HERBALIFE LTD.
Form DEF 14A
March 16, 2009

Table of Contents

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 o

Check the appropriate box:

o Preliminary Proxy Statement
þ Definitive Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
o Definitive Additional Materials
o 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.
o 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):

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o Fee paid previously with preliminary materials.o 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:

Table of Contents

HERBALIFE LTD.

March 16, 2009

Dear Fellow Shareholder:

We are pleased to enclose information about the 2009 Annual General Meeting of Shareholders, or the Meeting, of Herbalife Ltd., or the Company, to be held on Thursday, April 30, 2009 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 enclosed Proxy Statement, at the Meeting you will be asked to consider proposals to:

1. Elect three directors, each for a term of three years;

2. Ratify the appointment of the Company s independent registered public accountants for fiscal 2009; and

3. 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 FOR THEIR APPROVAL.

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 or proxy card.

Table of Contents

HERBALIFE LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
To Be Held Thursday, April 30, 2009

To the Shareholders:

NOTICE IS HEREBY GIVEN that the 2009 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 30, 2009 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. To elect three directors, each for a term of three years;

2. To ratify the appointment of the Company s independent registered public accountants for fiscal 2009; and

3. To 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 (2007 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 March 2, 2009, 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 or proxy card.**

Sincerely,

BRETT R. CHAPMAN
General Counsel and Corporate Secretary

Los Angeles, California
March 16, 2009

Table of Contents

HERBALIFE LTD.

PROXY STATEMENT FOR 2009
ANNUAL GENERAL MEETING OF SHAREHOLDERS

Herbalife Ltd., also referred to as we, our, us, Herbalife or the Company, is calling its 2009 Annual General Meeting of Shareholders, or the Meeting, to be held on Thursday, April 30, 2009 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 three directors, each for a term of three years;

2. Ratify the appointment of the Company s independent registered public accountants for fiscal 2009; and

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

Our Board of Directors unanimously recommends that you vote in favor of the proposals outlined herein. **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 or 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 16, 2009, and is first being made available to shareholders of the Company on or about March 20, 2009. A Notice Regarding Internet Availability of Proxy Materials for the Annual General Meeting was mailed to shareholders of the Company on or about March 20, 2009, which contained instructions on how to access our proxy materials, including our Proxy Statement and Annual Report.

Table of Contents

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 30, 2009, 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 executive offices of the Company s wholly-owned U.S. subsidiary, Herbalife International, Inc., at 800 W. Olympic Blvd., Los Angeles, California 90015. Our telephone number is (213) 745-0500.

Internet Availability of Proxy Materials. Under rules recently 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 March 20, 2009, we mailed 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 March 2, 2009, 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 61,498,148 Common Shares were issued and outstanding and held of record by 929 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 election of directors and 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 three 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.

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

Table of Contents

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 30, 2009.
The Proxy Statement and Annual Report to Shareholders are available at http://bnymellon.mobular.net/bnymellon/hlf

Table of Contents

PROPOSAL 1:

THE ELECTION OF DIRECTORS

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 eight. 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. 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 2010 and 2011, respectively. Currently Class I has three directors, Class II has two directors, and Class III has two directors.

The nominees for Class II directors are to be voted upon at the Meeting. The Board of Directors has nominated Pedro Cardoso, Murray H. Dashe and Colombe M. Nicholas for election as Class II directors to serve three-year terms expiring at the 2012 annual general meeting. Valeria Rico, a former Class II director, resigned from the Board on March 6, 2009. Leon Waisbein, a Class II director, has notified the Board of his decision to not stand for reelection. We are very sorry to report that Mr. Gaba, a member of the Company s Board of Directors since 2008, passed away on March 9, 2009. Mr. Gaba served as a Class III director.

The Company did not receive any shareholder nominations for director.

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 three. 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.

The table below sets forth information about the three nominees and the directors whose terms of office continue beyond the Meeting.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR PEDRO CARDOSO, MURRAY H. DASHE AND COLOMBE M. NICHOLAS.

NOMINEES

Name and Experience	Class	Director Since
Pedro Cardoso, age 42, has been an independent Herbalife distributor for 17 years and a member of the Chairman s Club since 2005. Mr. Cardoso has built a successful organization of Herbalife independent distributors in more than 20 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.	II	

Murray H. Dashe, age 66, currently retired, has been a member of the Board of Directors of Union Bank of California NA since 2006. Mr. Dashe was a member of the Board of Directors of Longs Drug Stores Corporation from 2002 until November 2008 and served as its Lead Independent Director from May 2006 through November 2008. From 1997 to 2005 he was with Cost Plus World Market where he most recently served as its Chairman, President and Chief Executive Officer. Mr. Dashe received his Bachelor of Arts in Economics from Albright College and his Master of Arts in Industrial Relations from Saint Francis University.	II

Name and Experience	Class	Director Since
Colombe M. Nicholas, age 64, 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 this 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 Tandy Brand Accessories, the Business Advisory Board of Hilco Consumer Capital and the Business Advisory Board of the University of Cincinnati College of Law. 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.	II	2006

