional supplements and sports nutrition products that was publicly traded while Mr. DeSimone served as its Controller and Vice President of Finance. Mr. DeSimone received his Bachelor of Science in Business Administration from Bryant College (now known as Bryant University).

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**2011 Summary Compensation Table**

The following table sets forth the total compensation for the fiscal years ended December 31, 2011, 2010 and 2009, of the Company s Chairman and Chief Executive Officer, Chief Financial Officer, and each of the three other most highly compensated executive officers.

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards ($)(1) | Option Awards ($)(1) | Non-Equity Incentive Plan Compensation ($)(2) | All Other Compensation ($)(3) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| Michael O. Johnson | 2011 | 1,230,000 | | | 19,549,982 | 3,690,000 | 100,543 | 24,570,525 |
| *Chairman and Chief* | 2010 | 1,229,998 | | 2,052,066 | 1,250,418 | 3,690,000 | 338,857 | 8,561,339 |
| *Executive Officer* | 2009 | 1,200,000 | | 1,197,783 | 921,500 | 2,928,000 | 120,757 | 6,368,040 |
| Desmond Walsh | 2011 | 650,000 | | | 1,252,994 | 1,040,000 | 56,151 | 2,999,145 |
| *President* | 2010 | 650,001 | | 776,238 | 1,729,027 | 1,040,000 | 174,582 | 4,369,848 |
| | 2009 | 575,000 | | 475,177 | 368,622 | 500,250 | 78,551 | 1,997,600 |
| Richard Goudis | 2011 | 650,000 | | | 1,252,994 | 1,040,000 | 71,813 | 3,014,807 |
| *Chief Operating* | 2010 | 650,001 | | 821,695 | 1,729,027 | 1,040,000 | 186,799 | 4,427,522 |
| *Officer* | 2009 | 606,375 | | 414,056 | 320,872 | 454,781 | 66,446 | 1,862,530 |
| Brett R. Chapman | 2011 | 615,500 | | | 900,007 | 609,345 | 60,485 | 2,185,337 |
| *General Counsel and* | 2010 | 598,389 | | 490,840 | 359,612 | 609,345 | 161,026 | 2,219,212 |
| *Corporate Secretary* | 2009 | 550,000 | | 352,949 | 273,122 | 412,500 | 75,678 | 1,664,249 |
| John DeSimone | 2011 | 525,000 | | | 900,007 | 519,750 | 43,300 | 1,988,057 |
| *Chief Financial Officer* | 2010 | 451,443 | | 359,516 | 1,094,496 | 519,750 | 100,921 | 2,526,126 |

(1) Amounts represent the aggregate grant date fair value of the relevant award(s) presented in accordance with ASC Topic 718, Compensation Stock Compensation. See note 9 of the notes to consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011 regarding assumptions underlying valuation of equity awards.

(2) Incentive plan amounts determined as more specifically discussed under Compensation Discussion and Analysis Annual Incentive Awards Targets and Determination.

(3) Individual breakdowns of amounts set forth in All Other Compensation for 2011 are as follows:

| Name | Deferred Compensation Plan Matching Contributions $ | Medical Plans $ | Financial Planning Services $ | Other Benefits(A) $ | Total All Other Compensation $ |
|---|---|---|---|---|---|
| Michael O. Johnson | 43,057 | 12,632 | 20,000 | 24,854 | 100,543 |
| Desmond Walsh | 22,757 | 4,304 | 13,750 | 15,340 | 56,151 |
| Richard Goudis | 22,756 | 12,632 | 15,000 | 21,425 | 71,813 |
| Brett R. Chapman | 18,469 | 12,632 | 15,000 | 14,384 | 60,485 |
| John DeSimone | 18,378 | 12,632 | | 12,290 | 43,300 |

(A)

Other Benefits includes Company contributions with respect to each named executive officer under the Company s Executive Long-Term Disability Plan, Executive Life Insurance Plan, Executive Health Benefits program and 401(k) Tax-Sheltered Savings Plan.

