

April 27, 2010



# USANA Health Sciences Announces First Quarter 2010 Financial Results

- Net sales increase by 22.4% to a record \$119.1 million
- Earnings per share increase by 44.2% to \$0.62

SALT LAKE CITY--(BUSINESS WIRE)-- USANA Health Sciences, Inc. (NASDAQ: USNA) today announced financial results for its fiscal first quarter ended April 3, 2010.

## Financial Performance

Net sales in the first quarter of 2010 improved 22.4% to a record \$119.1 million, compared with \$97.3 million in the first quarter of the prior year. This increase over the prior year was due to an overall increase in product sales, driven primarily by a 10.9% increase in the number of active Associates, which is largely the result of continued growth in our Asia Pacific region. Additionally, favorable changes in currency exchange rates increased net sales by \$8.6 million in the first quarter of 2010.

Net earnings in the first quarter of 2010 were \$9.6 million, or \$0.62 per share, compared with \$6.6 million, or \$0.43 per share, in the first quarter of the prior year. This year-over-year increase in net earnings resulted from higher net sales, lower relative selling, general and administrative expenses, and improved gross profit margins. These improvements were partially offset by higher Associate incentives expenses.

## Regional Results

During the first quarter of 2010, net sales in the North America region increased by 8.3%, or \$4.6 million, to \$60.5 million, compared with the first quarter of the prior year. In local currency, sales in this region increased by 2.0%. The sales growth in this region was primarily due to higher sales per Associate. Active Associates in the North America region, however, decreased by 3.1% to 94,000, compared with the first quarter of the prior year. Difficult economic conditions in North America continue to be a factor for Associate declines in this region.

"We are pleased to see sales growth in North America during the first quarter, particularly in the U.S., where we grew compared with both last year and the prior quarter," said Dave Wentz, chief executive officer. "While we are disappointed with our lack of customer growth in this region, we believe that there is significant potential for growth in North America. We remain committed to regaining momentum in this important region. In fact, later this year we will introduce what we believe are exciting new products, as well as business and training tools, to assist our Associates in growing their business."

Net sales in the Asia Pacific region for the first quarter of 2010 increased by 41.5%, or \$17.2 million, to \$58.6 million, compared with the first quarter of the prior year. This improvement

was primarily due to an overall increase in product sales, driven by 26.4% growth in the number of active Associates. This increase in the number of active Associates was primarily the result of double-digit growth in Hong Kong and South Korea.

"We are also pleased by the rapid growth of our Asia Pacific region, which continues to report double-digit growth in both sales and Associates," continued Wentz. "We are excited about our upcoming Asia Pacific Convention, which provides the perfect venue to launch several new products exclusive to this region and an opportunity to train, motivate, and celebrate the success of our Associates."

## Outlook

During the second quarter, we will begin to implement changes to better manage our Associate Incentives expense. These changes will include adjustments to reduce our exposure to currency fluctuations, as well as certain policy changes.

Jeff Yates, chief financial officer, said, "I am pleased with our first quarter operating results, which were stronger than expected. In light of these results, we believe that now is an opportune time to make strategic changes to help us further manage our Associate Incentives expense. These changes may, in the short-term, slow our growth or reduce our top-line results in certain markets. Importantly, as I have commented previously, we are committed to improving our operating margin and believe these changes will not only enable us to achieve this objective, but also help us strategically to drive the long-term success of our business.

"As a result of the foregoing, we are modestly increasing our financial guidance for 2010. We now project consolidated net sales to be between \$470 million and \$480 million and earnings per share to be between \$2.50 and \$2.60," concluded Yates.

## Conference Call

USANA will hold a conference call and webcast to discuss this announcement with investors on Wednesday, April 28, 2010 at 11:00AM Eastern Time. Investors may listen to the call by accessing USANA's website at <http://www.usanahealthsciences.com>.

## About USANA

USANA develops and manufactures high quality nutritional, personal care, and weight management products that are sold directly to Associates and Preferred Customers throughout the United States, Canada, Australia, New Zealand, Hong Kong, Japan, Taiwan, South Korea, Singapore, Mexico, Malaysia, the Philippines, the Netherlands, and the United Kingdom. More information on USANA can be found at <http://www.usanahealthsciences.com>.

## Safe Harbor

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Our actual results could differ materially from those projected in these forward-looking statements, which involve a number of risks and uncertainties, including global economic conditions generally, reliance upon our network of independent Associates, the governmental regulation of our products,

manufacturing and marketing risks, adverse publicity risks, and risks associated with our international expansion. The contents of this release should be considered in conjunction with the risk factors, warnings, and cautionary statements that are contained in our most recent filings with the Securities and Exchange Commission.

USANA Health Sciences, Inc.

# Consolidated Statements of Earnings

(In thousands, except per share data)

(Unaudited)

|                                               | Quarter Ended |            |
|-----------------------------------------------|---------------|------------|
|                                               | 4-Apr-09      | 3-Apr-10   |
| Net sales                                     | \$ 97,299     | \$ 119,087 |
| Cost of sales                                 | 19,846        | 23,020     |
| Gross profit                                  | 77,453        | 96,067     |
| Operating expenses                            |               |            |
| Associate incentives                          | 41,890        | 54,118     |
| Selling, general and administrative           | 25,330        | 27,458     |
| Earnings from operations                      | 10,233        | 14,491     |
| Other income (expense)                        | (90 )         | 339        |
| Earnings before income taxes                  | 10,143        | 14,830     |
| Income taxes                                  | 3,497         | 5,189      |
| NET EARNINGS                                  | \$ 6,646      | \$ 9,641   |
| Earnings per share - diluted                  | \$ 0.43       | \$ 0.62    |
| Weighted average shares outstanding - diluted | 15,382        | 15,513     |

USANA Health Sciences, Inc.