CONTINUING DIRECTORS

Name and Experience	Class	Director Since
Leroy T. Barnes, Jr., age 57, 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 Newspaper Company, Inc., a newspaper and Internet publisher, and Frontier Communications, Inc., a telecommunications-focused company.	III	2004
Richard P. Bermingham, age 69, currently retired, has over 40 years of business experience. Mr. Bermingham has been engaged in real estate development and investing activities as a private investor during the past several years. 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 EaglePicher Corp., Special Value Expansion Fund, LLC, Interactive Health, Inc. and Joe s Crab Shack. Additionally, Mr. Bermingham served on 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.	III	2004
Lawrence M. Higby, age 63, has been Advisor and Vice Chairman of Apria Healthcare Group Inc. since October 2008. He served as Chief Executive Officer of Apria Healthcare Group Inc. from 2002 to 2008, and from 1997 to 2004 served as its President and Chief Operating Officer. Prior to joining Apria Healthcare Group Inc. Mr. Higby served as President and Chief Operating Officer of Unocal s 76 Products Company and Group Vice President of Unocal Corporation. Earlier in his career he held various positions with the Times Mirror Company, Americas Pharmacy Inc., and PepsiCo. Mr. Higby serves as a Board Member of the	I	2009

Automobile Club of Southern California and eHealth, Inc. He served as a Director of William Lyon Homes from 2006 to 2007 and as a Director of Apria Healthcare Group Inc. from 2002 to 2008. Mr. Higby received a Bachelor of Arts in Political Science from the University of California, Los Angeles.

Name and Experience	Class	Director Since
Michael O. Johnson, age 54, is Chairman and Chief Executive Officer of the Company. Mr. Johnson joined the Company in April 2003 after 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 served as a director of Univision Communications, Inc., a television company serving Spanish-speaking Americans until March 29, 2007 and serves on the board of Loyola High School of Los Angeles. Mr. Johnson received his Bachelor of Arts in Political Science from Western State College.	I	2003
John Tartol, age 57, has been an independent Herbalife distributor for 27 years and a member of the 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.	I	2005

THE BOARD OF DIRECTORS

Director Independence

Our Board of Directors has affirmatively determined that each of Messrs. Barnes, Bermingham and Higby and Mme. Nicholas is, and Mme. Rico and Mr. Gaba were, during their tenures, 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 attached hereto as Appendix A. The NYSE s independence guidelines and the Company s Categorical Standards include a series of objective tests, such as the director is not an employee of the Company and has not engaged in various types of business dealings involving the Company which would prevent a director from being independent. The Board of Directors has affirmatively determined that none of the Company s independent directors had any relationship with the Company.

Board Meetings

The Board of Directors met 10 times during fiscal 2008. 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 the Board of Directors, or such committees. Under the Company s Principles of Corporate Governance, which are available on the Company s website *www.herbalife.com*, by following the links through Investor Relations to Corporate Governance, 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 then-current members of the board of directors attended the 2008 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 of Directors has created the position of Director In Charge of Executive Sessions to preside over executive sessions of non-management directors. The position is filled by rotating independent directors with each serving a one year term. Colombe Nicholas currently serves as the Director In Charge of Executive Sessions.

2008 Director Compensation

The table below summarizes the compensation paid by the Company to non-management directors for the fiscal year ended December 31, 2008.

Name	Fees Earned or Paid in Cash($)	Stock Awards ($)(1)	Total ($)
Leroy T. Barnes, Jr.	119,500	101,609	221,109
Richard P. Bermingham	124,500	101,609	226,109
Hal Gaba	55,375	89,949	145,324
Colombe M. Nicholas	102,000	101,609	203,609
Valeria Rico	97,167	101,609	198,776
John Tartol	54,000		54,000
Leon Waisbein	46,000		46,000
Peter Maslen(2)	1,597	5,468	7,065

(1) Amounts represent the dollar expense recognized for financial statement reporting purposes with respect to the fiscal year in accordance with SFAS No. 123R, Share Based Payments. 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, 2008 regarding assumptions underlying valuation of equity awards.

(2) Mr. Maslen retired from the Board effective January 23, 2008.

Each non-management director receives $25,000 per year for services as a director and $5,000 for each board committee on which the director serves (an additional $20,000 per year for the chair of the audit committee and for the chair of the compensation committee, and an additional $10,000 for the chair of the nominating and corporate governance committee). In addition, non-management directors receive (1) $5,000 for each board meeting attended by the director in person or $1,000 per board meeting attended telephonically, (2) $3,500 for each audit committee meeting attended either in person or telephonically, and (3) $2,500 for each compensation committee meeting and for each nominating and corporate governance committee meeting attended either in person or telephonically. Independent directors also receive a $100,000 equivalent annual equity grant.

The Company has adopted stock ownership guidelines applicable to each non-management director. Specifically, each non-management director is encouraged to acquire and hold a number of Common Shares equal to five times such director s annual retainer within two years of such director s appointment or election to the Board of Directors.

