

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

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 July 1, 2000

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

(801) 954-7100

(Registrant's telephone number, including area code)

USANA, INC.

(Former name)

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

The number of shares outstanding of the registrant's common stock as of August 8, 2000 was 9,682,637.

In June 2000, the Company adopted an amendment to its Articles of Incorporation to increase the par value of its common stock from no par to \$0.001 per share (see Exhibit 3.3). Previously reported numbers contained in this quarterly report have been restated to reflect the change in par value.

USANA HEALTH SCIENCES, INC.

FORM 10-Q

For the Quarterly Period Ended July 1, 2000

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USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

<TABLE>
<CAPTION>

	January 1, 2000	July 1, 2000
	(unaudited)	
<S>	<C>	<C>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,411	\$ 3,956
Accounts receivable, net	534	524
Income taxes receivable	302	2,283
Current maturities of notes receivable	5	-
Inventories, net (Note A)	9,855	11,924
Prepaid expenses	1,536	1,810
Deferred income taxes	1,405	1,001
	-----	-----
Total current assets	15,048	21,498
Property and Equipment, net (Note B)		21,528 16,953
Other Assets	197	193
	-----	-----
	\$ 36,773	\$38,644
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Checks written in excess of cash in bank	\$ 1,416	\$ 957
Current maturities of long-term debt	2,000	2,000
Accounts payable	4,060	5,368
Other current liabilities (Note C)	5,201	5,632
Line of credit	1,400	6,150

Restructuring provision (Note E)	2,252	164	
	-----	-----	
Total current liabilities	16,329	20,271	
Deferred Income Taxes	25	99	
Long-term Debt, less current maturities	7,500	6,500	
Stockholders' Equity (Note D)			
Common stock, \$0.001 par value; authorized 50,000 shares, issued and outstanding 10,169 as of January 1, 2000 and 9,683 as of July 1, 2000		10	10
Additional paid-in capital	2,867	2,339	
Retained earnings	10,078	9,491	
Accumulated other comprehensive loss		(36)	(66)
	-----	-----	
Total stockholders' equity	12,919	11,774	
	-----	-----	
	\$ 36,773	\$38,644	
	=====	=====	

</TABLE>

The accompanying notes are an integral part of these statements.

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USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands, except per share data)

<TABLE>
<CAPTION>

	Quarter Ended	
	(unaudited)	
	July 3, 1999	July 1, 2000
	<C>	<C>
Net Sales	\$ 32,478	\$ 30,112
Cost of Sales	6,340	8,112
	-----	-----
Gross profit	26,138	22,000
Operating Expenses:		
Associate incentives	14,437	11,947
Selling, general and administrative	7,741	8,743
Research and development	329	364
	-----	-----
Total operating expenses	22,507	21,054
	-----	-----
Earnings from Operations	3,631	946
Other Income (Expense):		
Interest income	68	32
Interest expense	-	(328)
Other, net	(78)	43
	-----	-----

Total other income (expense)	(10)	(253)
<hr/>		
Earnings before Income Taxes	3,621	693
Income Taxes	1,377	277
<hr/>		
Net earnings	\$ 2,244	\$ 416
<hr/> <hr/>		
Earnings per Common Share (Note D)		
Basic	\$ 0.17	\$ 0.04
Diluted	\$ 0.17	\$ 0.04
Weighted Average Common and Dilutive Common Equivalent Shares Outstanding (Note D)		
Basic	12,946	9,733
Diluted	13,252	9,847

</TABLE>

The accompanying notes are an integral part of these statements.

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USANA HEALTH SCIENCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands, except per share data)

<TABLE>
<CAPTION>

	Six Months Ended	
	(unaudited)	
	July 3, 1999	July 1, 2000
	<C>	<C>
Net Sales	\$ 63,801	\$ 60,648
Cost of Sales	12,724	14,527
<hr/>		
Gross profit	51,077	46,121
Operating Expenses:		
Associate incentives	28,346	24,710
Selling, general and administrative	14,985	17,177
Research and development	684	792
<hr/>		
Total operating expenses	44,015	42,679
<hr/>		
Earnings from Operations	7,062	3,442
Other Income (Expense):		
Interest income	122	51
Interest expense	(12)	(570)
Other, net	(86)	41
<hr/>		
Total other income (expense)	24	(478)
<hr/>		
Earnings before Income Taxes	7,086	2,964

