

USANA HEALTH SCIENCES INC  
Form 10-Q  
May 10, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-21116

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**USANA HEALTH SCIENCES, INC.**

(Exact name of registrant as specified in its charter)

**Utah**  
(State or other jurisdiction  
of incorporation or organization)

**87-0500306**  
(I.R.S. Employer  
Identification No.)

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**3838 West Parkway Blvd., Salt Lake City, Utah 84120**

(Address of principal executive offices, Zip Code)

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**(801) 954-7100**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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The number of shares outstanding of the registrant's common stock as of May 4, 2012 was 14,857,757.

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USANA HEALTH SCIENCES, INC.

FORM 10-Q

For the Quarterly Period Ended March 31, 2012

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(in thousands)

|  | As of<br>December 31,<br>2011 | As of<br>March 31,<br>2012<br>(unaudited) |
|--|-------------------------------|---|
| <b>ASSETS</b>  |                               |   |
| Current assets   |                               |   |
| Cash and cash equivalents  | \$ 50,353                     | \$ 71,164                                 |
| Inventories  | 36,968                        | 35,286                                    |
| Prepaid expenses and other current assets  | 18,738                        | 18,884                                    |
| Total current assets   | 106,059                       | 125,334                                   |
| Property and equipment, net  | 60,754                        | 61,188                                    |
| Goodwill   | 17,740                        | 17,776                                    |
| Intangible assets, net   | 42,637                        | 42,495                                    |
| Deferred tax assets  | 11,033                        | 11,248                                    |
| Other assets   | 6,273                         | 6,471                                     |
|  | \$ 244,496                    | \$ 264,512                                |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                               |   |
| Current liabilities  |                               |   |
| Accounts payable   | \$ 7,952                      | \$ 7,572                                  |
| Other current liabilities  | 51,744                        | 54,817                                    |
| Total current liabilities  | 59,696                        | 62,389                                    |
| Deferred tax liabilities   | 9,948                         | 10,160                                    |
| Other long-term liabilities  | 942                           | 901                                       |
| Stockholders' equity   |                               |   |
| Common stock, \$0.001 par value; Authorized 50,000 shares, issued and outstanding 14,940 as of December 31, 2011 and 14,991 as of March 31, 2012 | 15                            | 15  |
| Additional paid-in capital   | 49,257                        | 52,258                                    |
| Retained earnings  | 118,799                       | 132,550                                   |
| Accumulated other comprehensive income   | 5,839                         | 6,239                                     |

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|                            |    |         |    |         |
|----------------------------|----|---------|----|---------|
| Total stockholders' equity |    | 173,910 |    | 191,062 |
|                            | \$ | 244,496 | \$ | 264,512 |

The accompanying notes are an integral part of these statements.

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## USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands, except per share data)

(unaudited)

|  | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | April 2,<br>2011   | March 31,<br>2012 |
| Net sales  | \$ 143,566         | \$ 154,120        |
| Cost of sales  | 25,662             | 27,217            |
| Gross profit   | 117,904            | 126,903           |
| Operating expenses:  |                    |                   |
| Associate incentives   | 64,807             | 68,009            |
| Selling, general and administrative                                      | 35,870             | 38,032            |
| Total operating expenses   | 100,677            | 106,041           |
| Earnings from operations   | 17,227             | 20,862            |
| Other income (expense):  |                    |                   |
| Interest income  | 50                 | 38                |
| Interest expense   | (6)                |                   |
| Other, net   | 57                 | 94                |
| Other income, net  | 101                | 132               |
| Earnings before income taxes   | 17,328             | 20,994            |
| Income taxes   | 5,978              | 7,243             |
| Net earnings   | \$ 11,350          | \$ 13,751         |
| Earnings per common share  |                    |                   |
| Basic  | \$ 0.71            | \$ 0.92           |
| Diluted  | \$ 0.70            | \$ 0.90           |
| Weighted average common shares outstanding                               |                    |                   |
| Basic  | 15,911             | 14,964            |
| Diluted  | 16,217             | 15,288            |
| Comprehensive income:  |                    |                   |
| Net earnings   | \$ 11,350          | \$ 13,751         |
| Other comprehensive income, net of tax:                                  |                    |                   |
| Foreign currency translation adjustment                                  | 864                | 695               |
| Tax (expense) benefit related to foreign currency translation adjustment | (208)              | (295)             |
| Other comprehensive income, net of tax                                   | 656                | 400               |
| Comprehensive income   | \$ 12,006          | \$ 14,151         |

The accompanying notes are an integral part of these statements.





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## USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

Three Months Ended April 2, 2011 and March 31, 2012

(in thousands)

(unaudited)

|  | Common Stock<br>Shares | Value | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Total      |
|--|------------------------|-------|----------------------------------|----------------------|--|------------|
| <b>For the Three Months Ended April 2, 2011</b>                              |                        |       |                                  |                      |  |            |
| Balance at January 1, 2011   | 15,985                 | \$ 16 | \$ 51,222                        | \$ 90,207            | \$ 5,357   | \$ 146,802 |
| Net earnings   |                        |       |                                  | 11,350               |  | 11,350     |
| Other comprehensive income, net of tax                                       |                        |       |                                  |                      | 656  | 656        |
| Equity-based compensation expense  |                        |       | 3,235                            |                      |  | 3,235      |
| Common stock repurchased and retired   | (251)                  |       | (3,030)                          | (5,492)              |  | (8,522)    |
| Common stock issued under equity award plans, including tax benefit of \$35  | 8                      |       | 35                               |                      |  | 35         |
| Balance at April 2, 2011   | 15,742                 | 16    | 51,462                           | 96,065               | 6,013  | 153,556    |
| <b>For the Three Months Ended March 31, 2012</b>                             |                        |       |                                  |                      |  |            |
| Balance at December 31, 2011   | 14,940                 | \$ 15 | 49,257                           | 118,799              | 5,839  | 173,910    |
| Net earnings   |                        |       |                                  | 13,751               |  | 13,751     |
| Other comprehensive income, net of tax                                       |                        |       |                                  |                      | 400  | 400        |
| Equity-based compensation expense  |                        |       | 2,866                            |                      |  | 2,866      |
| Common stock issued under equity award plans, including tax benefit of \$176 | 51                     |       | 176                              |                      |  | 176        |
| Tax impact of canceled vested equity awards                                  |                        |       | (41)                             |                      |  | (41)       |
| Balance at March 31, 2012  | 14,991                 | \$ 15 | \$ 52,258                        | \$ 132,550           | \$ 6,239   | \$ 191,062 |

The accompanying notes are an integral part of these statements.

