

FINAL TRANSCRIPT

Thomson StreetEventsSM

HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Event Date/Time: Aug. 06. 2008 / 11:00AM ET

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

CORPORATE PARTICIPANTS

Brett Chapman

Herbalife Ltd. - General Counsel

Michael Johnson

Herbalife Ltd. - Chairman, CEO

Des Walsh

Herbalife Ltd. - EVP

Rich Goudis

Herbalife Ltd. - CFO

CONFERENCE CALL PARTICIPANTS

Timothy Ramey

D.A. Davidson & Co. - Analyst

Scott Van Winkle

Canaccord Adams - Analyst

Karen Howland

Lehman Brothers - Analyst

Simeon Gutman

Goldman Sachs - Analyst

Doug Lane

Jefferies & Co. - Analyst

Kennik Olson

ANA International - Analyst

Chris Ferrara

Merrill Lynch - Analyst

PRESENTATION

Operator

Good morning, and thank you for joining the second quarter 2008 earnings conference call for Herbalife Ltd. On the call today is Michael Johnson, the Company's Chairman and CEO, Rich Goudis, the Company's CFO, Des Walsh, Executive Vice President, and Brett Chapman, the Company's General Counsel. I would now like to turn the call over to Brett Chapman to read the Company Safe Harbor Language.

Brett Chapman - Herbalife Ltd. - General Counsel

Thank you Kevin. Before we begin and as a reminder, during this conference call, comments may be made that include some forward-looking statements. These statements involve risk and uncertainty and as you know, actual results may differ materially from those discussed or anticipated. We encourage you to refer to yesterday's earnings release, and to our SEC filings for a complete discussion of risks associated with forward-looking statements and our business. In addition, during this call, certain financial performance measures may be discussed that differ from comparable measures contained in our financial statements prepared in accordance with US Generally Accepted Accounting Principals referred to as non-GAAP financial measures. We believe these non-GAAP financial measures assist management and investors in evaluating and comparing period to period results of operation in a more meaningful and consistent manner. Please refer to the investor relations section of our website,

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Herbalife.com to find our second quarter press release containing our reconciliation of these measures. I'll now turn the call over to Michael.

Michael Johnson - Herbalife Ltd. - Chairman, CEO

Thanks, Brett. Good morning, everyone, and welcome to our second quarter 2008 earnings call. As you all saw, this was another solid quarter for Herbalife, our 18th consecutive quarter of record revenue and one in which we generated almost \$60 million in cash flow from our operations. In addition, our independent distributor organization grew 12% to \$1.847 billion and our distributor leadership team, President's Team, also grew by 12%. And in July, we received five additional direct selling licenses in China. By any measure, this has been an extremely successful period for our Company.

We are executing ahead of expectations in tough market conditions. Our business continues to grow at an accelerated pace and the second quarter is no exception. Our bottom line results were strong and distributor confidence is unwavering. This earnings call should send a clear signal about our ability to execute despite economic issues and attacks from outside forces on our business. We expect that you have the same trust in our distributors, our products, our business opportunity and employees that we do. Our fantastic performance gives us the ability to raise our 2008 guidance which we communicated to you in our press release last night. Let me update you on two issues that seem to be on every investor's mind. We want you to have the facts about the Spanish Ministry of Health alerts and scare tactics around the California Prop 65 labeling requirements. We are in an ongoing dialogue and continue to cooperate with Spanish authorities and help them more fully understand the science and safety of our products. We don't know how long this is going to take, but we are confident that we are taking the right actions to correct this misperception. I want to stress that no ingredients or products have ever been cited in the Spanish Ministry of Health alert and we don't anticipate that any of our products will be pulled from that market. Doug will provide more additional details about Spain later in our call.

As we stated in our June 8 press release on the subject of Prop 65, we have confidence in our ongoing internal testing program and it validated our results with two highly regarded independent laboratories. Here are the facts. We don't have a Prop 65 labeling issue. It's important for everyone to understand that California's Prop 65 labeling regulation never had anything to do with the safety of our products. We have been asked why we have not released our Prop 65 testing result and the answer is simple, for competitive reasons. Our product formulas are proprietary and it is essentially impossible to conduct a proper Prop 65 test on our products without our formulas. We operate at the highest level of integrity and our actions reinforce this point. We have mechanisms in place to continuously look to improve our products, operations, and distribution practices, but we will also defend our company vigorously against malicious manipulation of information and profit seeking critics. We will continue to build credibility by achieving the business objectives we have stated. Our commitment to integrity and our results speak for themselves. To that end we posted record net sales of \$640 million an increase of 21% over second quarter of last year. As I said earlier, this makes 18 consecutive quarters of double digit sales growth. Net income for the quarter was also a record \$67 million an increase of 39% compared to the year ago period. We reported earnings per share of \$1.01, reflecting earnings growth of 56%.

In addition, over the past 12 months, we have returned over \$525 million to investors in the form of share repurchases and dividends. As we announced two weeks ago, the China Ministry of Commerce granted us five additional direct selling licenses. All licenses are effective immediately, except Beijing, which will be activated after the company opens service outlets in the coming months. Our international diversification has been a strong catalyst for growth, both in new and emerging markets. Our top ten markets which represent 71% of our business grew 25% year-over-year while emerging markets of China, Venezuela, and Peru delivered triple digit growth rates. Our success over the past quarter would not be possible without the hard work and positive attitude of our distributors and our employees. These people are integral to our business and to increasing access and availability of our products to consumers worldwide. Our strength in retailing is evident in the growth of our new sales leaders, which is up 11% year-over-year. At the core of our success is the continued partnership we foster with our wonderful distributor leadership team. We work closely with the leadership to engage their organizations, motivate performance, inspire goals and recognize and reward strong contributions to Herbalife.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Large scale events remain critical to the success of our marketing strategy and they're a major factor in attracting new distributors and increasing the productivity of our veterans. During the past six weeks, the Company's hosted four extravaganzas, in Barcelona, Rio de Janeiro, Mexico City, and Bangkok. Collectively we presented to nearly 60,000 distributors. At these events, the Company along with the distributor leadership provide education along with success stories which inspire and motivate our distributors. In addition, we introduce new products and provide new product training. We provide business method development through the sharing of ideas as well as recognition for numerous distributors reaching new levels of achievement. We have been also able to maintain one of the industry's most cost effective marketing efforts by building on core expansion strategies that have proven successful. Our company continues to expand globalization of successful DMOs, such as those which drive daily consumption and create consumer awareness across geographies with our branding activities that help drive our business deeper in existing markets as well as to open new doors of opportunity. Our key branding activities during the quarter include our AYSO sponsorship in the United States and our LA Galaxy sponsorship which has worldwide impact. The Galaxy has become a global brand. We have more than 50 sponsorships in 25 sponsored athletes. These activities not only create brand recognition, they are a source of pride for our distributors. For example at the Beijing Olympics, Herbalife sponsored athletes will be competing in multiple events and Herbalife distributors around the world will be cheering them on.

