UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 27, 1997.

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

USANA, INC.
(Exact name of registrant as specified in its charter)

Utah	87-0500306
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3838 Parkway Blvd.
Salt Lake City, Utah 84120
(Address of principal executive offices, Zip Code)

(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 [X] No [ ]

The number of shares outstanding of the registrant's common stock as of October 28, 1997 was 6,384,619.

Index to Financial Statements and Exhibits
Filed with the Quarterly Report of the Company on Form 10-Q
For the Quarter and Nine Months Ended September 27, 1997

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CONSOLIDATED BALANCE SHEETS
Unaudited
<TABLE>
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As of	September 27, 1997	December 28, 1996
<S>	<C>	<C>
ASSETS:		
Current Assets:		
Cash and cash equivalents	$ 2,809,793	$ 1,130,487
Accounts receivable, net	166,750	55,149
Income tax receivable	-	405,503
Inventories (Note A)	6,122,844	6,399,128
Prepaid expenses and other current assets	1,338,622	661,359
Current maturities of notes receivable	29,322	27,212
Deferred income taxes	386,356	361,000
Total current assets	10,853,687	9,039,838
Property and equipment, at cost (Note B)	12,898,293	11,549,813
Other assets		
Deposits on machinery	556,990	423,319
Notes receivable, less current maturities	23,989	46,252
Other	19,618	19,618
Total Assets	$24,352,577	$21,078,840
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 3,170,061	$ 4,709,028
Line of credit	-	1,500,000
Other current liabilities (Note C)	3,698,977	2,373,533
Total current liabilities	6,869,038	8,582,561
Deferred income taxes	245,057	129,000
Stockholders' equity:		
Common stock, no par value: Authorized -- 50,000,000 shares, issued and outstanding 6,384,619 as of September 27, 1997 and 6,351,119 as of December 28, 1996	7,019,805	6,768,844
Cumulative foreign currency translation adjustment	(10,773)	9,786
Retained earnings	10,229,450	5,588,649
Total stockholders' equity	17,238,482	12,367,279

Total liabilities and stockholders' equity	$24,352,577	$21,078,840
	===========	===========

</TABLE>

The accompanying notes are an integral part of these statements.

USANA, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF EARNINGS
Unaudited
<TABLE>
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Quarter Ended	September 27, 1997	September 30, 1996
<S>	<C>	<C>
Net sales	$22,872,592	$16,098,095
Cost of sales	4,808,903	3,381,640
Gross profit	18,063,689	12,716,455
Operating Expenses:		
Distributor incentives	10,437,691	7,392,919
Selling, general, and administrative	4,273,139	2,840,268
Research and development	385,892	189,956
Total operating expenses	15,096,722	10,423,143
Earnings from operations	2,966,967	2,293,312
Other income (expense):		
Interest income	54,790	33,883
Interest expense	(2,510)	(22,046)
(Loss) gain on sale of property and equipment	(11,684)	65,028
Other, net	2,149	7,961
Total other income	42,745	84,826
Earnings before income taxes	3,009,712	2,378,138
Income taxes	1,153,886	920,800
NET EARNINGS	$ 1,855,826	$ 1,457,338
Earnings per common and common equivalent share (Note D)	$ 0.29	$ 0.23
Weighted average common shares outstanding	6,368,163	6,338,141

</TABLE>

The accompanying notes are an integral part of these statements.

USANA, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF EARNINGS
Unaudited
<TABLE>
<CAPTION>

Nine Months Ended	September 27, 1997	September 30, 1996
<S>	<C>	<C>
Net sales	$61,572,891	$40,867,037
Cost of sales	12,962,389	8,488,824
Gross profit	48,610,502	32,378,213

Operating Expenses:		
Distributor incentives	28,593,126	18,547,192
Selling, general, and administrative	11,646,499	6,982,037
Research and development	964,961	473,447
	-----------	-----------
Total operating expenses	41,204,586	28,002,676
	-----------	-----------
Earnings from operations	7,405,916	6,375,537
Other income (expense):		
Interest income	97,978	127,030
Interest expense	(10,293)	(22,430)
Gain on sale of property and equipment	2,953	70,812
Other, net	15,932	15,508
	-----------	-----------
Total other income	106,570	186,920
	-----------	-----------
Earnings before income taxes	7,512,486	6,562,457
Income taxes	2,871,685	2,516,954
	-----------	-----------
NET EARNINGS	$ 4,640,801	$ 4,045,503
	===========	===========
Earnings per common and common equivalent share	$ 0.73	$ 0.64
	===========	===========
Weighted average common shares outstanding	6,357,262	6,301,504
	===========	===========

</TABLE>

The accompanying notes are an integral part of these statements.