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## USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

|  | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | April 2,<br>2011   | March 31,<br>2012 |
| Cash flows from operating activities   |                    |                   |
| Net earnings   | \$ 11,350          | \$ 13,751         |
| Adjustments to reconcile net earnings to net cash provided by operating activities |                    |                   |
| Depreciation and amortization  | 2,136              | 2,196             |
| (Gain) loss on sale of property and equipment                                      |                    | (22)              |
| Equity-based compensation expense  | 3,235              | 2,866             |
| Excess tax benefits from equity-based payment arrangements                         | (35)               | (176)             |
| Deferred income taxes  | (1,743)            | (729)             |
| Changes in operating assets and liabilities:                                       |                    |                   |
| Inventories, net   | 640                | 2,185             |
| Prepaid expenses and other assets  | 5,721              | 414               |
| Accounts payable   | 1,440              | (314)             |
| Other liabilities  | (5,199)            | 2,472             |
| Total adjustments  | 6,195              | 8,892             |
| Net cash provided by operating activities  | 17,545             | 22,643            |
| Cash flows from investing activities   |                    |                   |
| Proceeds from sale of property and equipment                                       |                    | 51                |
| Purchases of property and equipment  | (676)              | (2,227)           |
| Net cash used in investing activities  | (676)              | (2,176)           |
| Cash flows from financing activities   |                    |                   |
| Excess tax benefits from equity-based payment arrangements                         | 35                 | 176               |
| Repurchase of common stock   | (8,522)            |                   |
| Net cash (used in) provided by financing activities                                | (8,487)            | 176               |
| Effect of exchange rate changes on cash and cash equivalents                       | 114                | 168               |
| Net increase in cash and cash equivalents  | 8,496              | 20,811            |
| Cash and cash equivalents, beginning of period                                     | 24,222             | 50,353            |
| Cash and cash equivalents, end of period   | \$ 32,718          | \$ 71,164         |

Supplemental disclosures of cash flow information

Cash paid during the period for:

|              |    |     |    |     |
|--------------|----|-----|----|-----|
| Interest     | \$ | 7   | \$ |     |
| Income taxes |    | 344 |    | 741 |

The accompanying notes are an integral part of these statements.

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**USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(in thousands, except per share data)**

**(unaudited)**

**Organization, Consolidation, and Basis of Presentation**

USANA Health Sciences, Inc. develops and manufactures high-quality nutritional and personal care products that are sold internationally through a global network marketing system, which is a form of direct selling. The Consolidated Financial Statements include the accounts and operations of USANA Health Sciences, Inc. and its wholly-owned subsidiaries (collectively, the Company or USANA ) in two geographic regions: North America and Asia Pacific, which is further divided into three sub-regions; Southeast Asia/Pacific, Greater China, and North Asia. North America includes the United States (including direct sales from the United States to the United Kingdom and the Netherlands), Canada, Mexico, France, and Belgium. Southeast Asia/Pacific includes Australia, New Zealand, Singapore, Malaysia, the Philippines, and Thailand; Greater China includes Hong Kong, Taiwan and China; and North Asia includes Japan and South Korea. All significant inter-company accounts and transactions have been eliminated in this consolidation.

The condensed balance sheet as of December 31, 2011, derived from audited financial statements, and the unaudited interim consolidated financial information of the Company have been prepared in accordance with Article 10 of Regulation S-X promulgated by the Securities and Exchange Commission. Certain information and footnote disclosures that are normally included in financial statements that have been prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the accompanying interim consolidated financial information contains all adjustments, consisting of normal recurring adjustments that are necessary to present fairly the Company's financial position as of March 31, 2012 and results of operations for the three months ended April 2, 2011 and March 31, 2012. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto that are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011. The results of operations for the three months ended March 31, 2012, may not be indicative of the results that may be expected for the fiscal year 2012 ending December 29, 2012.

**Recently adopted accounting pronouncements**

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income (ASU 2011-05). The objective of ASU 2011-05 is to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. To increase the prominence of items reported in other comprehensive income and to facilitate the convergence of U.S. GAAP and IFRS, ASU 2011-05 eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. Under the amendments in this update, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. These amendments do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. Also, the amendments do not change the option for an entity to present components of other comprehensive income either net of related tax effects or before related tax effects, with one amount shown for the aggregate income tax expense or benefit related to the total of other comprehensive income items. The Company adopted ASU 2011-05 during the first quarter ended March 31, 2012. Adoption of this standard did not have a material impact on the Company's consolidated financial statements, as it only affected financial statement presentation.



Table of Contents**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** (continued)

(in thousands, except per share data)

(unaudited)

*Revisions*

As disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2011, revisions have been made to the Company's previously issued financial statements to record the impact of currency translation on intangible assets acquired as a part of the 2010 purchase of BabyCare Holdings, Ltd. These revisions had no effect on our earnings from operations, net earnings or earnings per share.