# Consolidated Balance Sheets

(In thousands)

|                           | As of     | As of       |
|---------------------------|-----------|-------------|
|                           | 2-Jan-10  | 3-Apr-10    |
|                           |           | (Unaudited) |
| ASSETS                    |           |             |
| Current Assets            |           |             |
| Cash and cash equivalents | \$ 13,658 | \$ 21,523   |

|                             |            |            |
|-----------------------------|------------|------------|
| Inventories                 | 25,761     | 27,404     |
| Other current assets        | 12,507     | 11,704     |
| Total current assets        | 51,926     | 60,631     |
| Property and equipment, net | 57,241     | 56,625     |
| Goodwill                    | 5,690      | 5,690      |
| Other assets                | 8,581      | 9,106      |
| Total assets                | \$ 123,438 | \$ 132,052 |

#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### Current liabilities

|                                            |            |            |
|--------------------------------------------|------------|------------|
| Accounts payable                           | \$ 5,810   | \$ 5,396   |
| Other current liabilities                  | 34,668     | 38,764     |
| Total current liabilities                  | 40,478     | 44,160     |
| Line of credit                             | 7,000      | -          |
| Other long-term liabilities                | 1,587      | 1,526      |
| Stockholders' equity                       | 74,373     | 86,366     |
| Total liabilities and stockholders' equity | \$ 123,438 | \$ 132,052 |

USANA Health Sciences, Inc.

Sales by Region

(Unaudited)

(In thousands)

| Region              | Quarter Ended |      |   |           |      |   |
|---------------------|---------------|------|---|-----------|------|---|
|                     | 4-Apr-09      |      |   | 3-Apr-10  |      |   |
| North America       |               |      |   |           |      |   |
| United States       | \$ 36,489     | 37.5 | % | \$ 37,606 | 31.6 | % |
| Canada              | 14,936        | 15.4 | % | 17,560    | 14.7 | % |
| Mexico              | 4,470         | 4.6  | % | 5,354     | 4.5  | % |
| North America Total | 55,895        | 57.5 | % | 60,520    | 50.8 | % |
| Asia Pacific        |               |      |   |           |      |   |

|                        |           |       |   |            |       |   |
|------------------------|-----------|-------|---|------------|-------|---|
| Southeast Asia/Pacific | 19,938    | 20.5  | % | 24,533     | 20.6  | % |
| East Asia              | 16,955    | 17.4  | % | 28,263     | 23.7  | % |
| North Asia             | 4,511     | 4.6   | % | 5,771      | 4.9   | % |
| Asia Pacific Total     | 41,404    | 42.5  | % | 58,567     | 49.2  | % |
| Consolidated           | \$ 97,299 | 100.0 | % | \$ 119,087 | 100.0 | % |

Active Associates by Region(1)

(Unaudited)

|                        | As of    |       |   |          |       |   |
|------------------------|----------|-------|---|----------|-------|---|
|                        | 4-Apr-09 |       |   | 3-Apr-10 |       |   |
| Region                 |          |       |   |          |       |   |
| North America          |          |       |   |          |       |   |
| United States          | 58,000   | 31.5  | % | 56,000   | 27.5  | % |
| Canada                 | 26,000   | 14.1  | % | 25,000   | 12.2  | % |
| Mexico                 | 13,000   | 7.1   | % | 13,000   | 6.4   | % |
| North America Total    | 97,000   | 52.7  | % | 94,000   | 46.1  | % |
| Asia Pacific           |          |       |   |          |       |   |
| Southeast Asia/Pacific | 45,000   | 24.5  | % | 44,000   | 21.6  | % |
| East Asia              | 35,000   | 19.0  | % | 57,000   | 27.9  | % |
| North Asia             | 7,000    | 3.8   | % | 9,000    | 4.4   | % |
| Asia Pacific Total     | 87,000   | 47.3  | % | 110,000  | 53.9  | % |
| Total                  | 184,000  | 100.0 | % | 204,000  | 100.0 | % |

(1) Associates are independent distributors of our products who also purchase our products for their personal use. We only count as active those Associates who have purchased product from USANA at any time during the most recent three-month period, either for personal use or for resale.

Active Preferred Customers by Region(2)

(Unaudited)

As of

|                        | 4-Apr-09 |        | 3-Apr-10 |        |
|------------------------|----------|--------|----------|--------|
| Region                 |          |        |          |        |
| North America          |          |        |          |        |
| United States          | 41,000   | 60.3%  | 39,000   | 60.0%  |
| Canada                 | 16,000   | 23.5%  | 15,000   | 23.1%  |
| Mexico                 | 3,000    | 4.4%   | 3,000    | 4.6%   |
| North America Total    | 60,000   | 88.2%  | 57,000   | 87.7%  |
| Asia Pacific           |          |        |          |        |
| Southeast Asia/Pacific | 7,000    | 10.3%  | 6,000    | 9.3%   |
| East Asia              | 1,000    | 1.5%   | 1,000    | 1.5%   |
| North Asia             | -        | 0.0%   | 1,000    | 1.5%   |
| Asia Pacific Total     | 8,000    | 11.8%  | 8,000    | 12.3%  |
| Total                  | 68,000   | 100.0% | 65,000   | 100.0% |

(2) Preferred Customers purchase our products strictly for their personal use and are not permitted to resell or to distribute the products. We only count as active those Preferred Customers who have purchased product from USANA at any time during the most recent three-month period.

Source: USANA Health Sciences, Inc.