As you well know, the internet has become an increasingly integral component of our strategy. Today 16% of our total order volume globally is now placed on line, a 41% increase in the adoption from the same time in 2007. We expect this to continue to ramp up in the back half of 2008. Our investments in technology helps distributors become more productive, so they can focus a majority of their time on recruiting, retailing, and retention. As you can see from our quarter results, our positive momentum continued from the first quarter and I look forward to yet another record setting year in 2008. With that, I turn it over to my partner and inspiring motivation and education in making things happen, Des Walsh.

Des Walsh - Herbalife Ltd. - EVP

Hello. Thank you, Mike. Good morning, everyone. Before we get started, I'd like to take a moment to say thank you to our distributors and employees around the world who have helped to make our impressive results possible. Their ongoing dedication and effort continues to be a major contributor to our success and a significant driver for growth going forward. As Michael mentioned, we returned recently from events with nearly 60,000 distributors during the past six weeks. The energy there was simply amazing. Our distributors are more united and motivated than ever to reach our goal of \$5 billion in retail sales in 2010. Let me share some insights now on business trends in key markets including Spain, the US, Mexico, Brazil and China.

Firstly with Spain. This market during the quarter experienced disruption from the alert issued by the Spanish Ministry of Health. Prior to the alert in April, Spain was averaging approximately 4.5 million volume points per month for March and April. During May and June, Spain's monthly volume points dropped to 3.4 million and 3.1 million respectively. July volume appears to have stabilized at approximately 3 million volume points and we believe the worst of the decline is behind us. On a year-over-year percent change basis, Spain saw 31%, 36%, and 30% drop in volume points respectively May through July. We view the fact that it's been over 90 days since the alert was issued with no further action taken by the Spanish Ministry of Health as a positive sign and are hopeful that a more positive outcome is achievable as we continue to work with the Spanish government. We anticipate business trends in Spain to improve as we move through the balance of 2008. I know many investors have been concerned that the issue in Spain could negatively impact results in our other markets, but as you can see, this has not happened to a material extent. While a number of other countries have initiated some sort of government inquiry related to the Spain action and/or the Journal of Hepatology report, the response from our scientific team has generally been well received. We don't believe these issues will impact consolidated results moving forward and, in fact, during the quarter, growth in several of our top ten markets accelerated. Let me share several of these with you now.

The US market. The US market remains our largest market and its sales growth rate accelerated 12% sequentially from the first quarter and increased 18% year-over-year. During the second quarter, 66% of the US volume came from the Latino distributors which grew 29% year-over-year reflecting ongoing commitment and execution by our Latino distributor leadership. We continue to see opportunities in the install base with further expansion of the nutrition clubs. Our general market business in the US was

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

34% of the volume and grew 2% year-over-year in the second quarter. Key growth initiatives include the launch of our African American initiative and brand building through alliances and sponsorships including, as Michael mentioned earlier, our successful relationship with the LA Galaxy soccer team. We are also beginning to see the fruit of our transition to a daily consumption model through central and commercial clubs which is gaining increased acceptance within the general market and as we have experienced in other markets, is a robust retail method that contributes to sustainable growth. We also anticipate that our sponsorship of the AYSO soccer will help drive deeper penetration throughout the US market. During the second quarter, volume points for the top 25 metro areas in the US were up 29%, growing at a faster rate than the total US market. We experience similar trends in volume points from the Latino and general markets, top 25 metro markets during the second quarter. They posted 36% and 11% year-over-year growth respectively and each grew at a faster rate than the overall Latino and general markets. We believe there are tremendous penetration opportunities for our distributors in the US. Looking forward, we believe that the US market will continue to experience double digit top line growth during the balance of 2008.

Now on to Mexico. We're excited to announce that Mexico's net sales were up 4% in local currency, slightly exceeding our internal target, including the benefit from currency, Mexico reported second quarter net sales growth of 8.5%. While investors have been very concerned about softness in Mexico over the past five quarters, we expect the positive second quarter results to continue as a variety of initiatives gain momentum in the back half of 2008. These initiatives include the club of clubs challenge, lower shipping costs to encourage home delivery of product and regionalization of Mexico to drive increased penetration of local markets. In Brazil, local net sales declined 0.5% for the quarter, slightly ahead of plan. Including the benefit from currency, Brazil reported second quarter net sales growth of 19%. We're excited to see accelerating acceptance on the conversion to a daily consumption model and I'm encouraged with the traction we've seen with nutrition clubs to date. We are still in the early stages of a turn around and the positive trends in Brazil can be attributed to regaining distributor confidence as the business is entering a growth phase following the introduction of the nutrition club DMO in late 2006. Among those distributors who have been using the nutrition club DMO for more than a year, sales were up 29% during the quarter and 25% year to date reflecting refinements to the club DMO.