**2011 Grants of Plan-Based Awards**

The following table sets forth all grants of plan-based awards made to the named executive officers during the fiscal year ended December 31, 2011. For further discussion regarding the grants see Compensation Discussion and Analysis Annual Incentive Awards Long Term Incentive Awards.

| | | Estimated Future Payouts Under Non-Equity Incentive Plan Awards | | | Estimated Future Payouts Under Equity Incentive Plan Awards | All Other Option Awards: Number of Securities Underlying SARs | Exercise or Base Price of SAR Awards | Grant Date Fair Value of SAR Awards |
|---|---|---|---|---|---|---|---|---|
| **Name** | **Grant Date(1)** | **Threshold ($)** | **Target ($)** | **Maximum ($)** | **Target ($)** | **(#)** | **($/sh)** | **($)** |
| Michael O. Johnson | | $ 845,625 | $ 1,845,000 | $ 3,690,000 | | | | |
| | 05/18/2011 | | | | | 210,648 | 53.29 | 21.60 |
| | 08/04/2011 | | | | $ 15,000,000 | 863,557 | 57.98 | 17.37 |
| Desmond Walsh | | | $ 520,000 | $ 1,040,000 | | | | |
| | 05/18/2011 | | | | | 58,009 | 53.29 | 21.60 |
| Richard Goudis | | | $ 520,000 | $ 1,040,000 | | | | |
| | 05/18/2011 | | | | | 58,009 | 53.29 | 21.60 |
| Brett R. Chapman | | | $ 338,525 | $ 609,345 | | | | |
| | 05/18/2011 | | | | | 41,667 | 53.29 | 21.60 |
| John DeSimone | | | $ 288,750 | $ 519,750 | | | | |
| | 05/18/2011 | | | | | 41,667 | 53.29 | 21.60 |

(1) All equity grants reflected in this table were made under the Company s Amended and Restated 2005 Stock Incentive Plan, or the 2005 Plan, and were made following and reflect our May 17, 2011 two-for-one stock split.

(2) Computed by measuring the aggregate grant date fair value of the relevant award(s) presented in accordance with ASC Topic 718, Compensation Stock Compensation. See note 9 of the notes to consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011 regarding assumptions underlying valuation of equity awards.

**Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards**

We have entered into employment agreements and award agreements with respect to grants made under the 2005 Plan with each of Messrs. Johnson, Goudis and Chapman, certain terms of which are summarized below. A more detailed description of payments that would be due to the named executive officers in connection with certain terminations or a change in control of the Company is set forth under Potential Payments Upon Termination or Change in Control.

*Michael O. Johnson.* The Company and one of our subsidiaries, Herbalife International of America, Inc., or Herbalife America, entered into an executive employment agreement with Mr. Johnson effective as of March 27, 2008, or the Johnson Employment Agreement, pursuant to which he serves as the Company s Chairman and Chief Executive Officer.

Pursuant to the Johnson Employment Agreement, Mr. Johnson currently receives an annual salary of $1,230,000. Mr. Johnson is also eligible to receive an annual cash bonus in an amount based on targets that are established annually by the Board of Directors. In addition to his salary and bonus, Mr. Johnson is also entitled to participate in or receive benefits under each benefit plan or arrangement made available to the Company s senior executives on terms no less favorable than those generally applicable to senior executives of Herbalife America.

On August 4, 2011, Mr. Johnson was granted the 2011 SARs, with the exact number that ultimately vest and become exercisable to be determined by the extent to which the Company meets certain Volume Point performance targets determined by the compensation committee and the average closing price of the Company s Common Shares during the month of December 2014 reaching a certain level. If these targets are met, the 2011 SARs will vest and become exercisable on December 31, 2014, subject to Mr. Johnson s continued employment as an executive officer of the Company through that date. The SARs are also subject to full vesting acceleration upon the occurrence prior to December 31, 2014 of a Change of Control or a termination of Mr. Johnson s employment by the Company without Cause, by Mr. Johnson for Good Reason or as a result of Mr. Johnson s death or Disability, each as defined below under Potential Payments Upon Termination or Change in Control Mr. Johnson ; in each case, subject to the achievement by the Company prior to such event (or, with respect to a Change of Control, as a result of such event) of an alternative Volume Point performance target determined by the compensation committee.