Income Taxes		2,714		1,186

Net earnings	\$	4,372	\$	1,778
		=====		
Earnings per Common Share (Note D)				
Basic	\$	0.34	\$	0.18
Diluted	\$	0.33	\$	0.18
Weighted Average Common and Dilutive Common Equivalent Shares Outstanding (Note D)				
Basic		12,998		9,891
Diluted		13,404		10,040

</TABLE>

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

Six Months Ended July 3, 1999 and July 1, 2000

(in thousands)
(unaudited)

<TABLE>
<CAPTION>

	Common Shares	Additional Stock Value	Paid-in Capital	Accumulated Other Retained Earnings	Comprehensive Income (loss)	Other	Total
	<C>	<C>	<C>	<C>	<C>	<C>	<C>
For the Six Months Ended July 3, 1999							
Balance at January 2, 1999		13,047	\$ 13	\$ 9,118	\$ 21,668	\$ (182)	\$ (531) \$ 30,086
Comprehensive Income							
Net earnings	-	-	-	4,372	-	-	4,372
Foreign currency translation adjustment		-	-	-	-	177	- 177
Comprehensive income							4,549
Advances to Related Party		-	-	-	-	(3,418)	(3,418)
Common Stock Retired and Advances to Related Party		(300)	-	(846)	(2,267)	-	3,113 -
Common Stock Issued Under Stock Option Plan, including tax benefit of \$98		40	-	193	-	-	- 193
Balance at July 3, 1999		12,787	\$ 13	\$ 8,465	\$ 23,773	\$ (5)	\$ (836) \$ 31,410

For the Six Months Ended July 1, 2000

Balance at January 1, 2000		10,169	\$ 10	\$ 2,867	\$ 10,078	\$ (36)	\$ - \$ 12,919
Comprehensive Income							
Net earnings	-	-	-	1,778	-	-	1,778

Foreign currency translation adjustment	-	-	-	-	(30)	-	(30)

Comprehensive income	-	-	-	-	-	-	1,748
Shares Repurchased	(531)	-	(625)	(2,365)	-	-	(2,990)
Common Stock Issued Under Stock Option Plan, including tax benefit of \$29	45	-	97	-	-	-	97

Balance at July 1, 2000	9,683	\$ 10	\$ 2,339	\$ 9,491	\$ (66)	\$ -	\$ 11,774
					=====		

</TABLE>

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, except per share data)
(unaudited)

<TABLE>
<CAPTION>

	Six Months Ended	
	July 3, 1999	July 1, 2000
	<C>	<C>
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Net Earnings	\$ 4,372	\$ 1,778
Adjustments to reconcile net earnings to net cash provided by Operating Activities		
Depreciation and amortization	2,236	2,119
Gain on sale of property and equipment	-	(4)
Deferred income taxes	(146)	472
Provision for inventory obsolescence	204	(54)
Provision for losses on receivables	(34)	20
Changes in operating assets and liabilities:		
Accounts receivable	(910)	5
Inventories	849	(2,259)
Income tax receivable	-	(2,017)
Prepaid expenses and other assets	(834)	(561)
Accounts payable	(1,335)	1,321
Other current liabilities	756	1,315
Restructuring provision	-	(268)
	-----	-----
Total Adjustments	786	89
	-----	-----
Net cash provided by operating activities	5,158	1,867
	-----	-----
Cash flows from investing activities		
Receipts on notes receivable	14	5
Purchases of property and equipment	(2,365)	(2,373)
Proceeds from the sale of property and equipment	22	2,772
	-----	-----
Net cash used in investing activities	(2,329)	404

</TABLE>

(Continued)

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, except per share data)
(unaudited)

<TABLE>

<CAPTION>

	Six Months Ended	
	July 3, 1999	July 1, 2000
	<C>	<C>
Cash flows from financing activities		
Decrease in cash overdraft	\$ -	\$ (451)
Net proceeds from the sale of common stock		95
Repurchase of common stock	-	(2,989)
Increase in notes receivable - related party	(3,418)	-
Principal payments of long-term debt	-	(1,000)
Increase (decrease) in line of credit	-	4,750
	-----	-----
Net cash (used in) provided by financing activities		(3,323) 379
Effect of Exchange Rate Changes on Cash		111 (105)
	-----	-----
Net increase in cash and cash equivalents		(383) 2,545
Cash and Cash Equivalents Beginning of Year		2,617 1,411
	-----	-----
Cash and Cash Equivalents End of Period		\$ 2,234 \$ 3,956
	=====	=====

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

Interest	\$ 13	\$ 531
Income taxes	3,154	3,175

Non-cash operating activities:

Loss on sale and disposition of plant and equipment against the restructuring and impairment provision	\$ -	\$ 1,820
---	------	----------

</TABLE>

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)

Basis of Presentation

The unaudited interim consolidated financial information of USANA Health Sciences, Inc. (formerly USANA, Inc.) and Subsidiaries (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 as of July 1, 2000, and results of operations for the quarters and six months ended July 1, 2000 and July 3, 1999. 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-K for the year ended January 1, 2000. The results of operations for the quarter and six months ended July 1, 2000 may not be indicative of the results that may be expected for the fiscal year ending December 30, 2000.