Now on to China. During the quarter, China became our number three market in terms of net sales as local currency net sales growth was 104% in the second quarter. Including the benefit from currency, China reported second quarter net sales growth of 125%, up 58% sequentially. In addition, we also announced the opening of our first store in Shanghai. Herbalife now operates 91 retail stores in 30 provinces in China. As Michael mentioned earlier, two weeks ago we opened five additional direct selling licenses from the Chinese government. Additional licenses and the introduction of our preferred retail program should act as continued catalysts for growth as we head into 2009. Now I'll turn it over to Rich for an update on the financials.

Rich Goudis - Herbalife Ltd. - CFO

Thank you, Des. Let me briefly walk you through the second quarter financial results, provide you with financial guidance for the third quarter and for the full year and also explain the underlying assumptions for the guidance, then we'll open up the call for questions. Net sales of \$639.7 million in the second quarter were up 20.7% versus the second quarter of 2007, reflecting strong volume across many of our markets, including acceleration of sales sequentially in all of our top five markets, led by a 10.9% growth in new sales leaders. FX, has a 759 basis point favorable impact during the quarter, reflecting the fact that 80% of our sales are derived outside of the US. Also, beginning with this results this quarter, we are now providing investors with a listing of our top ten markets in terms of net sales by quarter for the last three years. You can find this information on our website at Herbalife.com under the investor relations tab. On a reported basis, gross profit in the second quarter was \$511.7 million or 80% of net sales. This is an increase of 100 basis points compared to the second quarter of last year. The improved margin was the result of a 37 basis point increase in foreign currency fluctuations, a 37 basis point increase due to higher percentage of consolidated sales being generated from China and a remainder due to price increases in certain of our international markets. Royalty expense in the second quarter was \$215.3 million or 33.7% of sales reflecting improvement of 190 basis points compared to last year. Again, normalizing for China, sales employee expense, which as you know is recorded in SG&A, the royalty rate would have improved 130 basis points, primarily reflecting the timing of certain distributor promotions.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

On a reported basis, our second quarter SG&A was \$203.1 million or 31.8% of sales, again, normalizing for China sales expense, SG&A expense was \$185.6 million or 29% of sales, an increase of 154 basis points versus last year. This increase reflects higher salary expense due primarily to merit increases worldwide, higher incentive compensation expense reflecting our strong financial performance, and higher compensation costs associated with full-time sales employees in China. In addition, higher advertising and promotion expense, higher sales event expenses, primarily reflecting the timing of the AMIA event this year being in June versus July of last year as well as an addition South America event, higher FX expenses, and higher depreciation and amortization, which mostly reflected development of our technology infrastructure and the expansion and relocation to new facilities contribute to the increase. SG&A also included \$1.4 million of expenses related to our realignment for growth initiative. Second quarter operating income was \$93.2 million or 14.6% of sales on a reported basis. When adjusting for the realignment for growth in the quarter, operating margin increased 7 basis points year-over-year to 14.8%. Second quarter interest expense was \$3.2 million versus \$2.3 million a year ago. The increase primarily reflects higher average net -- debt balance as we continue to utilize our excess cash and our revolver to repurchase stock and reinvest in the business and this is offset partially by lower interest rates. The weighted average interest rate on our debt in the quarter was 4.71% versus 6.7% a year ago.

On a reported basis, our second quarter effective tax rate decreased to 25.5%, primarily due to a decrease in the operating effective tax rate reflecting country mix, the tax holiday we're experiencing in China, the lack of stock option exercises and the favorable impact of our global entity structuring and planning. Net income on a reported basis was \$67.1 million in the quarter, an increase of 39% compared to a year ago. Again, excluding the realignment for growth expenses in the second quarter this year and the increase in tax reserves in the second quarter of 2007, adjusted net income was \$67.9 million, an increase of 43%. On an adjusted basis, second quarter 2008 diluted earnings per share was \$1.03, compared to \$0.64 in the second quarter of last year reflecting a 60% increase.

Now, let's turn to the balance sheet. We enter the second quarter with \$162 million in cash and \$371 million in outstanding debt. Our inventory increased \$4.3 million from December, primarily reflecting the higher sales levels. In terms of efficiency, our inventory days on hand improved 11 days year-over-year and two days sequentially while inventory turns increased to 3.44 times from 3.11 at the end of the year and 3.36 at the end of March. In the quarter we invested \$25.2 million in capital, primarily in technology investments such as Oracle and BizWorks to support improvements in our distributor services. Over the past four months we successfully upgraded our existing Oracle applications worldwide and went live with Oracle in Mexico and Costa Rica. Now including the US and Peru, we have nearly 40% of our revenue transacted entirely on the Oracle platform. Now, let's move on to the third quarter guidance and also full year. For the third quarter, we expect top line growth rate to be in the range of 15% to 17%, primarily reflecting difficult currency comparisons as we head to the back half of the year. And diluted EPS to be in the range of \$0.81 to \$0.84 which reflects an effective tax rate of 33% to 34%.

Based on our first half results and current business trends including the current -- the recent announcement regarding direct selling licenses in five additional China provinces, the Company is raising its full year 2008 diluted earnings to be in the range of \$3.64 to \$3.69 which is effectively the second quarter beat plus an additional \$0.01. We believe that the full year tax rate will be between 29.5% and 30.5% which is about 100 basis points reduction from the rate that we forecasted or provided with guidance a quarter ago. We believe our tax rate is sustainable at this level and given the mix of our business, may slightly improve as we head to the back half of '08 and into '09. Please note that these estimates that we just provided exclude the costs that have been or we anticipate to incur throughout 2008 associated with our realignment for growth initiative and also accretion, which may result from further share repurchases. This concludes our prepared remarks. Now we'll open the call for your questions.

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS) One moment for our first question. Our first question comes from Timothy Ramey with D.A. Davidson.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Timothy Ramey - D.A. Davidson & Co. - Analyst

Good morning. Congratulations on such an amazing quarter. I just am -- you know, the China licenses occurred just recently and I really don't know quite how to think about that or model that going forward.