The following tables illustrate the effects of the revision on the Company's consolidated financial statements for only those line items that were affected and have not been previously disclosed:

**Consolidated Statements of Comprehensive Income**

(in thousands)

|                      | For the three months ended April 2, 2011 |            |            |
|----------------------|--|------------|------------|
|                      | As Previously Reported                   | Adjustment | As Revised |
| Comprehensive income | \$ 11,667                                | \$ 339     | \$ 12,006  |

**Consolidated Statements of Stockholders' Equity**

(in thousands)

|   | For the three months ended April 2, 2011 |            |            |
|---|--|------------|------------|
|   | As Previously Reported                   | Adjustment | As Revised |
| Other comprehensive income, net of tax                                  | \$ 317                                   | \$ 339     | \$ 656     |
| Accumulated Other Comprehensive Income (Loss), Balance at April 2, 2011 | 4,038                                    | 1,975      | 6,013      |
| Total Stockholders' Equity, Balance at April 2, 2011                    | 151,581                                  | 1,975      | 153,556    |

**NOTE A INVENTORIES**

Inventories consist of the following:

|                  | <b>December 31,<br/>2011</b> |    | <b>March 31,<br/>2012</b> |
|------------------|------------------------------|----|---------------------------|
| Raw materials    | \$ 9,670                     | \$ | 9,981                     |
| Work in progress | 6,917                        |    | 7,104                     |
| Finished goods   | 20,381                       |    | 18,201                    |
|                  | \$ 36,968                    | \$ | 35,286                    |

Table of Contents**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** (continued)

(in thousands, except per share data)

(unaudited)

**NOTE B COMMON STOCK AND EARNINGS PER SHARE**

Basic earnings per share are based on the weighted-average number of shares outstanding for each period. Shares that have been repurchased and retired during the periods specified below have been included in the calculation of the number of weighted-average shares that are outstanding for the calculation of basic earnings per share. Diluted earnings per common share are based on shares that are outstanding (computed under basic EPS) and on potentially dilutive shares. Shares that are included in the diluted earnings per share calculations under the treasury stock method include equity awards that are in-the-money but have not yet been exercised.

|  | <b>Three Months Ended</b> |                           |
|--|---------------------------|---------------------------|
|  | <b>April 2,<br/>2011</b>  | <b>March 31,<br/>2012</b> |
| Net earnings available to common shareholders                      | \$ 11,350                 | \$ 13,751                 |
| <b>Basic EPS</b>   |                           |                           |
| <b>Shares</b>  |                           |                           |
| Common shares outstanding entire period                            | 15,985                    | 14,940                    |
| Weighted average common shares:                                    |                           |                           |
| Issued during period   | 4                         | 24                        |
| Canceled during period   | (78)                      |                           |
| Weighted average common shares outstanding during period           | 15,911                    | 14,964                    |
| Earnings per common share from net earnings - basic                | \$ 0.71                   | \$ 0.92                   |
| <b>Diluted EPS</b>   |                           |                           |
| <b>Shares</b>  |                           |                           |
| Weighted average common shares outstanding during period - basic   | 15,911                    | 14,964                    |
| Dilutive effect of in-the-money equity awards                      | 306                       | 324                       |
| Weighted average common shares outstanding during period - diluted | 16,217                    | 15,288                    |
| Earnings per common share from net earnings - diluted              | \$ 0.70                   | \$ 0.90                   |

Equity awards for 1,312 and 1,148 shares of stock were not included in the computation of diluted EPS for the quarters ended April 2, 2011, and March 31, 2012, respectively, due to the fact that their exercise prices were greater than the average market price of the shares.





Table of Contents**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** (continued)

(in thousands, except per share data)

(unaudited)

**NOTE C SEGMENT INFORMATION**

USANA operates in a single operating segment as a direct selling company that develops, manufactures, and distributes high-quality nutritional and personal care products that are sold through a global network marketing system of independent distributors ( Associates ). As such, management has determined that the Company operates in one reportable business segment. Performance for a region or market is primarily evaluated based on sales. The Company does not use profitability reports on a regional or market basis for making business decisions. No single Associate accounted for 10% or more of net sales for the periods presented. The table below summarizes the approximate percentage of total product revenue that has been contributed by the Company's nutritional and personal care products for the periods indicated.

|                          | <b>Three Months Ended</b> |                           |
|--------------------------|---------------------------|---------------------------|
|                          | <b>April 2,<br/>2011</b>  | <b>March 31,<br/>2012</b> |
| USANA® Nutritionals      | 78%                       | 80%                       |
| USANA Foods              | 11%                       | 11%                       |
| Sensé beautiful science® | 8%                        | 7%                        |

Selected financial information for the Company is presented for two geographic regions: North America and Asia Pacific, with three sub-regions under Asia Pacific. Individual markets are categorized into these regions as follows:

- North America United States (including direct sales from the United States to the United Kingdom and the Netherlands), Canada, Mexico, France(1), and Belgium(1)
- Asia Pacific
- Southeast Asia/Pacific Australia, New Zealand, Singapore, Malaysia, the Philippines, and Thailand(2)
- Greater China Hong Kong, Taiwan, and China

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- North Asia Japan and South Korea

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(1) The Company commenced operations in France and Belgium during the last week of the first quarter of 2012. Net sales and customer count information for these two markets have been included with the United States for the quarter ended March 31, 2012.

(2) The Company commenced operations in Thailand at the end of the first quarter of 2012.

Table of Contents**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** (continued)

(in thousands, except per share data)

(unaudited)

**NOTE C SEGMENT INFORMATION CONTINUED***Selected Financial Information*

Financial information by geographic region is presented for the periods indicated below:

|                                 | <b>Three Months Ended</b> |                           |
|---------------------------------|---------------------------|---------------------------|
|                                 | <b>April 2,<br/>2011</b>  | <b>March 31,<br/>2012</b> |
| Net Sales to External Customers |                           |                           |
| North America                   | \$ 60,021                 | \$ 58,632                 |
| Asia Pacific                    |                           |                           |
| Southeast Asia/Pacific          | 24,694                    | 32,252                    |
| Greater China                   | 52,111                    | 56,635                    |
| North Asia                      | 6,740                     | 6,601                     |
| Asia Pacific Total              | 83,545                    | 95,488                    |
| Consolidated Total              | \$ 143,566                | \$ 154,120                |