Table of Contents

The table below summarizes the equity based awards held by the Company s non-management directors as of December 31, 2008.

	Options Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-Exercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (1) ($)
Leroy T. Barnes, Jr.	15,625		14.00	12/15/2014	635	13,767
Richard P. Bermingham	7,500		14.00	12/15/2014	635	13,767
Hal Gaba					621	13,463
Colombe M. Nicholas					635	13,767
Valeria Rico					635	13,767
John Tartol						
Leon Waisbein						
Peter Maslen						

(1) Market value based on the closing price of a Common Share on the NYSE on December 31, 2008 of $21.68.

Effective January 15, 2006, the Company established the Independent Directors Deferred Compensation and Stock Unit Plan, or the Independent Directors Plan, for the award of restricted stock units, or RSUs, to independent directors and to allow for deferral of compensation realized in connection with such RSUs and other director compensation. The purpose of the Independent Directors Plan is to promote the long term financial interest and growth of the Company by attracting and retaining independent directors who can make a substantial contribution to the success of the Company, and to motivate and to align their interests with those of the equity holders. The Independent Directors Plan is part of the Herbalife Ltd. 2005 Stock Incentive Plan. Effective January 27, 2009, the Independent Directors Plan and award agreements granted thereunder were amended to eliminate the ability to make further deferrals of compensation by independent directors. In addition, the Independent Directors Plan was amended such that awards to independent directors in 2009 and thereafter will be in the form of stock-settled stock appreciation rights, or SARs, instead of RSUs.

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 Colombe Nicholas in her capacity as the Director In Charge of Executive Sessions, 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 letters 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 correspondence 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, 2008 to April 1, 2008, the audit committee consisted of Messrs. Barnes and Bermingham and Ms. Rico, each of whom is independent as discussed above under Director Independence. From April 1, 2008 to March 9, 2009, the audit committee consisted of Messrs. Barnes, Bermingham and Gaba, each of whom is or was independent as discussed above under Director Independence. Mr. Gaba passed away on March 9, 2009. Since March 10, 2009, the audit committee has consisted of Messrs. Barnes, Bermingham and Higby, each of whom is 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 and Higby are, and Mr. Gaba and Ms. Rico (while on the audit committee) were, financially literate, and that Mr. Bermingham is an audit committee financial expert, as defined in Item 407(d)(5) of Regulation S-K. Mr. Barnes currently serves on the audit committee of two public companies in addition to that of the Company and, through October 20, 2008, had also served on the audit committee of Longs Drug Stores Corporation. As required by Rule 303A.07 of the NYSE Listed Company Manual, the Board of Directors had affirmatively determined that Mr. Barnes simultaneous service on the audit committee of more than three public companies would not impair his ability to effectively serve on the Company s audit committee. As a result of his departure from the audit committee of Longs Drug Stores, Mr. Barnes no longer serves on the audit committee of more than three public companies.

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 fiscal 2008, the audit committee met six times.

Nominating and Corporate Governance Committee

From January 1, 2008 to March 6, 2009, the nominating and corporate governance committee consisted of Mmes. Nicholas and Rico and Mr. Barnes, each of whom is or was independent as discussed above under Director Independence. Ms. Rico resigned from the Board on March 6, 2009. Since March 9, 2009, the nominating and corporate governance committee has consisted of Mme. Nicholas and Messrs. Barnes and Bermingham, each of whom 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.

Working closely with the full Board of Directors, the nominating and corporate governance committee develops criteria for open board positions, 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. Applying these criteria, the nominating and corporate governance committee considers candidates for director suggested by its members and other directors, as well 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.

Once the nominating and corporate governance committee has identified a prospective nominee, whether the prospective nominee is recommended by a shareholder or otherwise, it makes an initial determination as to whether to conduct a full evaluation. In making this determination, the nominating and corporate governance committee considers the information provided to the committee with the recommendation of the candidate as well as the nominating and corporate governance committee s own knowledge, supplemented as appropriate by inquiries to third parties. The preliminary determination is based primarily on the need for additional directors and the likelihood that the prospective nominee can satisfy the criteria that the nominating and corporate governance committee has established. If the committee determines, in consultation with the Chairman of the Board of Directors and other directors as appropriate, that additional consideration is warranted, it may request the third-party search firm to gather additional information about the prospective nominee s background and experience and to report its findings to the nominating and corporate governance committee. The nominating and corporate governance committee then evaluates the prospective nominee s qualifications against any specific criteria that it may establish for the position, as well as the standards and qualifications set out in the Company s Principles of Corporate Governance. Among other things, the committee considers the candidate s:

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.

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 fiscal 2008, the nominating and corporate governance committee met five times.