You already seem to have an awful lot of momentum in that business. Can you flush out a little bit for us what that might look like going forward?

Rich Goudis - Herbalife Ltd. - CFO

Sure, Tim. Just think back a year ago, we received our first licenses in China and you can see the impact that that has had in our business effectively a triple digit growth rate in that market. As you know, with China, we are very cautious with giving any kind of insider projection as it is a very new market, it's a very controlled market province by province.

So, we look at this as almost a Good Housekeeping seal of approval that we've gone from one region to now six provinces. I think that is the most important aspect of this from the standpoint of our employees and our distributors in that market, but we obviously are very bullish on the outlook for China over the long term.

Timothy Ramey - D.A. Davidson & Co. - Analyst

Okay. Just a follow-up on the share repurchase. Obviously the -- as you put it, the people who profit from this information have ironically, perhaps, accelerated your earnings growth rate by giving you an opportunity to repurchase at lower prices.

Why not be more aggressive there? Your net debt is still -- I mean you were very aggressive in that 2.8% of your shares outstanding were repurchased, but you're still less than, say, 33 weeks of net debt in terms of cash flow.

Rich Goudis - Herbalife Ltd. - CFO

Yes, from a leverage standpoint, we clearly have more capacity, Tim. It really comes down to two things. Number one is the size of our current credit facility, which we explored about six months ago increasing, but given the conditions in the marketplace, a lot of potential accretion, depending on price, would be foregone given the expensive levels of debt that are now in the marketplace to redo our facility. So that's number one.

Number two is liquidity. From time to time we have liquidity issues as it relates to quarterly payments with tax, our monthly distributor payments and the income on CapEx that we're investing this year with Oracle. So those two are kind of constraints.

But clearly from an overall leverage standpoint, there's a lot of leverage in this business that we're not utilizing, but we remain very disciplined in when we go into market with the stock price.

Timothy Ramey - D.A. Davidson & Co. - Analyst

Thanks.

Operator

Our next question comes from Scott Van Winkle with Canaccord Adams.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Scott Van Winkle - *Canaccord Adams - Analyst*

Couple of questions. In Mexico has there been any change in the sales concentration the two major markets there, Mexico City and Guadalajara, I think?

Rich Goudis - *Herbalife Ltd. - CFO*

No, Scott.

Scott Van Winkle - *Canaccord Adams - Analyst*

And on China, why the relatively late entry to Shanghai and Beijing given the size of those cities?

Rich Goudis - *Herbalife Ltd. - CFO*

I think that we had a very strategic vision three years ago to go after the predominantly larger direct selling markets and that was kind of our first pass as well as the first province we received our license in a year ago is where we have our manufacturing facility.

So there is some probably stronger provincial support in those kind of markets, but now having a license in Beijing, we have a store there and we're very optimistic about the future.

Michael Johnson - *Herbalife Ltd. - Chairman, CEO*

I think we also -- Scott, it's Michael. I think we wanted to make sure that our model was really correct there. I think it's taken some tweaks along the way and we've had to understand the rules and the regulations of the road and I think Beijing is right there.

You're in the government's backyard and so you want to make sure that you're doing everything absolutely to the law of the land there and getting out of the harm's way of any interpretations and getting right in the sweet spot of doing it properly. And I think all direct sellers have learned a lot in the last two or three years in China on what the rules and regulations are and how to do it properly. We've made a lot of changes in our marketing plan there.

We've made a lot of changes in the way we operate there over the last three years to make sure we're in -- we're in, operating properly in the garden.

Scott Van Winkle - *Canaccord Adams - Analyst*

And, Michael, I'd love to hear your thoughts on the recent settlement between USANA and Barry Minkow and whether that changes your course of action at all?

Michael Johnson - *Herbalife Ltd. - Chairman, CEO*

Well, Scott, you know me well enough to know that I've got very strong feelings about what we said right from the beginning, that we're going to take the high road in this Company and that we would focus our efforts and resources on improving fundamentals of our business and not get caught up in the sandbox of what I call these kind of frivolous and malicious assertions.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

If issued were brought to our attention which needed to be fixed we would take the appropriate action. We did it. Our actions reflected this position when we told you guys in November our financial results right now have frankly never been stronger, the distributor confidence, momentum remains an incredible cat list for our business and unfortunately, we did take appropriate action with regard to incorrect credentials with the Company's previous President and COO.

That's a tough moment for all of us, but it had to be done and with all of this said, the events last week between USANA and the claimant did not go unnoticed. There is a -- there is a big range of options available to us. We are in constant discussion with the man who opened this call up, Brett, and the legal team here potentially that include litigation. So we're going to actively explore all the options. Believe me, we've been doing our homework and watching everything very, very carefully.

Scott Van Winkle - *Canaccord Adams - Analyst*

Great. Thank you.

Operator

Your next question comes from Karen Howland from Lehman Brothers.

Karen Howland - *Lehman Brothers - Analyst*

Good morning. I was wondering if you could talk a little bit about the Mexico and Central America environment? Obviously, it was kind of the one negative in the quarter as far as the new supervisor growth goes. It accelerated in the first quarter and then came down again in the second. I was wondering if there was anything in particular in that market that you're seeing or expect that to reaccelerate?

Des Walsh - *Herbalife Ltd. - EVP*

Sure. Hi, Karen, this is Des. So, firstly, Karen, you're absolutely correct in terms of the numbers, but we don't necessarily see this as being a negative situation.

If you remember a couple of years ago one of our challenges in Mexico was that frankly too many supervisors came into the business over a relatively short period of time and our distributor leadership had challenges assimilating that huge growth. And as a result we had problems in terms of ethical issues, in terms of training issues and so on. So frankly a more moderate growth in terms of new supervisors coming into the business is actually beneficial in that respect.

The other thing is that we've got a number of initiatives now in place which we believe will impact new supervisor growth so you'll actually have more direct correlation between volume points and supervisor growth in the back half of the year. Those include specific events, specific promotions and in addition a regionalization of Mexico where we're now looking to increase penetration in some of those areas where today we are least penetrated.