The following table provides further information on markets representing ten percent or more of consolidated net sales and long-lived assets, respectively:

|                                 | <b>Three Months Ended</b> |                           |
|---------------------------------|---------------------------|---------------------------|
|                                 | <b>April 2,<br/>2011</b>  | <b>March 31,<br/>2012</b> |
| Net Sales to External Customers |                           |                           |
| Hong Kong                       | \$ 40,203                 | \$ 43,807                 |
| United States                   | 37,036                    | 36,491                    |
| Canada                          | 17,327                    | 16,189                    |

  

|                   | <b>December 31,<br/>2011</b> | <b>As of<br/>March 31,<br/>2012</b> |
|-------------------|------------------------------|-------------------------------------|
| Long-lived Assets |                              |                                     |
| China             | \$ 59,806                    | \$ 59,662                           |

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|               |        |        |
|---------------|--------|--------|
| United States | 46,991 | 46,605 |
| Australia     | 15,280 | 15,408 |

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**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of USANA's financial condition and results of operations is presented in six sections:

- Overview
- Customers
- Current Focus and Recent Developments
- Results of Operations
- Liquidity and Capital Resources
- Forward-Looking Statements and Certain Risks

This discussion and analysis should be read in conjunction with the Unaudited Consolidated Financial Statements and Notes thereto that are contained in this quarterly report, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations that are included in our Annual Report on Form 10-K for the year ended December 31, 2011, and our other filings, including Current Reports on Form 8-K, that have been filed with the Securities and Exchange Commission (SEC) through the date of this report.

**Overview**

We develop and manufacture high-quality, science-based nutritional and personal care products that are distributed internationally through a network marketing system, which is a form of direct selling. Our customer base comprises two types of customers: Associates and Preferred Customers. Associates are independent distributors of our products who also purchase our products for their personal use. Preferred Customers purchase our products strictly for their personal use and are not permitted to resell or to distribute the products. As of March 31, 2012, we had approximately 219,000 active Associates and approximately 67,000 active Preferred Customers worldwide. For purposes of this report, we only count as active customers those Associates and Preferred Customers who have purchased product from USANA at any time during the most recent three-month period, either for personal use or for resale.

We have ongoing operations in the following markets, which are grouped and presented as follows:

- North America – United States (including direct sales from the United States to the United Kingdom and the Netherlands), Canada, Mexico, France(1), and Belgium(1)

- Asia Pacific
  
- Southeast Asia/Pacific Australia, New Zealand, Singapore, Malaysia, the Philippines, and Thailand(2)
  
- Greater China Hong Kong, Taiwan, and China
  
- North Asia Japan and South Korea

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(1) We commenced operations in France and Belgium during the last week of the first quarter of 2012. We have included sales and customer count information for these two markets with the United States for this quarter.

(2) We commenced operations in Thailand at the end of the first quarter of 2012.

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Our primary product lines consist of USANA® Nutritionals, USANA Foods, and Sensé beautiful science® (Sensé), which is our line of personal care products. The USANA Nutritionals product line is further categorized into two separate classifications: Essentials and Optimizers. The following tables summarize the approximate percentage of total product revenue that has been contributed by our major product lines and our top-selling products for the current and prior-year periods indicated:

| <b>Product Line</b>        | <b>Quarter Ended</b>     |                           |
|----------------------------|--------------------------|---------------------------|
|                            | <b>April 2,<br/>2011</b> | <b>March 31,<br/>2012</b> |
| <b>USANA® Nutritionals</b> |                          |                           |
| Essentials                 | 29%                      | 28%                       |
| Optimizers                 | 49%                      | 52%                       |
| USANA Foods                | 11%                      | 11%                       |
| Sensé beautiful science®   | 8%                       | 7%                        |
| All Other                  | 3%                       | 2%                        |
| <b>Key Product</b>         |                          |                           |
| USANA® Essentials          | 18%                      | 18%                       |
| Proflavanol®               | 12%                      | 12%                       |
| HealthPak 100              | 9%                       | 8%                        |

We believe that our ability to attract and retain Associates and Preferred Customers to sell and consume our products is positively influenced by a number of factors. Some of these factors include: the general public's heightened awareness and understanding of the connection between diet and long-term health, the aging of the worldwide population as older people generally tend to consume more nutritional supplements, and the growing desire for a secondary source of income and small business ownership.

We believe that our high-quality products and our financially rewarding Associate Compensation Plan are the key components to attracting and retaining Associates. We strive to ensure that our products are up-to-date with the latest science in nutrition research and to keep our product lines relatively compact, which we believe simplifies the selling and buying process for our Associates and Preferred Customers. We also periodically make changes to our Compensation Plan in an effort to ensure that our plan is among the most rewarding in the industry, to encourage behavior that we believe leads to a more successful business for our Associates, and to ensure that our plan provides us with leverage to grow sales and earnings. There is a risk, however, that such changes may not accomplish their intended purpose and may cause an unanticipated shift in Associate behavior, which could negatively affect our business.

To further support our Associates in building their businesses, we sponsor meetings and events throughout the year, which offer information about our products and our network marketing system. These meetings are designed to assist Associates in their business development and to provide a forum for interaction with some of our Associate leaders and members of our management team. We also provide low cost sales tools, including online sales, business management, and training tools, which we believe are an integral part of building and maintaining a successful home-based business for our Associates. Although we provide training and sales tools, we ultimately rely on our Associates to sell our products, attract new customers to purchase our products; and educate and train new Associates.

Because we have operations in multiple markets, with sales and expenses being generated and incurred in multiple currencies, our reported U.S. dollar sales and earnings can be significantly affected by fluctuations in currency exchange rates. In general, net sales and gross profit are affected positively by a weakening of the U.S. dollar and negatively by a strengthening of the U.S. dollar. Currency fluctuations, however, have the opposite effect on our Associate incentives and selling, general and administrative expenses. During the quarter ended March 31, 2012, net sales outside of the United States represented approximately 76.4% of consolidated net sales. In our net sales discussions that follow, we



approximate the impact of currency fluctuations on net sales by translating current year sales at the average exchange rates in effect during the comparable periods of the prior year.