Compensation Committee

From January 1, 2008 to March 6, 2009, the compensation committee consisted of Mr. Bermingham and Mmes. Nicholas and Rico, each of whom is independent as discussed above under Director Independence. Ms. Rico resigned from the Board on March 6, 2009. Since March 9, 2009, the compensation committee has consisted of Mme. Nicholas and Messrs. Barnes and Bermingham, each of whom 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 Chief Executive Officer and other executive officers;
- to evaluate the performance of the Chief Executive Officer and recommend the compensation level of the Chief Executive Officer for approval by the independent members of the Board of Directors;

to evaluate the performance of certain executive officers and, considering the Chief Executive Officer 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. In fiscal 2008, the compensation committee met eight times.

Compensation Committee Interlocks and Insider Participation

During the fiscal year ended December 31, 2008, Messrs. Bermingham and Mme. Nicholas and Rico served on the compensation committee of the Board of Directors. During the fiscal year ended December 31, 2008, there were no relationships or transactions between the Company and any member of the compensation committee requiring disclosure hereunder.

PROPOSAL 2:

THE 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, 2009. Services provided to the Company and its subsidiaries by KPMG LLP in fiscal 2007 and 2008 are described under Fees to Independent Registered Public Accountants for Fiscal 2007 and 2008. Additional information regarding the audit committee is set forth in the Audit Committee Report.

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 RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS FOR FISCAL 2009.

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 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 2008 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.

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, 2008, which have been filed with the SEC. The audit committee also selected, subject to shareholder ratification, KPMG LLP to serve as our independent registered public accounting firm for the year ending December 31, 2009.

AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS

Leroy T. Barnes, Jr., *Chairman*
Richard P. Bermingham

Fees to Independent Registered Public Accountants for Fiscal 2007 and 2008

The following services were provided by KPMG LLP during fiscal 2007 and 2008:

	2007	2008
Audit Fees(1)	$ 2,764,000	$ 2,941,000
Audit-related fees		
Tax fees(2)	$ 758,000	$ 786,000
All other fees		
Total	$ 3,522,000	$ 3,727,000

(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, 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 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

The following Compensation Discussion and Analysis describes the material elements of the compensation and benefit programs for our executive officers identified in the 2008 Summary Compensation Table, or the Named Executive Officers. The Compensation Committee of the Board of Directors, or the Committee, has responsibility for establishing, developing and implementing such programs. Compensation and employment agreements for our Chairman and Chief Executive Officer, Michael O. Johnson, are recommended by the Committee. These recommendations are then approved by the independent members of our Board of Directors.

How Compensation is Established

The Committee approves the compensation and benefits programs for our Named Executive Officers (other than Mr. Johnson) with input from Mr. Johnson and the Committee s independent compensation advisor. With respect to Mr. Johnson s compensation, the Committee develops its recommendations with the assistance of its compensation advisor without input from management. Mr. Johnson makes recommendations to the Committee regarding the pay of the other Named Executives Officers. Recommendations regarding Mr. Johnson s compensation are then developed by the Committee and presented to the independent members of the Board of Directors for final approval.

Independent Compensation Advisor

The Committee has retained Towers Perrin, a nationally recognized compensation consulting firm, to assist the Committee in evaluating executive compensation programs and in setting executive officers compensation, although compensation decisions are made solely by the Committee (and, with respect to Mr. Johnson, the independent members of the Board of Directors). The use of an independent compensation advisor provides additional perspective so that the Committee can determine if our executive compensation programs are reasonable and consistent with our objectives (as described in more detail below). The advisor reports directly to the Committee. The advisor regularly participates in Committee meetings and advises the Committee with respect to compensation trends and best practices, plan design, and the reasonableness of individual compensation awards.

Overall Objectives of Executive Compensation Program

As a global leader in network marketing through independent distributors, we operate in an environment of challenging regulatory and political issues. Our success depends on the leadership of highly-talented, adaptive and dedicated executives who can apply the necessary skills to operate effectively in our unique business model. Thus, our compensation program for the Named Executive Officers provides highly-competitive rewards to executives who contribute to our success, which we define primarily by superior growth, profitability and shareholder returns.

The Committee believes that it advances shareholder interests to assemble and maintain a high-performing management team. Our compensation standards reflect the competitive market for the highly-talented executives that are required for our success. Because recruitment and retention of such executives generally requires highly-competitive pay, the Committee sets compensation targets for our executives in the upper end of the range of competitive practices. We also tie realization of compensation in our incentive plans to achievement of superior performance.

In developing our executive compensation program, the Committee was guided by the following underlying principles:

Our program should serve to attract and retain the talented executives necessary (see above) to support our independent distributors and advance shareholders interests in a way that is consistent with our overall philosophy of changing people s lives.

The program should provide superior pay for superior performance. We set performance targets for incentive plans that meet or exceed the high expectations of our shareholders.

The competitiveness of our pay should be established at the higher end of the range of pay practices of companies that operate in related markets and require similar executive skills and capabilities.

The mix of compensation between base salary, annual and long-term incentives should favor variable pay in order to emphasize pay for performance and should be balanced between annual and long-term compensation in order to promote sustainable growth in the value of the enterprise.