USANA, INC. & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
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Nine Months Ended	September 27, 1997	September 30, 1996
- ------------------------------------	-----------------	------------------
<S>	<C>	<C>
NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ 4,640,801	$ 4,045,503
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,256,383	467,391
Gain on sale of property and equipment	(2,953)	(70,812)
Deferred income taxes	90,701	101
Provision for inventory obsolescence	137,826	-
Charitable contributions of equipment	2,974	-
Changes in operating assets and liabilities:		
Accounts receivable	(111,601)	(20,774)
Income tax receivable	405,503	-
Inventories	138,458	(3,410,172)
Prepaid expenses and other assets	(810,934)	(446,548)
Accounts payable	(1,538,967)	2,238,313
Other current liabilities	1,325,444	712,997
	-----------	-----------
Net cash provided by operating activities	5,533,635	3,515,999
NET CASH FLOW FROM INVESTING ACTIVITIES:		
Principal receipts on notes receivable	20,153	6,233
Issuance of notes receivable	-	(86,087)

Purchases of property and equipment	(3,718,536)	(6,159,470)
Proceeds from the sale of property and equipment	1,113,652	111,000
Net cash used in investing activities	(2,584,731)	(6,128,324)
NET CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments on long-term obligations	-	(14,819)
Tax benefit of the exercise of stock options	148,786	-
Proceeds from the exercise of stock options	102,175	186,050
(Decrease) increase in line of credit	(1,500,000)	1,000,000
Net cash (used in) provided by financing activities	(1,249,039)	1,171,231
Effect of exchange-rate changes on cash and cash equivalents	(20,559)	(1,077)
Net increase (decrease) in cash and cash equivalents	1,679,306	(1,442,171)
Cash and cash equivalents at beginning of period	1,130,487	2,976,406
Cash and cash equivalents at end of period	$ 2,809,793	$ 1,534,235
Supplemental disclosures of cash flow information		
Cash paid during the nine-month periods ended September 27, 1997 and September 30, 1996 for		
Interest	$ 10,293	$ 22,430
Income taxes	1,983,831	3,289,453

</TABLE>

The accompanying notes are an integral part of these statements.

ITEM 1. FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Basis of Presentation

The unaudited interim consolidated financial information of USANA, Inc. and Subsidiary (the "Company" or "USANA") has been prepared in accordance with Article 10 of Regulation S-X promulgated by the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles 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, necessary to present fairly the Company's financial position and results of operations as of September 27, 1997, and for quarters and nine months ended September 27, 1997, and September 30, 1996. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the year ended December 28, 1996. The results of operations for the quarter and nine months ended September 27, 1997 may not be indicative of the results that may be expected for the fiscal year ending December 27, 1997.

NOTE A - INVENTORIES

Inventories consist of the following:

<TABLE>

<CAPTION>

	September 27, 1997	December 28, 1996
<S>	<C>	<C>
Raw materials	$2,488,880	$2,487,907
Work in process	868,058	455,315
Finished goods	2,903,732	3,455,906
Provision for inventory obsolescence	(137,826)	0
	$6,122,844	$6,399,128

</TABLE>

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	September 27, 1997	December 28, 1996
Building	$ 5,412,527	$ 5,034,304
Land improvements	289,325	285,278
Leasehold improvements	50,898	0
Laboratory and production equipment	1,427,826	2,337,358
Computer equipment	4,437,395	2,347,347
Furniture and fixtures	1,249,753	684,481
Automobiles	285,039	285,039
	13,152,763	10,973,807
Less accumulated depreciation and amortization	2,027,255	1,196,779
	11,125,508	9,777,028
Land	1,772,785	1,772,785
	$12,898,293	$11,549,813

NOTE C - OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:
<TABLE>
<CAPTION>

	September 27, 1997	December 28, 1996
<S>	<C>	<C>
Employee compensation and related items	$ 440,918	$ 400,623
Distributor incentives	874,228	614,559
Income taxes	390,787	95,851
Sales taxes	689,347	887,487
Deferred revenue	613,432	177,488
Other	690,265	197,525
	$3,698,977	$2,373,533