Karen Howland - *Lehman Brothers - Analyst*

And so the -- I guess is it the first quarter that was an anomaly given the growth that you saw there or is the second quarter an anomaly given the decline?

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Rich Goudis - Herbalife Ltd. - CFO

I think the second quarter is more of the anomaly, Karen. Last year we had a big leadership event, a supervisor's school where there was a lot of incentive to bring new supervisors to that school. That event occurs in the fourth quarter this year. That was one of the events or initiatives Des was referring to. So some of this is a little bit of timing.

Karen Howland - Lehman Brothers - Analyst

Great. Thanks for that additional color. Looking at potential price increases, can you talk about what you've been doing with price increases, if you've been able to pass that higher cost through, will you be able to take further price increases throughout the course of this year?

Rich Goudis - Herbalife Ltd. - CFO

What we typically do is we look market by market, specifically, Karen, and really the economic situation in the market. So the most dramatic increase in prices we've taken this year have been in markets like Venezuela where the economic situation there is very challenging.

We've taken nearly 45% cumulatively during the first six months of the year in Venezuela. The flip side of that is we haven't taken a price increase in the United States in over seven or eight years. Some of the markets we've taken a price increase and most of them are very small and very much correlated to the economic situation in those markets.

Des Walsh - Herbalife Ltd. - EVP

Yes, just to add to that, the other issue, obviously, as Rich said, we're very conscious of economic conditions, but as we switch more to a daily consumption model, what we find is, obviously, certain of our DMOs are less price sensitive than others. That's another factor we're taking into consideration as we look to increase prices in different markets around the world.

Karen Howland - Lehman Brothers - Analyst

Great. Thanks for that. And then, looking at China, I know you don't like to give up a lot of details on that, but I was wondering if there's a way to perhaps talk about the growth that you've experienced over the last years and what actually was coming from the direct selling versus the retail side of the business, just so we could try to get some understanding of what we can expect given these five new licenses versus what the sales base is already there from the retail?

Rich Goudis - Herbalife Ltd. - CFO

Sure, Karen, let me start and Des can finish here. Obviously, for competitive reasons, we would not want to disclose the revenue that is coming from our licensed provinces versus our unlicensed provinces. That being said, I mean China is a very, very large market.

The percentage of growth given the -- effectively we're new in the market in the last three years, the percentage of growth in many of the provinces are double and triple-digit, regardless of whether it's licensed or not. I think the long term in China is the confidence that investors should have is with the receipt of these five licenses, this provides better visibility into the potential growth, let's say double, maybe even triple-digit growth over the next 12 months or so for China.

We would hope that before we leave this year, that we'll be back in with [Movcom] applying for additional provincial licenses as we head into the back half of '08 and early '09.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Karen Howland - *Lehman Brothers - Analyst*

Great. Thank you very much.

Operator

Our next question comes from Simeon Gutman with Goldman Sachs.

Simeon Gutman - *Goldman Sachs - Analyst*

Hi, Michael. If you don't mind discussing the details of what you might be discussing with the Chairman's Club over the next couple of weeks during the retreat?

Michael Johnson - *Herbalife Ltd. - Chairman, CEO*

Well, hi, Simeon. We have a lot on our agenda with them. We have a two-day meeting in Beijing with them. As part of their benefits as being the leaders of Herbalife, they will enjoy the Olympics next week in Beijing, the week after, actually. And we have a large agenda that goes everything from new market expansion, we'll be talking about new products with them, great ideas session, how to get beyond -- you know, how to take this Company to \$5 billion and beyond.

I don't want to give you the details of every discussion that's going to take place there because for competitive reasons and, disclosure reasons, I have attorneys that will jump all over me on that, but I can tell you these meetings have provided us with explosive ideas. We have taken new business platforms such as nutrition clubs, health loss -- I mean the weight loss challenge, the -- a variety of new business methods that, again, I'm not going to comment on in detail, that have come out of these meetings.

We're also going to be planning our 30th anniversary promotions and events. We'll be coming up on that in Los Angeles in 2010. These are vibrant meetings and I'm not trying to skirt your question, Simeon, I just don't want to give you a lot of detail. I can tell you in my five years of experience here, these have been the platform for our most explosive ideas and momentum pickups and carryovers as we go forward.

It's very interesting as I look back, and not to be too windy here, but some of the ideas that were expressed, and I look back at our meeting in France and I think about our meeting in South Africa and presentations were made by different distributors at the time that seemed to get a mild to cool reception and then you watched these ideas take off and a year later, those same Sherman's Club are visiting those markets to participate in those ideas and then export and import ideas into their home markets and into others. So this is -- I'm really looking forward to it.

There will be tough issues on the table. There will be explosive growth issues on the table.

There will be opportunities for celebration on the table and this is a -- this is a very large group now, 34 Chairman's -- 35, excuse me, Chairman's Club members, so this requires Des to be an adept manager of time and ideas and opportunities, but we come out of these stronger and these are really the foundation of our Company.

Simeon Gutman - *Goldman Sachs - Analyst*

Okay. Following on to an earlier question, how important is it for the business that that specific claimant we were talking about, that that information goes away? Realizing that there's just a lot of negative MLM on your Company that is out there, and I don't know if we can presume that more information won't continue, maybe that is the ultimate goal, but if things don't continue,

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

does it make that much of a difference? It didn't seem to make much of a difference this quarter that that information goes away.

Michael Johnson - Herbalife Ltd. - Chairman, CEO

I can give you an hour on that and I won't. Performance is what we're all about here. We have taken the high road with this Company in every issue with our products. We are in continuous improvement in everything we do here, whether it is the products, the business opportunity. We understand the business we're in, we understand that direct selling doesn't have the largest fan base in some areas, but it also employs hundreds of thousands of people.