Long-term incentives should be provided in Company equity that encourage executives to think and act in the best interests of shareholders and reward them for successful implementation of our growth strategy.

Compensation programs should reinforce behaviors among our Named Executive Officers that demonstrate our adherence to our corporate Vision, Mission & Values statement.

Competitive Benchmarking

The Committee evaluates total direct compensation (consisting of base salary, annual cash incentive compensation, and long-term equity incentive compensation) for the Named Executive Officers relative to the upper end of the range among the Herbalife Peer Group (described in more detail below). However, actual base salary and target incentives for each Named Executive Officer are set by the Committee in consideration of the executive s current position in the pay range, sustained level of individual contribution, scope of responsibilities and level of capabilities and experience.

Each year the Committee assesses the competitiveness of each Named Executive Officer s target total direct compensation. For 2008 the Committee was aided in its assessment by competitive pay analyses prepared by Towers Perrin that reflected compensation program design and pay levels among the Herbalife Peer Group and from a Towers Perrin survey of more than 1,000 companies in general industry classification with revenues between $1 billion and $3 billion or pay that has been size-adjusted based on Herbalife s revenue size (approximately $2.4 billion). The survey data are not used as a benchmark for our Named Executive Officers but, rather, are used to verify that the pay levels reflected in the Herbalife Peer Group are consistent with those of similarly-sized companies generally.

For 2008, the Herbalife Peer Group was comprised of 19 corporations, which are either business competitors or corporations with which we compete for employees at the Named Executive Officer level, and which are similar in size to Herbalife, as measured by revenue and market capitalization. At $2.4 billion, the median 2008 revenue of the Herbalife Peer Group was essentially equal to that of Herbalife. Herbalife s market capitalization at the end of 2008 approximated the 25th percentile of the Herbalife Peer Group. The Committee reviews and makes adjustments to the corporations that comprise the Herbalife Peer Group annually to ensure that it remains appropriate. The Committee made no adjustments to the Herbalife Peer Group for 2008.

Table of Contents

The following table presents the Herbalife Peer Group list that was used for 2008.

Herbalife Peer Group (19 Companies)	Revenues (millions)	Market Capitalization (millions)
Alberto-Culver Company	$ 1,453	$ 2,403
Avon Products, Inc.	$ 10,690	$ 10,245
Church & Dwight Co., Inc.	$ 2,422	$ 3,927
Corn Products International, Inc.	$ 4,197	$ 2,136
Del Monte Corporation	$ 3,614	$ 1,412
Elizabeth Arden, Inc.	$ 1,101	$ 364
Energizer Holdings, Inc.	$ 4,184	$ 3,158
Estee Lauder Inc.	$ 7,836	$ 6,090
Flowers Foods, Inc.	$ 2,415	$ 2,259
Forest Laboratories, Inc.	$ 3,852	$ 7,682
International Flavors & Fragrances Inc.	$ 2,389	$ 2,338
McCormick & Company, Inc.	$ 3,177	$ 4,145
NBTY, Inc.	$ 2,329	$ 964
Nu Skin Enterprises, Inc.	$ 1,248	$ 663
Perrigo Company	$ 2,041	$ 2,977
Revlon, Inc.	$ 1,347	$ 348
The J.M. Smucker Company	$ 3,279	$ 2,379
Tupperware Brands Corporation	$ 2,162	$ 1,407
Weight Watchers International, Inc.	$ 1,568	$ 2,262
Peer Group:		
25th Percentile	$ 1,804	$ 1,409
50th Percentile	$ 2,415	$ 2,338
75th Percentile	$ 3,733	$ 3,543

Individual Pay Determination

To facilitate individual pay decisions, the Committee uses an executive grading structure in which each executive is assigned to a particular grade based on the range of competitive pay for their position and their relative responsibilities within Herbalife. Each pay grade has a salary range, target incentive opportunity, and a range of long-term equity incentive grant values. The Committee uses the pay grade structure as a framework for making individual pay decisions. Actual base salary and target incentives for each Named Executive Officer were set by the Committee in consideration of the executive s current position in the pay range, sustained level of individual contribution, scope of responsibilities and level of capabilities and experience.

Pay Elements

The compensation and benefits programs for our Named Executive Officers consist of:

Base salaries designed to appropriately reward each Named Executive Officer for his or her demonstrated performance, capabilities and experience;

Annual incentive compensation designed to focus the Named Executive Officers on the achievement of challenging operating objectives that drive growth in shareholder value;

Long-term equity incentive compensation in the form of SARs and RSUs designed to enable our Named Executive Officers to share in the value created for shareholders and to encourage successful executives to remain with the Company; and

Table of Contents

Other compensation and benefits intended to complete a competitive pay package for Named Executive Officers, consisting of:

Participation in broad-based and executive-level welfare benefit plans;

Participation in tax-qualified and nonqualified deferred compensation plans; and

Executive perquisites;

For Messrs. Johnson, Goudis, and Chapman, severance payments in the event of termination without cause; and

For Messrs. Johnson, Goudis, and Chapman, change in control payments and benefits designed to focus them on shareholder interests when considering strategic alternatives.

