

February 9, 2010



# USANA Health Sciences Announces Fourth Quarter and Full-Year 2009 Financial Results That Exceed Guidance

- 2009 marks the 7th consecutive year of record sales
- Net sales increase to a record \$116.8 million and \$436.9 million
- Earnings per share increase to \$0.66 and \$2.17
- Guidance provided for 2010

SALT LAKE CITY--(BUSINESS WIRE)-- USANA Health Sciences, Inc. (NASDAQ: USNA) today announced financial results for its fiscal fourth quarter and full-year ended January 2, 2010.

## Financial Performance

Net sales in the fourth quarter of 2009 improved 5.2% to a record \$116.8 million, compared with \$111.1 million in the fourth quarter of the prior year. The fourth quarter of 2008 was a 14-week quarter and included, comparatively, one additional week of sales. Excluding this extra week of sales in the fourth quarter of 2008, net sales for the fourth quarter of 2009 increased year-over-year by 12.2%. This increase over the prior year was due to an overall increase in product sales and a \$6.5 million benefit from changes in currency exchange rates.

Net earnings in the fourth quarter were \$10.2 million, or \$0.66 per share, compared with \$4.5 million, or \$0.29 per share, in the fourth quarter of the prior year. Excluding a non-recurring expense in the fourth quarter of 2008, net earnings increased by \$1.5 million, or 16.7%, and earnings per share increased by \$0.10, or 17.9%. The increase in net earnings resulted from lower selling, general and administrative expenses, improved gross profit margins, and a benefit in other income due to changes in foreign currency gains and losses. These improvements were partially offset by higher Associate incentives expense.

In the full-year ended January 2, 2010, net sales increased by 1.8% to a record \$436.9 million, compared with \$429.0 million in the prior year. Excluding the extra week of sales in 2008 and the negative effect of changes in currency exchange rates, which reduced sales by \$17.1 million, net sales increased by 7.6%, compared with the prior year. This growth in sales was due to an overall increase in product sales, driven by a higher average number of active Associates.

Net earnings in the full-year 2009 were \$33.6 million, or \$2.17 per share, compared with net earnings of \$29.9 million, or \$1.85 per share in the prior year. Excluding a non-recurring expense in 2008, net earnings decreased by \$643 thousand or 1.9%. This decrease in net earnings can primarily be attributed to unfavorable currency exchange rates and higher Associate incentives expense. Earnings per share, however, increased by \$0.05, or 2.4%,

due to a lower number of average shares outstanding.

"We are pleased with the momentum we experienced in our business in the fourth quarter, which allowed us to finish 2009 on a strong note and exceed guidance," said Dave Wentz, chief executive officer. "Although the global recession and other external factors presented challenges to our business during the year, our growing international presence and proven business model allowed us to meet these challenges. In 2009, we completed our first full year of successful operations in the Philippines, saw the benefits of the two enhancements we made to our Associate compensation plan, and introduced several new and innovative products and sales tools. With this momentum, I believe we are well positioned for further growth and profitability in 2010."

## Regional Results

During the fourth quarter of 2009, net sales in North America decreased by 9.3%, or \$6.2 million, to \$60.8 million, compared with the fourth quarter of the prior year. Excluding the extra week of sales in 2008, net sales in North America decreased by 3.5%. More specifically, sales in the U.S. decreased by 6.2%, and local currency sales in Canada decreased by 11.8% but increased by 4.6% in Mexico. Active Associates in the North America region decreased by 9.3% to 97,000, compared with the fourth quarter of the prior year. On a consecutive quarter basis, sales in the U.S. decreased by 2.4%, while sales in Canada increased by 5.8% and increased by 8.4% in Mexico.