Table of Contents**Customers**

Because we utilize a direct selling model for the distribution of our products, the success and growth of our business is primarily based on our ability to attract new Associates and retain existing Associates to sell and consume our products. Notably, sales to Associates account for the majority of our product sales, representing 90% of product sales during the quarter ended March 31, 2012. Additionally, it is important to attract and retain Preferred Customers as consumers of our products. Increases or decreases in product sales are typically the result of variations in product sales volumes relating to fluctuations in the number of active Associates and Preferred Customers purchasing our products. The number of active Associates and Preferred Customers is, therefore, used by management as a key non-financial measure.

The tables below summarize the changes in our active customer base by geographic region. These numbers have been rounded to the nearest thousand as of the dates indicated.

| <b>Active Associates By Region</b> |                                |        |                                 |        |                                   |                           |
|------------------------------------|--------------------------------|--------|---------------------------------|--------|-----------------------------------|---------------------------|
|                                    | <b>As of<br/>April 2, 2011</b> |        | <b>As of<br/>March 31, 2012</b> |        | <b>Change from<br/>Prior Year</b> | <b>Percent<br/>Change</b> |
| North America                      | 83,000                         | 39.0%  | 77,000                          | 35.1%  | (6,000)                           | (7.2)%                    |
| <b>Asia Pacific:</b>               |                                |        |                                 |        |                                   |                           |
| Southeast Asia/Pacific             | 40,000                         | 18.8%  | 51,000                          | 23.3%  | 11,000                            | 27.5%                     |
| Greater China                      | 82,000                         | 38.5%  | 83,000                          | 37.9%  | 1,000                             | 1.2%                      |
| North Asia                         | 8,000                          | 3.7%   | 8,000                           | 3.7%   |                                   | 0.0%                      |
| Asia Pacific Total                 | 130,000                        | 61.0%  | 142,000                         | 64.9%  | 12,000                            | 9.2%                      |
|                                    | 213,000                        | 100.0% | 219,000                         | 100.0% | 6,000                             | 2.8%                      |

| <b>Active Preferred Customers By Region</b> |                                |        |                                 |        |                                   |                           |
|---|--------------------------------|--------|---------------------------------|--------|-----------------------------------|---------------------------|
|   | <b>As of<br/>April 2, 2011</b> |        | <b>As of<br/>March 31, 2012</b> |        | <b>Change from<br/>Prior Year</b> | <b>Percent<br/>Change</b> |
| North America                               | 55,000                         | 78.6%  | 53,000                          | 79.1%  | (2,000)                           | (3.6)%                    |
| <b>Asia Pacific:</b>                        |                                |        |                                 |        |                                   |                           |
| Southeast Asia/Pacific                      | 6,000                          | 8.6%   | 6,000                           | 9.0%   |                                   | 0.0%                      |
| Greater China                               | 8,000                          | 11.4%  | 7,000                           | 10.4%  | (1,000)                           | (12.5)%                   |
| North Asia                                  | 1,000                          | 1.4%   | 1,000                           | 1.5%   |                                   | 0.0%                      |
| Asia Pacific Total                          | 15,000                         | 21.4%  | 14,000                          | 20.9%  | (1,000)                           | (6.7)%                    |
|   | 70,000                         | 100.0% | 67,000                          | 100.0% | (3,000)                           | (4.3)%                    |

**Current Focus and Recent Developments**

We are currently focusing our efforts on: (i) growing our business in Greater China, (ii) the implementation of our strategy to stabilize and grow our North American markets, and (iii) international expansion.

Our development efforts in China during the first quarter of 2012 included further educating our Associates on the USANA products that we introduced in that market throughout 2011, and on our China compensation plan. Additionally, we continued our efforts to obtain additional provincial licenses and opened a new branch office in Shenzhen, which is a key city for our business in southern China.

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In North America, we continue to execute our stabilization and growth strategy and expect initial results from this strategy as early as the fourth quarter of 2012. In this regard, we held several meetings and events during the first quarter where members of our management team worked together with our Associate Leaders to strengthen our relationship with our North American Associate base and offered a promotion specifically for Mexico that has delivered short-term success.

In terms of international expansion, we commenced operations in Thailand toward the end of the first quarter of 2012, and commenced operations in France and Belgium during the last week of the quarter. Thailand operated on a limited basis for much of the first quarter as we worked to finalize logistical issues, but became fully operational near the end of the quarter. We expect Thailand, France and Belgium to begin contributing to our results of operations during the second quarter of 2012.

**Results of Operations**

*Summary of Financial Results*

Net sales for the first quarter of 2012 increased 7.4%, or \$10.6 million, compared with the first quarter in 2011. The increase in net sales for the quarter was primarily due to: (i) sales growth in our Southeast Asia Pacific region, which was driven by significant sales and Associate growth in the Philippines, as well as higher sales in several other markets in this region; and (ii) sales growth in our Greater China region, which was driven by higher sales in our Hong Kong and Taiwan markets. The sales growth in these regions was partially offset by a 2.3% sales decline in our North America region. Several factors contributed to our sales results in these regions, the most significant of which are discussed below under our regional results. Currency fluctuation during the quarter had a very minor impact on year-over-year net sales growth.

Net earnings for the first quarter of 2012 increased 21.2%, or \$2.4 million, to \$13.8 million, compared with the first quarter in 2011. This increase was primarily the result of higher net sales and lower relative Associate incentives.