This Company has continually stated that we are about the past, the present and the future. I can't do anything about anything that happened five years ago. You know, it's impossible. I can't do anything about anything that happened two years ago. What I can do and what our distributors can do and why this meeting in China is so important. We will show them clips of TV programs that have had negative things to say about us.

We will not hide from negative news. We will explore every alley and avenue of information to make sure that our game is on at the highest level, that we are making sure that our practices, that our business judgment, that we build confidence, that we continue our vigorous training methods, that we are now -- this week we will now bring a new President's Team group into -- tomorrow night into Los Angeles.

Part of the new program for new [Pres] Team members is we come to Los Angeles, they go through our research and development area, they go through our marketing area, they get advanced training and product training, they will receive certificates in product training, they will receive integrity training. To make sure all of our executives get it, we do it on a yearly basis here. We have [SOX] required integrity training that takes place in this Company.

That takes place now with our highest level of distributors. We want this to be a different company in the direct selling business, a high road, high level, nutritional opportunity that gives you a great personal business opportunity. And as I've always said, we're at the intersection of health and wealth in this Company and that wealth opportunity has to be built on a fabulous health opportunity and that wealth opportunity is for part-time or full-time income.

What happens with our outside critics, I feel they are dealing with issues from the past. Maybe we've had some sins in the past with this Company and I don't know one company that hasn't. I've worked in some big ones and they all have their problems. The most important thing is to get beyond it, to focus on our performance which demonstrates that we are focused on the future of this Company, motivating our distributors, motivating the consumer to have daily consumption of our product.

Again, I said I wouldn't go on for an hour and I practically have. That's my soap box and you know that and I'm very proud of our team here and our distributors and I wish these critics would take a moment to get to know this Company, to see the daily opportunity that is impressed upon people, the consumption, to see thousands of people who are employed with this opportunity for part-time or full-time income and realize that these attacks are unfounded and when we do see things that are not smart about our Company, we'll smarten them up, we'll fix them, we'll get better about them.

I wish some of these critics' profit motives were in front of their critical assertions and they would come to us and we'll sit down with anyone and talk with anyone about anything. We're a very open, transparent management team.

But when we think someone is just out there attacking us maliciously for their own personal product motives or the motives of somebody who may employ them, I find that to be a, what Cox is saying in the SEC, that's a manipulation, and that's an absolute stepping outside of the boundary of anything that's high integrity and that's where we're going to stay. Sorry, too long, shut up. Waving me off.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Simeon Gutman - *Goldman Sachs - Analyst*

Bringing it back then to performance. This quarter was clearly important from the standpoint of things holding together pretty well, important to investors and to your Company. You know, was there any strategic set back in the time that was allocated in dealing with these things and maybe the time that continues, maybe in the realm of product development and/or marketing and then how does this business stay at that high level? Are there particular DMOs that are starting to take fire in certain regions and so forth?

Michael Johnson - *Herbalife Ltd. - Chairman, CEO*

That's about seven questions. Let me give you a couple of things. Yesterday we presented our five-year plan to the board. It is aggressive, it's impressive. We believe the opportunity for this Company is bright and the future is extremely bright for us. Was there a set back, you know, we -- when people criticize us, we do -- we -- especially when it comes out in the press, we take criticism seriously.

We consider the source, we consider the allegations, we consider the motives behind it, but also we did take a moment to redouble our efforts to look at our testing procedures, our supply chain. We have brought in an incredible new head of our supply chain management, a guy named Jerry [Holly] to make sure that everything that we're doing is first class. Steve Henig and his team, we have 10 Ph.D.s on that team.

We did create for about two weeks what we call kind of a war room effort to redouble our efforts to look at every single thing. We wanted to make sure we understood Prop 65 inside and out and upside and down. We wanted to make sure that our procedures inside this Company for every ingredient for our supply chain globally was retested and rethought about. Did it slow us down? Maybe a touch. Did it smarten us up? A lot.

Did it prepare us for the future? You bet. Is our product development program running at an all-time high pace, you will see. So we have a tremendous confidence in what's going on in our Company and this will, again, be reinvigorated through our distributors. We're a growth story. We've given you that for 18 quarters. We don't see that changing at any time.

We've got a five-year plan, as I said, that's aggressive and smart at the same time. We believe that shareholders in this Company deserve our ultimate attention and the returns on their investment in us should be honored and we'll do that and we'll continue to do that. I think we know what we're doing here. I don't think. As I look around this table and see the gifted people sitting around this table, I'm very positive that we'll continue with our product expansion, our global expansion.

We have some basic things to make sure we get stronger. Our distributors' confidence has never been higher. You've been to some of these extravaganzas. We saw upwards of 60,000 people in the last five weeks in this Company. We're going to see quite a few more in the next couple of weeks as we have our U.S. extravaganza and our Latin extravaganza here in the U.S. Confidence is high in this Company. These are temporary setbacks with mixed motives.

Simeon Gutman - *Goldman Sachs - Analyst*

Thanks.

Michael Johnson - *Herbalife Ltd. - Chairman, CEO*

Sorry to go on so long.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Operator

Our next question comes from Doug Lane with Jefferies & Company.

Doug Lane - Jefferies & Co. - Analyst

Hi, good morning, everybody. Rich, the increase in the capital spending this year -- \$10 million plus, does that come out of next year or is it just additional to what you had on the books before?

Rich Goudis - Herbalife Ltd. - CFO

No. Some of it was just a GAAP issue. We had previously guided \$95 million, Doug. We did something creative with two of our larger technology suppliers and from a GAAP standpoint just they were both three-year agreements and GAAP made us recognize that as a prepaid and add to capital this quarter, but we'll actually pay those license fees over a three-year period.

So that -- that will come out of next year and as you know, this year that it is clearly a spike given the very rapid rollout of our Oracle order management system.

Doug Lane - Jefferies & Co. - Analyst

To get all the way back to the kind of \$40 million range you were before or somewhere in between the \$100 million and the \$40 million or \$50 million in the past?