</TABLE>

NOTE D - EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 128, "Earnings per Share." SFAS No. 128 is effective for financial statements for periods ending after December 15, 1997, and requires companies to report both "basic" and "diluted" earnings per share. "Basic" earnings per share does not include the addition of common stock equivalents to the shares outstanding. "Diluted" earnings per share requires the addition of common stock equivalents to the shares outstanding. Average shares outstanding is the denominator used in "basic" earnings per share calculations. Accordingly, "basic" earnings per share will be higher than "diluted" earnings per share. This statement replaces Accounting Principles Board ("APB") Opinion No. 15, "Earnings per Share." The following table illustrates the effect on the Company of presenting EPS in accordance with SFAS No. 128.

For the Quarter Ended September 27, 1997

<TABLE>
<CAPTION>

	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount
<S>	<C>	<C>	<C>
Basic EPS			
Earnings available to common shareholders	$ 1,855,826	6,368,163	$0.29
Effect of Dilutive Securities			
Stock options	-	263,095	
Diluted EPS			
Earnings available to common shareholders	$ 1,855,826	6,631,258	$0.28

</TABLE>

Options to purchase 490,000 shares of common stock at $15.66 a share were outstanding during the quarter. They were not included in the computation of EPS because their exercise price was greater than the average market price of the common shares.

<TABLE>
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For the Quarter Ended September 30, 1996

	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount
<S>	<C>	<C>	<C>
Basic EPS			
Earnings available to common shareholders	$ 1,457,338	6,338,141	$0.23
Effect of Dilutive Securities			
Stock options	-	494,243	
Diluted EPS			
Earnings available to common shareholders	$ 1,457,338	6,832,384	$0.21

</TABLE>
<TABLE>
<CAPTION>

For the Nine Months Ended September 27, 1997

	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount
<S>	<C>	<C>	<C>
Basic EPS			
Earnings available to common shareholders	$ 4,640,801	6,357,262	$0.73
Effect of Dilutive Securities			
Stock options	-	276,424	
Diluted EPS			
Earnings available to common shareholders	$ 4,640,801	6,633,686	$0.70

</TABLE>
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<CAPTION>

For the Nine Months Ended September 30, 1996

	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount
<S>	<C>	<C>	<C>
Basic EPS			
Earnings available to common			

shareholders	$ 4,045,503	6,301,504	$0.64
		=====	
Effect of Dilutive Securities			
Stock options	-	352,337	
	-----------	---------	
Diluted EPS			
Earnings available to common			
shareholders	$ 4,045,503	6,653,841	$0.61
	===========	=========	=====

</TABLE>

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

FORWARD-LOOKING STATEMENTS

IN ADDITION TO HISTORICAL INFORMATION, THIS QUARTERLY REPORT ON FORM 10Q CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THEREFORE, THE COMPANY IS INCLUDING THIS STATEMENT FOR THE EXPRESS PURPOSE OF AVAILING ITSELF OF THE PROTECTIONS OF SUCH SAFE HARBOR WITH RESPECT TO ALL OF SUCH FORWARD-LOOKING STATEMENTS. THE FORWARD-LOOKING STATEMENTS IN THIS REPORT REFLECT THE COMPANY'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND FINANCIAL PERFORMANCE. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES, INCLUDING THOSE DISCUSSED HEREIN, THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL RESULTS OR THOSE ANTICIPATED. IN THIS REPORT, THE WORDS "ANTICIPATES," "BELIEVES," "EXPECTS," "INTENDS," "FUTURE," "PROJECTED" AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED TO CONSIDER THE SPECIFIC RISK FACTORS DESCRIBED IN THE COMPANY'S ANNUAL REPORT ON FORM 10-KSB FOR THE YEAR ENDED DECEMBER 31, 1996 AND NOT TO PLACE UNDUE RELIANCE ON THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN, WHICH SPEAK ONLY AS OF THE DATE HEREOF. THE COMPANY UNDERTAKES NO OBLIGATION TO PUBLICLY REVISE THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES THAT MAY ARISE AFTER THE DATE HEREOF.