Net sales in the Asia Pacific region for the fourth quarter of 2009 increased by 27.1%, or \$11.9 million, to \$56.0 million, compared with the fourth quarter of the prior year. This improvement was primarily due to an overall increase in product sales, driven by a 12.1% growth in the number of active Associates. The number of active Associates in this region grew in the fourth quarter to a record 102,000, compared with 91,000 in the fourth quarter of the prior year. This increase in the number of active Associates was primarily due to double-digit growth in Hong Kong, Malaysia, and South Korea. Additionally, the Company's newest market, the Philippines, added 4,000 Associates. On a consecutive quarter basis, sales in Asia Pacific continued to grow, increasing by 10.9%.

"We are not satisfied with the recent financial and operating results in North America," continued Wentz. "We understand this region's importance to our global business model and are taking action to implement initiatives and training tools to help regain momentum in this region. We are pleased by the rapid growth of our Asia Pacific region, which continues to report consecutive quarters of strong growth in both sales and Associates. In light of the impressive momentum and Associate enthusiasm that we are experiencing in our Asia Pacific region, we expect 2010 to be another record year for USANA."

## Outlook

Today, the Company is providing its financial guidance for the full-year 2010. The Company projects consolidated net sales to be between \$465 million and \$475 million, compared with actual net sales of \$436.9 million in 2009. Earnings per share for 2010 are estimated to be between \$2.45 and \$2.55, compared with actual earnings per share of \$2.17 in 2009.

Jeff Yates, chief financial officer, said, "I am pleased with our fourth quarter results, which contributed to another solid year financially for USANA. We remain committed to regaining

momentum in the U.S. and Canada, and we will continue to support the strong growth in our Asia Pacific region. Additionally, we anticipate a meaningful improvement in our operating margins in 2010."

#### Conference Call

USANA will hold a conference call and webcast to discuss this announcement with investors on Wednesday, February 10, 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 Preferred Customers and Associates 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 |            | Year Ended   |            |
|----------------------|---------------|------------|--------------|------------|
|                      | 3-Jan-09      | 2-Jan-10   | 3-Jan-09 (1) | 2-Jan-10   |
| Net sales            | \$ 111,058    | \$ 116,784 | \$ 429,012   | \$ 436,940 |
| Cost of sales        | 23,264        | 23,567     | 88,878       | 89,803     |
| Gross profit         | 87,794        | 93,217     | 340,134      | 347,137    |
| Operating expenses   |               |            |              |            |
| Associate incentives | 46,769        | 53,353     | 178,309      | 196,363    |
| Selling, general and | 33,418        | 24,520     | 113,828      | 99,983     |

|  |          |           |           |           |
|--|----------|-----------|-----------|-----------|
| administrative                                   |          |           |           |           |
| Earnings from operations                         | 7,607    | 15,344    | 47,997    | 50,791    |
| Other income (expense)                           | (1,051 ) | 42        | (1,676 )  | 187       |
| Earnings before income taxes                     | 6,556    | 15,386    | 46,321    | 50,978    |
| Income taxes                                     | 2,066    | 5,179     | 16,376    | 17,422    |
| NET EARNINGS                                     | \$ 4,490 | \$ 10,207 | \$ 29,945 | \$ 33,556 |
| Earnings per share - diluted                     | \$ 0.29  | \$ 0.66   | \$ 1.85   | \$ 2.17   |
| Weighted average shares<br>outstanding - diluted | 15,642   | 15,558    | 16,163    | 15,432    |

## (1) Derived from audited financial statements

USANA Health Sciences, Inc.

Consolidated Balance Sheets

(In thousands)

|                                      | As of      | As of       |
|--------------------------------------|------------|-------------|
|                                      | 3-Jan-09   | 2-Jan-10    |
|                                      |            | (Unaudited) |
| ASSETS                               |            |             |
| Current Assets                       |            |             |
| Cash and cash equivalents            | \$ 13,281  | \$ 13,658   |
| Inventories                          | 23,879     | 25,761      |
| Other current assets                 | 15,514     | 12,507      |
| Total current assets                 | 52,674     | 51,926      |
| Property and equipment, net          | 57,369     | 57,241      |
| Goodwill                             | 5,690      | 5,690       |
| Other assets                         | 6,839      | 8,581       |
| Total assets                         | \$ 122,572 | \$ 123,438  |
| LIABILITIES AND STOCKHOLDERS' EQUITY |            |             |
| Current liabilities                  |            |             |
| Accounts payable                     | \$ 6,879   | \$ 5,810    |
| Other current liabilities            | 47,655     | 34,668      |