Rich Goudis - Herbalife Ltd. - CFO

I think from a run rate standpoint as we exit '09, we could probably clearly be in that range. Remember, though, we're not done with Oracle until the first half of next year, so I think you'll see a very rapid decelerating growth rate or I say an investment rate, excuse me, as we progress through '09.

Our major '09 implementation is Europe, which is about 35 markets and that goes live in March of '09 and then we decommission our existing HP3000 platform in June. I think the first half of this year -- probably not the run rate of this year, but I think you'll see a dramatic slide off in the back half of next year.

Doug Lane - Jefferies & Co. - Analyst

Okay. I got it. I got it. Is there any way you can quantify the impact to your SG&A line from the spending you've had to do in the quarter, for product testing, for PR, lobbying, et cetera, et cetera?

Rich Goudis - Herbalife Ltd. - CFO

Doug, I'd call it de minimus. Clearly, as Michael said, we've incrementally invested with outside consultants with additional testing outside of our internal labs, but nothing -- as we were asked this question throughout the quarter, nothing that would have made us go back and revisit our guidance either in the quarter or for the full year. So I think that's the positive.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Doug Lane - *Jefferies & Co. - Analyst*

Okay. And then lastly, coming off of the year in Mexico last year, Mexico went through a period of triple-digit growth and then overheated and now China's experience triple-digit growth. Can you give us some compare and contrast of the China situation versus Mexico and how you're managing that hyper growth there?

Rich Goudis - *Herbalife Ltd. - CFO*

First of all, I think they're two dramatically different markets, right? Mexico exploded because of a very, very successful DMO called nutrition clubs and while we thought here at corporate we were investing accordingly to support that growth, we were really surprised that we did not really expand our facilities for a business that was 80% plus cash and carry.

At the same time, we didn't spend enough time with tools and infrastructure to help our distributors be more successful in that method. And I think our distributors learned that they needed to continue to control and really reinforce the level of training for those clubs to be successful. And all that, we hit the wall in late '06. I think because of the stability of that model, unlike other countries and other maybe network marketing companies, we didn't see a retrenchment in -- or a decline in sales.

We basically saw a flattening of sales and as you know from your experience looking at direct sellers, that's quite a testament to the successful DMO that's in place there. It's a high retailing, very sticky retention model. We've made the investments that are necessary internally and we continue to make those investments to support that business. Our distributors is made a significant investment in retraining and reinforcing the strength and the concepts of that DMO. That's Mexico.

China is a whole different animal. China for the most part, we're still in retail stores in most of the those markets, now in five new provinces, distributors or the sales employees will be able to sale away from a fixed location. We have not introduced the concept of nutrition clubs yet in China, while we're having tremendous success in Taiwan with those, we're still holding back. So, China for us is a long-term growth catalyst for this business, but as Michael would probably come across the table and kill me right now, it's China, and it's a communist country, but they're allowing direct selling at this point.

Michael Johnson - *Herbalife Ltd. - Chairman, CEO*

Yes. Let me add a little color to that. On if Des has some, too. We go through phases in new marketplaces where recruiting is the initial phase of our business and then retailing comes in to function as the base of it. We try to train distributors and we're taking a much more aggressive stance. We had a wonderful experience in Peru in the last couple of years where Peru went in and had a wonderful balance of retailing and recruiting, much more solid business built right at the start.

China is a 1.3 billion people, you can recruit for a long time there before we had what was called the classic "pop-and-drop" in that marketplace. So we're trying to build in right away a retailing base into that marketplace. I would say initially there is going to be a lot of recruiting, a lot of business opportunity development. We have a different marketing plan there.

We operate through a retail structure there, we had almost 7,000 mainland Chinese distributors at our event in Bangkok, which alerted us to the fact that we're going to have to have our own extravaganzas in China probably next year. And that will allow us to focus directly on that China business to build more of a message on daily consumption, retailing and that will be our challenge going forward. That's why I'm always a bit cautious when I talk about China.

Rich said it, you've got a partner in the government who is a partner that needs interpretation as we go forward and they send signals and you have to make sure you get the signals right in that marketplace. We have a really terrific staff there, we spent a lot of time with them when we were in Bangkok. We'll be spending time with them again over the next couple of weeks and China will become a regular part of our travel routine and our market opportunity.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

I'm just cautious because I've had so much experience in that marketplace. I've seen businesses grow and slow there. I have seen businesses get moved and go away there. I think our opportunity is tremendous in that marketplace for local product development, for some very creative ideas.

Again, I don't want to give you, we're already working on a couple of really interesting things there on sourcing and on potentially, green fielding some stuff there and it's just -- it's a real up -- it's a very real opportunity. I want to be cautious about the speed in which it grows. It is growing very nicely right now.

Doug Lane - *Jefferies & Co. - Analyst*

Okay. And, Rich, did I understand that there are no additional applications pending for direct selling licenses in China at this point?

Rich Goudis - *Herbalife Ltd. - CFO*

Right now that's correct, Doug. What the government kind of, getting back to the signaling that Michael just said, the government has basically signaled why don't you wait three months and come back to us. That's kind of the time frame that we would expect to probably enter the fourth quarter with new applications.

Doug Lane - *Jefferies & Co. - Analyst*

Okay. Thanks, guys.

Rich Goudis - *Herbalife Ltd. - CFO*

You're welcome.

Operator

Our next question comes from [Kennik Olson] with ANA International. You may ask your question, Mr. Olson.

Kennik Olson - *ANA International - Analyst*

I'm sorry, I did not have a question.

Operator

(OPERATOR INSTRUCTIONS)

Rich Goudis - *Herbalife Ltd. - CFO*

Kevin, why don't we just take one more question, then.

Operator

Okay. Our next question comes from Chris Ferrara from Merrill Lynch.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Chris Ferrara - Merrill Lynch - Analyst

Hey, guys. Can you talk about what the impact was from the extravaganza in Mexico City on Mexico results if you can quantify at all?