RESULTS OF OPERATIONS

1997 COMPARED TO 1996

Net sales increased 42.2% and 50.6% to $22.9 million and $61.6 million from $16.1 million and $40.9 million for the quarter and nine months ended September 27, 1997, respectively, compared to the same periods in 1996. The growth in net sales is primarily attributable to two factors. First, the Company introduced several new products at its Annual International Convention (the "Convention") held in July 1997. Second, the Company's independent distributor base continued to grow resulting in a corresponding increase in unit sales. It should also be noted that a price increase phased in during the third quarter of 1997 is expected to contribute modestly to sales in the fourth quarter. Net sales in the US increased 27.0% and 32.0% to $16.0 million and $43.3 million from $12.6 million and $32.8 million for the quarter and nine months ended September 27, 1997, respectively, compared to the same periods in 1996. In comparison, net sales in Canada increased 97.1% and 125.9% to $6.9 million and $18.3 million from $3.5 million and $8.1 million for the quarter and nine months ended September 27, 1997, respectively, compared to the same periods in 1996.

Cost of sales as a percent of net sales remained constant at 21.0% for the third quarters ended 1997 and 1996. For the nine-month period ended September 27, 1997, cost of sales increased, as a percent of net sales, to 21.1% as compared to 20.8% for the same period in 1996. The modest increased in the cost of sales percentage for the nine months ended September 27, 1997 was influenced by several events. First, there was an increase in the underlying cost of materials and direct labor with no accompanying increase in the price the Company charges for its products; however, a price increase was phased in during the third quarter of 1997. Price increases effected during the quarter should offset the aforementioned increase in raw material and direct labor costs during the fourth quarter. Second, with the introduction of new products and preparation for international expansion, the cost of sales percentage has suffered due to customary start-up costs on new products. Finally, due to the release of new products and modification of existing products, USANA increased its provision for potential inventory obsolescence.

Distributor incentives as a percent of net sales decreased to 45.6% and increased to 46.4% from 45.9% and 45.4% for the quarter and nine months ended September 27, 1997, respectively, for the same periods in 1996. The increase in distributor incentives for the nine months ended September 27, 1997 as compared to the same period in 1996 resulted from the continual maturation of the Company's distributor base. The change in the Company's distributor incentives in the third quarter of 1997 compared to the third quarter of 1996 can be attributed to several factors. First, the continual maturation of the Company's distributor base has caused a corresponding increase in the distributor incentives percentage. Second, during the third quarter of 1997, USANA introduced a broad repricing strategy across its product line to help manage distributor incentives. The new price structure creates a spread between what the distributor pays for the product versus what the distributor receives towards sales volume. Finally, the Company initiated a change in its Leadership Bonus Program where leaders bonuses have been increased from 2% to 3% of the sales volume generated in a given week. The combined effect of a maturing distributor base, the introduction of the new pricing structure and the change in the Leadership Bonus Program resulted in decreased distributor incentives of 0.3% in the third quarter of 1997 compared to the same period in 1996. Management believes the changes made in the distributor compensation plan and the price structure provides an opportunity to better manage distributor incentives prospectively.

Selling, general and administrative ("SG&A") expenses increased to $4.3 million and $11.6 million from $2.8 million and $7.0 million for the quarter and nine months ended September 27, 1997, respectively, for the same periods in 1996. As a percent of net sales, SG&A expenses increased to 18.8% for the quarter and nine months ended September 27, 1997 from 17.4% and 17.1%, respectively, for the same periods in 1996. The increase in SG&A costs can be attributed to several factors. First, the Company acquired, in the second and third quarter of 1996, significant management talent to facilitate future growth. Second, there was a need for additional support services and facilities to accommodate the growth in sales volume and the increased number of distributors. Third, in the fourth quarter of 1996, the implementation of new customer service software caused inefficiencies that carried into the first quarter of 1997. Finally, the Company made significant capital acquisitions of $1.7 million and $3.7 million during the third quarter and nine months ended September 27, 1997, respectively. The depreciation on the aforementioned acquisitions and acquisitions made in mid- to late-1996 had the effect of increasing SG&A costs as a percent of net sales by approximately 1.0% for the quarter and nine months ended September 27, 1997 over the same periods in 1996.

Research and development ("R&D") expenditures increased to $385,892 and $964,961 from $189,956 and $473,447 for the quarter and nine months ended September 27, 1997, respectively, compared to the same periods in 1996. As a percent of net sales, R&D expenditures increased to 1.7% and 1.6% from 1.2% for the quarter and nine months ended September 27, 1997, respectively, compared to the same periods in 1996. The increase in R&D expenditures is evidence of the Company's ongoing commitment to remain at the forefront of the nutritional industry. USANA's team of scientists investigates new ingredients, develops new products, coordinates clinical trials and keeps abreast of the latest research in nutrition and degenerative diseases resulting in the continued development of high quality products.