**Quarters Ended April 2, 2011 and March 31, 2012**

*Net Sales*

The following table summarizes the changes in our net sales by geographic region for the quarters ended as of the dates indicated:

|               | Net Sales by Region<br>(in thousands)<br>Quarter Ended |                | Change<br>from prior<br>year | Percent<br>change |
|---------------|--|----------------|------------------------------|-------------------|
| April 2, 2011 |  | March 31, 2012 |                              |                   |

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|                        |            |        |            |        |           |        |
|------------------------|------------|--------|------------|--------|-----------|--------|
| North America          | 60,021     | 41.8%  | 58,632     | 38.1%  | (1,389)   | (2.3)% |
| Asia Pacific:          |            |        |            |        |           |        |
| Southeast Asia/Pacific | 24,694     | 17.2%  | 32,252     | 20.9%  | 7,558     | 30.6%  |
| Greater China          | 52,111     | 36.3%  | 56,635     | 36.7%  | 4,524     | 8.7%   |
| North Asia             | 6,740      | 4.7%   | 6,601      | 4.3%   | (139)     | (2.1)% |
| Asia Pacific Total     | 83,545     | 58.2%  | 95,488     | 61.9%  | 11,943    | 14.3%  |
|                        | \$ 143,566 | 100.0% | \$ 154,120 | 100.0% | \$ 10,554 | 7.4%   |

*North America:* The decrease in net sales in this region was the result of fewer active Associates in the United States and Canada. These decreases were partially offset by an increase in sales and the number of active Associates in Mexico, where local currency net sales increased 13.2%. During the quarter, we continued to execute our strategy in North America by working to strengthen our sales force, advance our personalization strategy, and implement incentives specifically for North America. As noted above, we commenced operations in France and Belgium during the last week of the quarter ended March 31, 2012, and anticipate that these markets will contribute to our regional results beginning in the second quarter.

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*Asia Pacific:* The increase in net sales in this region was the result of higher product sales volume in Southeast Asia Pacific and Greater China. The increase in product sales volume in Southeast Asia Pacific was primarily the result of a 180.7% increase in net sales in the Philippines and, to a lesser extent, higher net sales in Singapore, Malaysia and Australia. The net sales increase in the Philippines was driven by a 162.5% increase in the number of active Associates, and an increase in average spending per Associate on a year-over-year basis, which we believe is due to commission qualification changes for new Associates that were implemented in late 2010 and, to a lesser extent, a price increase in December of 2011. The net sales increase in Singapore and Malaysia was the result of a temporary increase in sales volume per Associate ahead of price changes that occurred in these markets during the quarter. The net sales increase in Australia was due, primarily, to our Asia Pacific convention, which was held in Sydney during the quarter and added approximately \$1.7 million to net sales (this event was held in Hong Kong during the same period in 2011).

The increase in net sales in Greater China was due, primarily, to a temporary increase in product sales volume per Associate ahead of price changes that occurred in Hong Kong towards the end of the quarter. We estimate that this surge in sales volume added approximately \$9.0 million in net sales in Hong Kong during the quarter. This increase was partially offset by certain events that contributed to Hong Kong's sales in the first quarter of 2011 that did not occur during the first quarter of 2012, namely: (i) the recognition of approximately \$3.0 million of deferred revenue during the first quarter of 2011, and (ii) the addition of approximately \$3.0 million in sales from our Asia Pacific Convention that was held in Hong Kong during the first quarter of 2011 (this event was held in Australia during 2012).

Net sales in Taiwan also increased 15.6% on a year-over-year basis due to a temporary increase in sales volume per Associate ahead of price changes in Taiwan during the quarter. Net sales in China for the quarter were essentially flat at \$5.6 million, while the number of active Associates in this market increased by 18.2% to 13,000. We believe that our sales results in China are due to some minor changes to our China compensation plan, which, in the short-term, have lowered Associate productivity. We believe, however, that these changes will promote long-term growth in China.

*Gross Profit*

Gross profit improved to 82.3% of net sales for the first quarter of 2012 from 82.1% for the first quarter of 2011. This improvement is related to an increasing percentage of sales coming from certain international markets where we have higher gross margins and where we have also recognized slight currency benefits. Additionally, the price changes noted above also provided a slight benefit to gross profit margin and are expected to have more of a positive effect going forward. These improvements to gross margins were partially offset by an expected increase in the cost of certain raw materials and in costs related to our product personalization efforts.

*Associate Incentives*

Associate incentives decreased to 44.1% of net sales during the first quarter of 2012, compared with 45.1% for the first quarter of 2011. This decrease can be attributed primarily to a lower payout under our Matching Bonus program as a result of our continued efforts to efficiently manage this component of our Associate Compensation Plan. This decrease was also due to a lower payout of base commissions, as a percent of sales, due to the temporary surge in sales we experienced ahead of the price changes discussed above (when we experience a temporary surge or decline in sales our Associate incentives as a percent of net sales typically react in an inverse manner), as well as the relative impact of the actual price changes.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses decreased to 24.7% of net sales for the first quarter of 2012, compared with 25.0% for the first quarter of 2011. This relative decrease can be attributed to leverage gained on increased sales outside the United States in markets where selling, general and administrative expenses are lower. This improvement was partially offset by costs associated with opening our new markets and low initial sales in these markets.

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In absolute terms, our selling, general and administrative expenses increased by \$2.2 million for the first quarter of 2012, compared with the first quarter of 2011. The most significant components of this increase in absolute terms were as follows:

- New market costs of approximately \$0.7 million;
- An increase in the cost of our Asia Pacific Convention of approximately \$0.6 million;
- An increase related to our corporate branding efforts of approximately \$0.5 million; and
- An increase in credit card and bank fees that vary with sales of approximately \$0.4 million.

*Diluted Earnings Per Share*

Diluted earnings per share increased by 28.6% from the first quarter of 2011 to the first quarter of 2012. This increase was due to higher net earnings and a lower number of diluted shares outstanding, which was the result of share repurchases by the Company that took place in 2011.

**Liquidity and Capital Resources**

We have historically met our working capital and capital expenditure requirements by using both net cash flow from operations and by drawing on our line of credit. Our principal source of liquidity is our operating cash flow. There are currently no material restrictions on our ability to transfer and remit available funds among our international markets. Repatriation of funds that are related to earnings considered permanently reinvested in certain of our markets would not result in a tax liability that would have a material impact on our liquidity.