Des Walsh - Herbalife Ltd. - EVP

Chris, this is Des. Really too early to tell, Chris. This event literally just took place, what, three or four weeks ago, so too early to tell. What we can tell you is that it was a sold out event, that the excitement and unity there was just extraordinary.

One of our challenges in any market that grows as fast as that is the whole question of distributor leadership and the unity that exists among that group. And I think there we had just speaker after speaker stress the fact about the growth opportunity that exists in Mexico, about the need for united leadership and about Mexico becoming the first region to become 1 billion volume points.

It's a very, very motivation factor for distributors in Mexico. They really, really, really want to be number one in the world again and we saw that come through over and over. So in that respect, I think very positive impact on momentum going forward.

Chris Ferrara - Merrill Lynch - Analyst

And is there a way to -- how should I think about the type of challenge that you had running into the extravaganza, so what the impact could have been on the June quarter? Clearly that would help you guys, right?

Des Walsh - Herbalife Ltd. - EVP

I'm sorry, Chris, I didn't understand your question?

Chris Ferrara - Merrill Lynch - Analyst

So did the fact that you had an extravaganza recently help Q2 sales results in Mexico? In other words were distributors working harder and particularly motivated ahead of the extravaganza?

Des Walsh - Herbalife Ltd. - EVP

So the event in Mexico was a distributor event, it wasn't a supervisor qualification level. So, therefore, it is obviously assists in terms of building excitement, people are looking forward to going there, the distributors are engaged and so on and then in addition, Chris, although it wasn't a qualification event to attend, obviously, at the event there are things like parties and photo opportunities and so on that are qualifications.

So certainly it's a significant part of the overall picture in terms of the second quarter, but the most important thing for us is really the momentum that leaves that event and what its impact is on the back half of the year.

Rich Goudis - Herbalife Ltd. - CFO

And, Chris, also, I'd add from a comp standpoint, the event occurred at the same time last year in July. So if there were, like Des said, qualifications to get to parties, et cetera, you would have comped the same thing year-over-year.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Chris Ferrara - Merrill Lynch - Analyst

Great. That's helpful. Thanks. I just want to ask about, how should I think about the impact of higher shipping costs across your business?

That's one aspect of materials and packaging and shipping, it's one thing that's hitting everybody across your space. How has that had, if any, impact on your business, particularly in the U.S.?

Rich Goudis - Herbalife Ltd. - CFO

Well, it's had a slight impact as it relates to, let's say, our portion of it, the freight and handling, moving things around, but as you know, at least in the U.S., we're a very efficient user of FedEx Ground and our distributors bear that incremental shipping cost.

Chris Ferrara - Merrill Lynch - Analyst

Which is interesting, right? Times are tough, obviously, the economy is a little tougher, the consumer is feeling a pinch and they're paying a lot more to ship these products, yet your growth has been so good. I mean do you think about that as a risk factor at all? How do you think about it?

Rich Goudis - Herbalife Ltd. - CFO

No. Most of our markets, like we talked about, most of these markets are cash and carry. We've opened up additional distribution points in the U.S. We don't hear that from our distributors, that being a risk to the ongoing business and I think the performance in the last quarter really underscores that.

In times when other companies, as you've mentioned, are challenged with the economic times, we're seeing acceleration and very strong growth.

Chris Ferrara - Merrill Lynch - Analyst

And can you just -- just finally, Rich, can you give us an idea of what the bottom line impact is again of the dramatic shift you guys are seeing toward Web-based sales?

Rich Goudis - Herbalife Ltd. - CFO

Probably too early to tell, Chris. It's created some efficiency in our call centers. But I think that efficiency in the call centers is really converting into better distributor services, support, keeping people in the business, helping train or educate people who are maybe being challenged in the business. So we don't look at it as a cost effective move effectively.

We look at it as being able to spend more quality time and give more quality service to our distributors that do call in.

Chris Ferrara - Merrill Lynch - Analyst

Does that mean essentially like redeploying people who would have otherwise been answering the phone, getting them to do other things that are more customer facing and service related?

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

Rich Goudis - Herbalife Ltd. - CFO

Yes, I can even remember four years ago when you came in here, we took a lot of analysts on a tour and as you remember, there basically are two almost discreet functions within the call center. There's really the order operators if you will, but then there's the distributor services component and those are people who are longer term employees, understand the marketing plan, have a better sense of the product and those are the people that we want to have spend more time on calls with distributors to help them along their journey.

Chris Ferrara - Merrill Lynch - Analyst

Got it. Thanks, guys.

Rich Goudis - Herbalife Ltd. - CFO

Okay.

Michael Johnson - Herbalife Ltd. - Chairman, CEO

I want to just thank everybody for their participation today and as you saw this quarter, our distributors led the way to record results. It reflects their high level of engagement in our business, along with the strength of our broad product line and business opportunity as well as our really well balanced geographic portfolio. As we've said before, we're continuing to generate strong cash flows.

This gives us a great ability to invest in the business while buying back shares that we believe are trading continually at depressed levels. We've seen two factors drive our business, united leadership and daily consumption. We are encouraging and supporting these attributes worldwide and will do a lot more of that next week in Beijing with our leadership.

When leadership is united and when more people are consuming products on a daily basis, our distributors succeed in moving up the marketing plan at an accelerated rate. This is an important part of our on-stage message to the 60,000 distributors we saw in the last few weeks. We show the check, we show the business opportunity and their business starts to boom.

Our business continues to show significant momentum driven by people searching for improved health and financial well-being. We've had a successful quarter and we look forward to a record-setting second half of 2008. We appreciate your support. Thank you very much.

Operator

Ladies and gentlemen, this concludes today's presentation. You may now disconnect.

Aug. 06. 2008 / 11:00AM, HLF - Q2 2008 HERBALIFE LTD Earnings Conference Call

DISCLAIMER

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

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

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

©2008, Thomson Financial. All Rights Reserved.