Net earnings increased to $1.9 million and $4.6 million from $1.5 million and $4.0 million for the third quarter and nine months ended September 27, 1997, respectively, compared to the same periods in 1996. Net earnings in the quarter and nine months ended September 27, 1997 represented record highs for the Company. Results of operations yielded earnings per common and common equivalent shares of $0.29 and $0.73 in the third quarter and nine months ended September 27, 1997 compared to $0.23 and $0.64, respectively, for the same period in 1996. The increases in net earnings for the quarter and nine months ended September 27, 1997 as compared to the same periods in 1996 are due primarily to sales growth.

CONSECUTIVE QUARTER COMPARISON

In the third quarter of 1997, net sales increased to $22.9 million from the $21.0 million reported in the second quarter of 1997, an increase of 9.0%. Distributor incentives, as a percent of net sales, decreased to 45.6% in the third quarter of 1997 from the 46.7% reported in the second quarter of 1997. Net earnings grew from $1.7 million in the second quarter to $1.9 million in the third quarter of 1997, an increase of 11.8%. The third quarter of 1997 represents the second consecutive quarter where earnings growth has exceeded that of sales growth. Earnings growth has outpaced sales growth due to distributor incentives and SG&A expenditures decreasing as a percentage of net sales.

RECENT DEVELOPMENTS

At the Convention, held July 17-19, 1997, in Salt Lake City, Utah, the Company formally announced its plans to expand its presence into the countries of Australia and New Zealand during fiscal 1998. The Company also intends to make its products available in the Caribbean in fiscal 1998. Management believes the expansion into Australia and New Zealand, which offer considerable market potential and a gateway into Asia, continues on schedule, with initial sales expected during the first quarter of 1998 and contribution to earnings expected in late-1998.

Also introduced at the Convention were several distributor retention programs. These programs should improve the bottom line for both the Company and its distributors. The programs include a co-branded credit card offered through MBNA America (bearing USANA's logo) and a telecommunications program offered through UniDial Communications. A distributor stock purchase plan was also introduced at the Convention.

The Company has redefined the calculation of its independent distributor base. The definition of a "current distributor" is one who has made a purchase in the most recent twelve-month period. Management of the Company believes the enhanced calculation of its distributors provides a more meaningful number on which to evaluate the business. At the end of the third quarter, USANA had approximately 82,000 current distributors compared to approximately 52,000 as of September 30, 1996. The following table restates the number of distributors to the approximate number of current distributors USANA had at the end of each of the last four fiscal years.

	As of fiscal year end			
	12/31/93	12/31/94	12/31/95	12/28/96
As previously reported	10,000	20,000	50,000	92,000
Current Distributors	10,000	16,000	34,000	59,000

As previously discussed above, the Company introduced a new pricing structure and Leadership Bonus Program during the third quarter of 1997, effective September 1, 1997.

LIQUIDITY AND CAPITAL RESOURCES

The Company does not extend credit to its distributors, but requires payment prior to shipping products. This process eliminates the need to create receivables for its distributors. Both the growth of the Company and the nature of its business assists in yielding considerable cash flows from operations. USANA generated $5.5 million in cash flows from operations during the first nine months of 1997 as compared to the $3.5 million generated in 1996 for the same period. The increase in cash flows from operations can primarily be attributed to an increase in net earnings, a rise in non-cash expenditures, and a benefit realized from the income taxes receivable reported at the end of 1996.

At September 27, 1997, current assets of the Company were approximately $10.9 million and current liabilities totaled approximately $6.9 million, resulting in net working capital of $4.0 million compared to net working capital of $.5 million at December 28, 1996, an increase of $3.5 million. The Company's current ratio was 1.58 to 1 at September 27, 1997, as compared to 1.05 to 1 at December 28, 1996. Cash and cash equivalents increased from $1.1 million at December 28, 1996 to $2.8 million as of September 27, 1997, an increase of $1.7 million.

During the first nine months of 1997, the Company spent approximately $3.7 million on property and equipment. The Company expects to spend an additional $3.0 million to establish operations in Australia and New Zealand in the fourth quarter of 1997 and in the first quarter of 1998. The $3.0 million is targeted for inventory, capital expenditures, and initial operating costs.