*Operating cash flow*

We typically generate positive cash flow due to our strong operating margins. During the quarter ended March 31, 2012, we had a net cash flow from operating activities of \$22.6 million, compared with \$17.5 million in the same period of 2011. The most significant factors of this increase include: (i) higher net earnings; (ii) the change in deferred income taxes; (iii) a reduction in inventory in the current year; and (iv) changes in other current liabilities during the current year compared to the prior year. These items were partially offset by a change in prepaid expenses and other current assets in the prior year period, which was the result of: (i) a term deposit from our acquisition of BabyCare in 2010 that matured in 2011; (ii) an increase in federal income taxes receivable in 2010; and (iii) the increase in deferred commissions in 2010 related to higher



deferred revenue from a successful promotion in Hong Kong that ended the final day of 2010.

*Line of credit*

We have a long-standing relationship with Bank of America. We currently maintain a \$60.0 million credit facility pursuant to a credit agreement with Bank of America, which expires in April 2016. We did not draw on this line of credit at any time during the first quarter of 2012, and, as of March 31, 2012 there was no outstanding balance on this line of credit.

The agreement for this credit facility contains restrictive covenants, which require us to maintain a consolidated rolling four-quarter adjusted earnings before interest, taxes, depreciation and amortization ( adjusted EBITDA ) equal to or greater than \$60.0 million, and a ratio of consolidated funded debt to adjusted EBITDA of 2.0 to 1.0 at the end of each quarter. The adjusted EBITDA under this agreement is modified for certain non-cash expenses. As of March 31, 2012, we were in compliance with these covenants. Management is not aware of any issues currently impacting Bank of America's ability to honor their commitment to extend credit under this facility.

*Working capital*

Cash and cash equivalents increased to \$71.2 million at March 31, 2012, from \$50.4 million at December 31, 2011. Of the \$71.2 million held at March 31, 2012, \$51.8 million was held in the United States, and \$19.4 million was held by international subsidiaries.

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Of the \$50.4 million held at December 31, 2011, \$34.8 million was held in the United States, and \$15.6 million was held by international subsidiaries.

Net working capital increased to \$62.9 million at March 31, 2012, from \$46.4 million at December 31, 2011. This increase in net working capital was due mostly to net cash provided by operating activities, which was partially offset by purchases of property and equipment, a decrease in inventories, and an increase in other current liabilities. Property and equipment purchases during the quarter included manufacturing and IT-related equipment as well as investments in infrastructure for our new markets. The increase in other current liabilities for the quarter related mostly to an increase in income taxes payable, accrued Associate incentives and promotions, and unearned revenue, which were partially offset by a decrease in accrued employee compensation.

*Share repurchase*

We have a share repurchase plan that has been ongoing since the fourth quarter of 2000. Our Board of Directors has periodically approved additional dollar amounts for share repurchases under that plan. Share repurchases are made from time-to-time, in the open market, through block trades or otherwise, and are based on market conditions, the level of our cash balances, general business opportunities, and other factors. There was no share repurchase activity during the first quarter of 2012 and the remaining approved repurchase amount under the plan remained \$28.2 million. There currently is no expiration date on the remaining approved repurchase amount and no requirement for future share repurchases.

*Summary*

We believe that current cash balances, future cash provided by operations, and amounts available under our line of credit will be sufficient to cover our operating and capital needs in the ordinary course of business for the foreseeable future. If we experience an adverse operating environment or unusual capital expenditure requirements, additional financing may be required. No assurance can be given, however, that additional financing, if required, would be available or on favorable terms. We might also require or seek additional financing for the purpose of expanding into new markets, growing our existing markets, or for other reasons. Such financing may include the use of additional debt or the sale of additional equity securities. Any financing which involves the sale of equity securities or instruments that are convertible into equity securities could result in immediate and possibly significant dilution to our existing shareholders.

**Forward-Looking Statements and Certain Risks**

The statements contained in this report that are not purely historical are considered to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934. These statements represent our expectations, hopes, beliefs, anticipations, commitments, intentions, and strategies regarding the future. They may be identified by the use of words or phrases such as believes, expects, anticipates, should, plans, estimates, and potential, among others. Forward-looking statements include, but are not limited to, statements contained in Management's Discussion and Analysis of Financial Condition and Results of Operations regarding our financial performance, revenue, and expense levels in the future and the sufficiency of our existing assets to fund our future operations and capital spending needs. Readers are cautioned that actual results could differ materially from the anticipated results or other expectations that are expressed in these forward-looking statements for the reasons that are detailed in our most recent Annual Report on

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Form 10-K. The fact that some of these risk factors may be the same or similar to those in our past SEC reports means only that the risks are present in multiple periods. We believe that many of the risks detailed here and in our other SEC filings are part of doing business in the industry in which we operate and will likely be present in all periods reported. The fact that certain risks are common in the industry does not lessen their significance. The forward-looking statements contained in this report are made as of the date of this report, and we assume no obligation to update them or to update the reasons why our actual results could differ from those that we have projected. Among others, risks and uncertainties that may affect our business, financial condition, performance, development, and results of operations include:

- Our ability to attract and maintain a sufficient number of Associates;
- Our dependence upon a network marketing system to distribute our products and the activities of our independent Associates;
- The integration of BabyCare's operations and expansion of our business in China through BabyCare;

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- Unanticipated effects of changes to our Compensation Plan;
  
- Our planned expansion into international markets, including delays in commencement of sales or product offerings in any new market, delays in compliance with local marketing or other regulatory requirements, or changes in target markets;
  
- General economic conditions, both domestically and internationally;
  
- Potential political events, natural disasters, or other events that may negatively affect economic conditions;
  
- Potential effects of adverse publicity regarding the Company, nutritional supplements, or the network marketing industry;
  
- Reliance on key management personnel;
  
- Extensive government regulation of the Company's products, manufacturing, and network marketing system;
  
- Potential inability to sustain or manage growth, including the failure to continue to develop new products;
  
- An increase in the amount of Associate incentives;
  
- Our reliance on the use of information technology;
  
- The effects of competition from new and established network and direct selling organizations in our key markets;
  
- The adverse effect of the loss of a high-level sponsoring Associate, together with a group of leading Associates, in that person's downtime;

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- The loss of product market share or Associates to competitors;
- Potential adverse effects of customs, duties, taxation, and transfer pricing regulations, including regulations governing distinctions between and Company responsibilities to employees and independent contractors;
- The fluctuation in the value of foreign currencies against the U.S. dollar;
- Our reliance on outside suppliers for raw materials and certain manufactured items;
- Shortages of raw materials that we use in certain of our products;
- Significant price increases of our key raw materials;
- Product liability claims and other risks that may arise with our manufacturing activity;
- Intellectual property risks;
- Liability claims that may arise with our Athlete Guarantee program;
- Continued compliance with debt covenants;
- Disruptions to shipping channels that are used to distribute our products to international warehouses;
- The introduction of new laws or changes to existing laws, both domestically and internationally; or
- The outcome of regulatory and litigation matters.