Mix of Compensation Elements

The mix of values in our compensation program for Named Executive Officers places emphasis on variable (at-risk) cash incentives and long term equity incentive compensation versus base salary and other fixed aspects in order to focus our Named Executive Officers on the achievement of our short-term operating and long-term strategic objectives. However, the Committee does not target a specified mix of compensation elements.

Base Salaries

Information from the competitive benchmarking studies described above is used to develop our salary range structure for each executive. The midpoint of the salary ranges is set at the 75th percentile. Individual base salaries for Named Executive Officers are reviewed in the fourth quarter of each year in preparation for the upcoming fiscal year. The review takes into consideration the incumbent s current position in range, scope of responsibilities, maturity in role, and demonstrated level of performance of duties. Our Chairman and Chief Executive Officer evaluates and proposes to the Committee changes in the base salaries for each of the other Named Executive Officers. At the same time, the Committee, separately and without the involvement of the Chairman and Chief Executive Officer, evaluates and proposes changes to the Chairman and Chief Executive Officer s base salary to the independent members of the Board of Directors.

The following table summarizes adjustments (if any) made to base salaries for the Named Executive Officers during 2008:

Named Executive Officer	Base Pay
Michael O. Johnson(1)	Increased 9.09% to $1,200,000
Desmond Walsh(2)	Increased 40.24% to $575,000
Richard Goudis(3)	Increased 5% to $606,375
Brett R. Chapman	No change
Steve Henig	No change
Paul Noack	No change

(1) Mr. Johnson s salary was increased by 9.09% in connection with his amended and restated employment agreement dated March 27, 2008 among Mr. Johnson, Herbalife International of America, Inc., or Herbalife America, and the Company.

(2) Mr. Walsh s salary was increased by 40.24% effective April 28, 2008 in recognition of additional responsibilities assumed as a result of the departure of Mr. Gregory Probert, the Company s former President and Chief Operating Officer.

(3) Mr. Goudis salary was increased by 5% effective August 4, 2008 in recognition of additional responsibilities assumed for supply chain management as a result of the departure of Mr. Probert.

Annual Incentive Awards

General

All annual cash-based incentive compensation for our Named Executive Officers is paid under our shareholder-approved Executive Incentive Plan. Under this plan, the Committee establishes performance criteria for our Named Executive Officers each year. For 2008, this goal was a targeted earnings per share, or EPS, of $3.17. The annual incentive funded and payable to each of Messrs. Johnson, Goudis, and Chapman is based solely on EPS performance, without Committee discretion. With respect to the other Named Executive Officers, the Committee retains the discretion to adjust the funded amounts in determining the actual incentive payout based upon the Chief Executive Officer s overall qualitative review with the Committee of each executive s performance during the year.

Targets and Determination

For 2008, annual target incentive award opportunities for the Named Executive Officers were set in consideration of competitive practices and individual scope of job responsibilities.

Pursuant to his employment agreement, Mr. Johnson s annual incentive award is composed of two components, the regular and the alternative awards. Mr. Johnson s incentive award is structured in this manner to allow the Committee a degree of flexibility in rewarding him for the achievement of key strategic, as well as financial, targets. For 2008, the Committee established EPS as the goals under both the regular and the alternative performance awards. The Committee reviews the alternative performance award annually with Mr. Johnson and makes changes to the relevant target metric as it deems appropriate.

For 2008, the Committee established a performance goal for our other Named Executive Officers that was also based upon EPS. Annual incentive compensation for each of our Named Executive Officers (including Mr. Johnson) is payable only upon meeting or exceeding 100% of the target performance level. Achievement of the 100% target level for the EPS goal for 2008 would equal our budgeted EPS for the year. Budgeted EPS is built from the bottom up based on input from the regions and individual markets as to actual business trends, expected growth trends for the industry in that region, trends of specific distributor methods of operation within that country and the risks and opportunities of achieving the forecasted revenue and expense levels.

Named Executive Officers (other than Messrs. Johnson, Goudis, and Chapman) participate in the Company s Senior Management Bonus Incentive Plan with payouts based on the achievement of specific objectives set through the Company s Performance Management Program. In addition to the EPS goals described above, bonuses for these other Named Executive Officers are dependent, in part, upon the achievement of qualitative performance criteria determined by Mr. Johnson and approved by the Committee. For 2008 these qualitative performance criteria included goals related to strategic planning and the evaluation of strategic alternatives, evaluation of programs related to distributors, increasing operating efficiencies, and product development related matters.

The budgeted EPS target for 2008 was $3.17 per share, which amount represented a 17.0% increase over our EPS for the preceding fiscal year (adjusted for certain one-time items), and exceeds the expected EPS growth rates for our industry and our business and financial competitors.