|  |            |            |
|--|------------|------------|
| Total current liabilities                  | 54,534     | 40,478     |
| Line of credit                             | 34,990     | 7,000      |
| Other long-term liabilities                | 1,212      | 1,587      |
| Stockholders' equity                       | 31,836     | 74,373     |
| Total liabilities and stockholders' equity | \$ 122,572 | \$ 123,438 |

USANA Health Sciences, Inc.

Sales by Region

(Unaudited)

(In thousands)

| Region                 | Quarter Ended |        |            |        |
|------------------------|---------------|--------|------------|--------|
|                        | 3-Jan-09      |        | 2-Jan-10   |        |
| North America          |               |        |            |        |
| United States          | \$ 42,350     | 38.1%  | \$ 37,168  | 31.8%  |
| Canada                 | 18,653        | 16.8%  | 17,631     | 15.1%  |
| Mexico                 | 6,011         | 5.4%   | 6,000      | 5.2%   |
| North America Total    | 67,014        | 60.3%  | 60,799     | 52.1%  |
| Asia Pacific           |               |        |            |        |
| Southeast Asia/Pacific | 22,368        | 20.2%  | 25,502     | 21.8%  |
| East Asia              | 17,532        | 15.8%  | 24,589     | 21.1%  |
| North Asia             | 4,144         | 3.7%   | 5,894      | 5.0%   |
| Asia Pacific Total     | 44,044        | 39.7%  | 55,985     | 47.9%  |
| Consolidated           | \$ 111,058    | 100.0% | \$ 116,784 | 100.0% |

Active Associates by Region(1)

(Unaudited)

As of

3-Jan-09

2-Jan-10

| Region                 |         |        |         |        |
|------------------------|---------|--------|---------|--------|
| North America          |         |        |         |        |
| United States          | 63,000  | 31.8%  | 57,000  | 28.6%  |
| Canada                 | 29,000  | 14.6%  | 25,000  | 12.6%  |
| Mexico                 | 15,000  | 7.6%   | 15,000  | 7.5%   |
| North America Total    | 107,000 | 54.0%  | 97,000  | 48.7%  |
| Asia Pacific           |         |        |         |        |
| Southeast Asia/Pacific | 44,000  | 22.2%  | 46,000  | 23.1%  |
| East Asia              | 40,000  | 20.2%  | 48,000  | 24.2%  |
| North Asia             | 7,000   | 3.6%   | 8,000   | 4.0%   |
| Asia Pacific Total     | 91,000  | 46.0%  | 102,000 | 51.3%  |
| Total                  | 198,000 | 100.0% | 199,000 | 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)

| Region                 | As of    |       |          |       |
|------------------------|----------|-------|----------|-------|
|                        | 3-Jan-09 |       | 2-Jan-10 |       |
| North America          |          |       |          |       |
| United States          | 43,000   | 60.6% | 39,000   | 58.2% |
| Canada                 | 16,000   | 22.5% | 16,000   | 23.9% |
| Mexico                 | 3,000    | 4.2%  | 3,000    | 4.5%  |
| North America Total    | 62,000   | 87.3% | 58,000   | 86.6% |
| Asia Pacific           |          |       |          |       |
| Southeast Asia/Pacific | 7,000    | 9.9%  | 7,000    | 10.4% |

|                    |        |        |        |        |
|--------------------|--------|--------|--------|--------|
| East Asia          | 1,000  | 1.4%   | 1,000  | 1.5%   |
| North Asia         | 1,000  | 1.4%   | 1,000  | 1.5%   |
| Asia Pacific Total | 9,000  | 12.7%  | 9,000  | 13.4%  |
| Total              | 71,000 | 100.0% | 67,000 | 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.