**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes to information presented from that presented for the year ended December 31, 2011.

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**Item 4. CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information that is required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods that are specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding any required disclosure. In designing and evaluating these disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2012.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 6. EXHIBITS**

| <b>Exhibit<br/>Number</b> | <b>Description</b>   |
|---------------------------|--|
| 3.1                       | Amended and Restated Articles of Incorporation (Incorporated by reference to Report on Form 8-K, filed April 25, 2006)   |
| 3.2                       | Bylaws (Incorporated by reference to Report on Form 8-K, filed April 25, 2006)   |
| 4.1                       | Specimen Stock Certificate for Common Stock, no par value (Incorporated by reference to Registration Statement on Form 10, File No. 0-21116, effective April 16, 1993) |
| 10.1                      | 2002 USANA Health Sciences, Inc. Stock Option Plan (Incorporated by reference to Registration Statement on Form S-8, filed July 18, 2002)*                             |

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- 10.2 Form of employee or director non-statutory stock option agreement under the 2002 Stock Option Plan (Incorporated by reference to Report on Form 10-K, filed March 6, 2006)\*
- 10.3 Form of employee incentive stock option agreement under the 2002 Stock Option Plan (Incorporated by reference to Report on Form 10-K, filed March 6, 2006)\*
- 10.4 Credit Agreement, dated June 16, 2004, by and between Bank of America, N.A. and USANA Health Sciences, Inc. (Incorporated by reference to Report on Form 10-Q for the period ended July 3, 2004)
- 10.5 Amendment dated May 17, 2006 to Credit Agreement dated June 16, 2004 (Incorporated by reference to Report on Form 10-Q for the period ended September 30, 2006)
- 10.6 Amendment dated April 24, 2007 to Credit Agreement dated June 16, 2004 (Incorporated by reference to Report on Form 10-Q for the period ended March 31, 2007)
- 10.7 USANA Health Sciences, Inc. 2006 Equity Incentive Award Plan (Incorporated by reference to Report on Form 8-K, filed April 25, 2006)\*
- 10.8 Form of Stock Option Agreement for award of non-statutory stock options to employees under the USANA Health Sciences, Inc. 2006 Equity Incentive Award Plan (Incorporated by reference to Report on Form 8-K, filed April 26, 2006)\*



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|       |   |
|-------|---|
| 10.9  | Form of Stock Option Agreement for award of non-statutory stock options to directors who are not employees under the USANA Health Sciences, Inc. 2006 Equity Incentive Award Plan (Incorporated by reference to Report on Form 8-K, filed April 26, 2006)*  |
| 10.10 | Form of Incentive Stock Option Agreement for employees under the USANA Health Sciences, Inc. 2006 Equity Incentive Award Plan (Incorporated by reference to Report on Form 8-K, filed April 26, 2006)*  |
| 10.11 | Form of Stock-Settled Stock Appreciation Rights Award Agreement for employees under the USANA Health Sciences, Inc. 2006 Equity Incentive Award Plan (Incorporated by reference to Report on Form 8-K, filed April 26, 2006)*   |
| 10.12 | Form of Stock-Settled Stock Appreciation Rights Award Agreement for directors who are not employees under the USANA Health Sciences, Inc. 2006 Equity Incentive Award Plan (Incorporated by reference to Report on Form 8-K, filed April 26, 2006)*   |
| 10.13 | Form of Deferred Stock Unit Award Agreement for grants of deferred stock units to directors who are not employees under the USANA Health Sciences, Inc. 2006 Equity Incentive Award Plan (Incorporated by reference to Report on Form 8-K, filed April 26, 2006)*   |
| 10.14 | Form of Indemnification Agreement between the Company and its directors (Incorporated by reference to Report on Form 8-K, filed May 24, 2006)*  |
| 10.15 | Form of Indemnification Agreement between the Company and certain of its officers (Incorporated by reference to Report on Form 8-K, filed May 24, 2006)*  |
| 10.16 | Share Purchase Agreement, dated as of August 16, 2010, among USANA Health Sciences, Inc., Petlane, Inc., Yaolan Ltd., and BabyCare Holdings Ltd. (Incorporated by Reference to Report on Form 8-K, filed August 16, 2010)   |
| 10.17 | Amended and Restated Credit Agreement, dated as of April 27, 2011 (Incorporated by reference to Report on Form 8-K, filed April 28, 2011)   |
| 10.18 | Form of Executive Confidentiality, Non-Disclosure and Non-Solicitation Agreement (Incorporated by reference to Quarterly Report on Form 10-Q for the period ended October 1, 2011, filed November 9, 2011)*   |
| 31.1  | Certification of Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002  |
| 31.2  | Certification of Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002  |
| 32.1  | Certification of Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350  |
| 32.2  | Certification of Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350  |
| 101   | The following financial information from the quarterly report on Form 10-Q of USANA Health Sciences, Inc. for the quarter ended March 31, 2012, formatted in eXtensible Reporting Language ( XBRL ): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Statements of Stockholders Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements. |

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\* Denotes a management contract or compensatory plan or arrangement.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

USANA HEALTH SCIENCES, INC.

Date: May 10, 2012

/s/ G. Douglas Hekking  
G. Douglas Hekking  
Chief Financial Officer  
(Principal Financial and Accounting Officer)