Under the terms of the Company s Senior Management Bonus Incentive Plan in effect for 2008 (as summarized in the following chart), there is no bonus funding for any of the Named Executive Officers unless the Company achieves its threshold EPS of $3.17. Bonus funding and payout amounts remain constant through an EPS of $3.26, and increase by 50% upon achievement of an EPS of $3.27. Funding levels increase for EPS above $3.27 by 1% or 1.5%, depending on job level, for each $0.01 increase to EPS.

Table of Contents

The following table describes the potential range of annual incentive awards for 2008 for our Named Executive Officers based upon specified levels of performance:

	Target and Threshold	Next Step	Maximum
Earnings Per Share	**$ 3.17**	**$ 3.27**	**$ 3.56**
% of Targeted Achievement	100%	103.2%	112.4%
Potential Award to Named Executive Officers (% of salary)			
Michael O. Johnson (regular)	112.5%	169.0%	225.0%
Michael O. Johnson (alternative)	37.5%	58.0%	75.0%
Desmond Walsh	50.0%	75.0%	100.55%
Richard P. Goudis	50.0%	75.0%	100.55%
Brett R. Chapman	50.0%	75.0%	100.55%
Steve Henig	50.0%	75.0%	100.55%

Based on the Company s 2008 EPS, after making adjustments related to nonrecurring expenses arising under our 2008 Reorganizing for Growth Plan and an increase in a tax valuation allowance, and for each of Messrs. Walsh and Henig, the achievement of 100% of his applicable qualitative performance criteria for 2008, the Committee reviewed and approved the full amount under the applicable achievement tiers to each of the Named Executive Officers as set forth in the incentive award schedule above. The specific dollar amounts paid are referenced in the 2008 Summary Compensation Table under the heading Non-Equity Incentive Plan Compensation .

We do not currently have a policy requiring a fixed course of action with respect to compensation adjustments following later restatements of financial performance targets. Under those circumstances, the Committee would evaluate whether such adjustments are appropriate based upon the facts and circumstances surrounding the restatement and the existing laws. The Committee intends to consider the adoption of a formal policy in 2009.

Long Term Incentive Awards

Equity grants were made to Named Executive Officers in 2008 under our 2005 Stock Incentive Plan. The Committee believes these incentives foster long-term decision making and growth necessary for continued success.

During 2008, we awarded two forms of long term incentives: SARs and time-vested RSUs. Each form of grant represented 50% of the total long-term incentive grant value. Stock-settled SARs provide an opportunity for Named Executive Officers to earn additional compensation only if our share price increases. RSUs provide stock ownership to executives thus exposing them to the same gains and losses in value as are experienced by our shareholders.

For 2008, guideline equity grant values for the named Executive Officers were established in consideration of competitive practices and individual scope of job responsibilities. Our Chairman and Chief Executive Officer evaluates individual contributions to the Company s success and proposes to the Committee equity grants for each of the other Named Executive Officers. At the same time, the Committee, separately and without the involvement of the Chairman and Chief Executive Officer, evaluates and proposes equity grants for the Chairman and Chief Executive Officer to the independent members of the Board of Directors. The grant values are translated into shares of SARs and RSUs using our desired mix and the SFAS 123R, Share Based Payments values for each type of grant.

The SAR exercise price equaled the closing traded share price of our Common Shares on the grant dates. The SARs vest to the executives based upon continued employment 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, except for the March 27, 2008 grants to our Chief Executive Officer, which are described in more detail under note 3 to the 2008 Grants of Plan-Based Awards table on page 26. Executives may exercise vested SARs at any time while employed at Herbalife up to ten years following the date of grant. The RSUs awarded to the Named Executive Officers vest over a three-year period based upon continued service, one-third on each anniversary of the grant, except for the March 27, 2008 grants to our Chief Executive Officer. Dividend equivalents are paid with respect to vested but deferred and unvested RSUs.

Summary of Mix of Compensation Elements for 2008

Consistent with our philosophy as described above, the mix of compensation elements which are comprised of base salary, annual incentives and long term incentives provided to our Named Executive Officers for 2008 is set forth in the following table:

	Proportional Mix of Compensation Elements		
	Base Salary	**Annual Incentives(1)**	**Long-Term Incentives(2)**
Michael O. Johnson(3)	5%	14%	81%
Desmond Walsh	28%	25%	47%
Richard Goudis	30%	31%	39%
Brett R. Chapman	31%	31%	38%
Steve Henig	31%	20%	49%

(1) For purposes of this table, annual incentives include only annual incentive payouts as disclosed in the 2008 Summary Compensation Table below.

(2) For purposes of this table, long-term incentives are comprised of equity-based compensation awards granted in 2008, the value of which is reported in the 2008 Grants of Plan-Based Awards Table below.

(3) For purposes of this table, Mr. Johnson s compensation does not include a one-time cash payment made to him upon signing his employment agreement dated March 27, 2008 with Herbalife America and the Company.