During the nine months ended September 27, 1997, inventory decreased by approximately $300,000 (4.9%) from the amount reported at December 28, 1996 of $6.4 million to $6.1 million at September 27, 1997. The $6.1 million in inventory on September 27, 1997 represents an increase of approximately $800,000 (or 15.1%) from the $5.3 million reported on June 28, 1997. The increase in inventory was caused by the need to increase levels to accommodate sales growth, preparation for operations in Australia and New Zealand, and the introduction of new products in the third quarter of 1997.

On May 30, 1997, the Company re-negotiated its line of credit. The new terms call for an increase in the available line to $5.0 million form the previously available $3.5 million. The line of credit agreement expires in May 1998. The interest rate is computed at the bank's prime rate, or at the option of the Company, the LIBOR base rate plus 2.25%. Certain receivables, inventories, and equipment collateralize the line of credit. The line of credit agreement also contains restrictive covenants requiring the Company to maintain certain financial ratios. As of September 27, 1997, the Company was in compliance with these covenants. The Company paid off the balance of $1.5 million that existed at December 28, 1996, and there was no outstanding balance as of September 27, 1997.

The Company believes that its current cash balances, the available line of credit, and cash provided by operations will be sufficient to cover its needs for the next twelve months. In the event the Company experiences an adverse operating environment or unusual capital expenditure requirements, additional financing may be required; however, no assurance can be given that additional financing, if required, would be available on favorable terms.

CERTAIN FACTORS THAT MAY AFFECT OPERATING RESULTS

When used in this report, the terms "believes," "anticipates," "expects," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Important factors that may cause results to differ from expectation were reported in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 28, 1996. Except as noted elsewhere in this report, the factors identified in those previously filed reports continue to be significant considerations for the Company.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On March 6, 1996, International Nutrition Company ("INC") filed a patent infringement action against eighteen defendants, including USANA, alleging infringement of U.S. patent number 4,698,360 (the "'360 patent"). The complaint, filed in the United States District Court for the District of Connecticut, alleges that USANA's Proflavanol [R] product violates the patent. The complaint seeks preliminary and permanent injunctions against USANA that would prohibit further sales of the Proflavanol [R] product. INC also seeks monetary damages, including any profits lost by INC as a result of the alleged infringement, damages suffered by INC resulting from the alleged infringement, and attorneys' fees and costs incurred by INC. Having conducted a thorough investigation of the patent and the allegations made in the complaint, USANA believes that its manufacture and sale of the Proflavanol [R] product does not infringe any valid claim of the asserted patent. USANA intends to vigorously defend its right to continue providing its Proflavanol [R] product to its customers and distributors. There can be no assurance, however, that USANA will succeed in its defense of this matter.

On April 17, 1996, an unidentified party filed a request with the United States Patent and Trademark Office (PTO) to reexamine the validity of the patent now being asserted against USANA. The PTO has since confirmed the validity of each of the patent claims in view of the particular prior art cited by the unidentified party.

On March 21, 1997, the Federal Judge responsible for the lawsuit ordered that the action not proceed until another lawsuit in France is resolved. That lawsuit does not involve USANA, but involves the question of whether INC has any ownership rights in the '360 patent. On March 25, 1997, the French trial court ruled in that action that INC does not own the '360 patent. That decision is now on appeal to the French appellate court. If that ruling is upheld, INC may be barred from proceeding with the infringement action against USANA.

ITEM 2. CHANGES IN SECURITIES.
None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES
None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
None.

ITEM 5. OTHER INFORMATION
None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

Item 601 Exhibit No. and Description

11 Statement re Computations of Per Share Earnings (included in Note D to the Financial Statements)

27 Financial Data Schedule

(b) Reports on Form 8-K.

No Current Reports on Form 8-K were filed by the Company during the quarter ended September 27, 1997.

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, INC.

October 31, 1997	By: /s/ Gilbert A. Fuller
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Date	Gilbert A. Fuller Vice President of Finance and Principal Financial Officer

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This schedule contains summary financial information extracted from the company's consolidated financial statements, including consolidated balance sheets, statements of earnings and statements of cash flows (unaudited) for the quarter and nine months ended September 27, 1997 and is qualified in its entirety by reference to such financial statements.
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