*Richard Goudis.* We and Herbalife America have also entered into an executive employment agreement with Mr. Goudis effective January 1, 2010 and as amended on December 28, 2010, or the Goudis Employment Agreement. Pursuant to the Goudis Employment Agreement, Mr. Goudis serves as Herbalife America s Chief Operating Officer. Mr. Goudis base salary is $650,000. Should the Company adopt an across-the-board reduction in salaries for senior executives and its Chief Executive Officer, then Mr. Goudis salary shall be reduced by a percentage equal to the smallest percentage reduction imposed on any senior executive or the Chief Executive Officer, but in no case shall such reduction exceed ten percent. Pursuant to the Goudis Employment Agreement, should the Company achieve certain targets established by the compensation committee, Mr. Goudis shall be entitled to a target bonus of no less than 80% of his annual salary for the year in question. Mr. Goudis is entitled to participate in the Company s employee benefit plans and arrangements made available to the Company s most senior executives excluding the Chief Executive Officer, as well as the Company s long-term incentive plan for senior executives excluding the Chief Executive Officer.

*Brett R. Chapman.* We and Herbalife America have also entered into an executive employment agreement with Mr. Chapman effective as of July 28, 2010 and as amended on December 26, 2010, or the Chapman Employment Agreement. Pursuant to the Chapman Employment Agreement, Mr. Chapman serves as Herbalife America s General Counsel and Corporate Secretary. Mr. Chapman s base salary, effective June 1, 2010, is $615,500. Should the Company adopt an across-the-board reduction in salaries for senior executives and its Chief Executive Officer, then Mr. Chapman s salary shall be reduced by a percentage equal to the smallest percentage reduction imposed on any senior executive or the Chief Executive Officer, but in no case shall such reduction exceed ten percent. Pursuant to the Chapman Employment Agreement, should the Company achieve certain targets established by the compensation committee, Mr. Chapman shall be entitled to a target bonus of no less than 55% of his annual salary for the year in question. Mr. Chapman is entitled to participate in the Company s employee benefit plans and arrangements made available to the Company s most senior executives, including the Chief Operating Officer but excluding the Chief Executive Officer, as well as the Company s long-term incentive plan for senior executives, including the Chief Operating Officer but excluding the Chief Executive Officer.

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**Outstanding Equity Awards at 2011 Fiscal Year-End**

The following table sets forth equity awards of the named executive officers outstanding as of December 31, 2011, adjusted to reflect our May 17, 2011 two-for-one stock split.

| | Options/Stock Appreciation Rights Awards | | | | | | Stock Awards | |
|---|---|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options/ SARs (#) Exercisable | Number of Securities Underlying Unexercised Options/ SARs (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options/SARs (#) | Exercise Price ($) | Grant Date | Expiration Date | Number of Shares or Units of Stock That Have Not Vested(1) (#) | Market Value of Shares or Units of Stock That Have Not Vested(2) ($) |
| Michael O. Johnson | 197,060 | | | 8.80 | 04/03/2003 | 04/03/2013 (3) | 209,679 (8) | 10,834,114 |
| | 591,184 | | | 12.32 | 04/03/2003 | 04/03/2013 (3) | | |
| | 1,000,000 | | | 7.75 | 12/01/2004 | 12/01/2014 (3) | | |
| | 250,000 | | | 7.50 | 04/27/2005 | 04/27/2015 (3) | | |
| | 280,000 | | | 16.40 | 03/23/2006 | 03/23/2016 (3) | | |
| | 290,000 | | | 20.13 | 05/29/2007 | 05/29/2017 (4) | | |
| | 240,000 | | | 21.57 | 02/28/2008 | 02/28/2018 (4) | | |
| | | 727,340 | | 24.32 | 03/27/2008 | 03/27/2015 (5) | | |
| | | 792,240 | | 24.32 | 03/27/2008 | 03/27/2015 (5) | | |
| | 96,000 | 144,000 | | 6.82 | 02/27/2009 | 02/27/2019 (4) | | |
| | | 250,000 | | 6.82 | 02/27/2009 | 02/27/2019 (6) | | |
| | 26,483 | 105,933 | | 22.94 | 05/07/2010 | 05/07/2020 (4) | | |
| | | 210,648 | | 53.29 | 05/18/2011 | 05/18/2021 (4) | | |
| | | | 863,557 | 57.98 | 08/04/2011 | 08/03/2018 (7) | | |
| Desmond Walsh | 50,000 | | | | | | | |