Equity Award Grant Policy

In 2008, an annual grant of SARs and RSUs to the Named Executive Officers and other executives was made in February 2008 at a meeting of the Committee. It is the Company s policy to conduct its annual grant award process at a time subsequent to the release of financial results for the preceding year. We currently operate a monthly grant approval process where awards are authorized for new hires, certain selected retention situations, and to newly promoted executives. All equity compensation awards to our Named Executive Officers and other executives are granted based on our equity grant policy, which was approved by the Committee. The policy provides that the exercise price of stock options and SARs granted to executives will be established as the closing traded stock price on the date the awards are granted.

Hedging

Company policy prohibits executives from entering into hedging transactions that would operate to lock-in the value of their equity compensation awards at specified levels.

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 this is an appropriate and beneficial policy to provide 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 with a market value equal to five times his base salary by 2013. The other Named Executive Officers are encouraged to acquire and hold Common Shares with a market value equal to two times their respective base salaries by 2013 or within five years of becoming a Named Executive Officer. The Committee reviews progress toward these standards annually.

Table of Contents

Benefits and Perquisites

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. Through our 401(k) savings plan, the Company helps employees save and prepare financially for retirement.

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. As such we provide the following executive-level welfare benefits:

Executive Medical Reimbursement   We provide certain senior executives with a supplemental reimbursement program to our existing medical insurance program. These reimbursement payments can 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 is $6,000 per executive per year. We also provide our executives with a gross-up payment for all income and employment taxes incurred in connection with this benefit.

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 $2,000 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. We provide our executives with a gross-up payment for all income and employment taxes incurred in connection with this benefit.

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. The benefit for Mr. Johnson is up to $20,000 per year; the other Named Executive Officers receive a benefit of up to $15,000 per year. We also provide our executives with a gross-up payment for all income and employment taxes incurred in connection with this benefit.

Personal Use of Aircraft   The board of directors approved the use of chartered aircraft for business purposes by certain corporate executives including Mr. Johnson (Herbalife does not lease or own an aircraft). Effective March 31, 2008, the Committee discontinued limited personal use of such chartered aircraft by Mr. Johnson.

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.

Employee Stock Purchase Plan Our Named Executive Officers participate in our Employee Stock Purchase Plan, or the ESPP. The ESPP generally allows all 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 though payroll deductions. Four offerings were made under the ESPP in 2008 and a total of 9,054 Common Shares were purchased by plan participants.

Employment Agreements

The current employment agreement between the Company and Mr. Johnson was entered into on March 27, 2008. In addition, each of Messrs. Goudis, Chapman and Noack, while he was employed by the Company, but not our other Named Executive Officers, was party to an employment agreement with the Company during fiscal 2008. 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. In 2005, the Committee s compensation advisor engaged in an in-depth competitive analysis of the employment agreements between Herbalife and each of Messrs. Goudis and Chapman, which formed the basis of the amended employment agreements entered into with those executives in 2006 and which were in effect during 2008.

Severance and Change in Control Arrangements

Each of Messrs. Johnson, Goudis, and Chapman 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 these three 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 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. Prior to his resignation on September 17, 2008, Mr. Noack was party to an employment agreement with the Company that provided him with separation benefits similar to those afforded to Messrs. Goudis and Chapman.

The 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, although a portion of the benefits are triggered solely upon the occurrence of a change in control of Herbalife. 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 on page 27 under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards for a more detailed discussion of our severance and change in control arrangements.

Accounting and Tax Implications

Section 162(m) of the Code

Section 162(m) of the Internal Revenue Code of 1986, as amended, 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

Table of Contents

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. 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.

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. Each of Messrs. Johnson, Goudis, and Chapman, as part of their employment agreements, would be provided with tax gross-up payments in the event their change in control payments become subject to this excise tax. The Committee believes that the provision of tax gross-up protection is appropriate and necessary for executive retention and consistent with the current practices of the Herbalife 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.

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*
Leroy T. Barnes, Jr.
Colombe M. Nicholas

Executive Officers of the Registrant

Name	Age	Position with the Company	Officer Since
Michael O. Johnson	54	Chief Executive Officer, Director, and Chairman of the Board	2003
Desmond Walsh	52	Executive Vice President, Worldwide Operations and Sales	2006
Richard Goudis	47	Chief Financial Officer	2004
Brett R. Chapman	53	General Counsel and Corporate Secretary	2003
Steve Henig	66	Chief Scientific Officer	2008

Michael O. Johnson is Chairman and Chief Executive Officer of the Company. Mr. Johnson joined the Company in April 2003 after 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 currently serves on the board of Loyola High School of Los Angeles. Mr. Johnson received his Bachelor of Arts in Political Science from Western State College.

Table of Contents

Desmond Walsh is Executive Vice President for Worldwide Operations and Sales of the Company. Mr. Walsh joined the Company in January 2004, after serving as Senior Vice President of the commercial division of DMX Music from 2001 to 2004. Prior to DMX Music, Mr. Walsh 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 Financial Officer of the Company. Mr. Goudis joined the Company in June 2004 after serving in several positions and ultimately 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, 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. Mr. Chapman joined the Company in October 2003 after spending 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.&