NOTE A - INVENTORIES

Inventories consist of the following:

<TABLE>

<CAPTION>

	January 1, 2000	July 1, 2000	
	-----	-----	
	<C>	<C>	
<S>			
Raw materials	\$ 2,344	\$ 2,842	
Work in Process	1,945	1,549	
Finished Goods	6,388	8,297	
	-----	-----	
	10,677	12,688	
Less allowance for inventory reserve		822	764
	-----	-----	
	\$ 9,855	\$11,924	
	=====	=====	

</TABLE>

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<TABLE>

<CAPTION>

	January 1, 2000	July 1, 2000	
	-----	-----	
	<C>	<C>	
<S>			
Buildings	\$ 7,422	\$ 5,663	
Laboratory and production equipment		2,926	3,120
Computer equipment and software		11,629	12,045
Furniture and fixtures	2,132	1,904	
Automobiles	323	320	
Leasehold improvements		769	685
Land improvements		542	289
	-----	-----	
	25,743	24,026	
Less accumulated depreciation and amortization		9,158	10,733
	-----	-----	
	16,585	13,293	
Land	2,548	1,773	
Deposits and projects in process		2,395	1,887
	-----	-----	

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)
(in thousands, except per share data)
(unaudited)

NOTE C - OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

<TABLE>

	January 1, 2000	July 1, 2000
<S>	<C>	<C>
Associate incentives	\$1,201	\$1,185
Accrued compensation	772	738
Sales taxes	692	1,209
Income taxes	564	-
Accrued Associate promotions	478	675
Deferred revenue	35	172
All other	1,459	1,653
	\$5,201	\$5,632

</TABLE>

NOTE D - COMMON STOCK AND EARNINGS PER SHARE

The Company adopted an amendment to its Articles of Incorporation to increase the par value of its common stock from no par to \$0.001 per share during the second quarter of 2000 (see Exhibit 3.3). Previously reported numbers contained in this quarterly report have been restated to reflect the change in par value.

Basic earnings per share are based on the weighted average number of shares outstanding for each period. Shares redeemed have been included in the calculation of weighted average shares outstanding for basic earnings per share. Diluted earnings per common share are based on shares outstanding (computed under basic EPS) and potentially dilutive shares. Potential shares included in dilutive earnings per share calculations include stock options granted but not exercised.

<TABLE>

<CAPTION>

	For the Quarter Ended	
<S>	July 3, 1999	July 1, 2000
<C>	<C>	<C>
Earnings available to common shareholders	\$ 2,244	\$ 416
Basic EPS		
Shares		
Common shares outstanding entire period	13,047	10,169
Weighted average common shares:		
Issued during period	31	30
Canceled during period	(132)	(466)
	12,946	9,733
Weighted average common shares outstanding during period		

Earnings per common share - basic	\$ 0.17	\$ 0.04
Diluted EPS		

Shares		
Weighted average shares outstanding during period - basic	12,946	9,733
Dilutive effect of stock options	306	114

Weighted average shares outstanding during period - diluted	13,252	9,847
=====		
Earnings per common share - diluted	\$ 0.17	\$ 0.04
=====		

</TABLE>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)
(in thousands, except per share data)
(unaudited)

NOTE D - COMMON STOCK AND EARNINGS PER SHARE - (continued)

Options to purchase 1,994 and 540 shares of stock were not included in the computation of EPS for the quarters ended July 1, 2000 and July 3, 1999, respectively, because their exercise price was greater than the average market price of the shares.

<TABLE>
<CAPTION>

	For the Six Months Ended	
	<C> July 3, 1999	<C> July 1, 2000

Earnings available to common shareholders	\$ 4,372	\$ 1,778

Basic EPS		

Shares		
Common shares outstanding entire period	13,047	10,169
Weighted average common shares:		
Issued during period	17	15
Canceled during period	(66)	(293)

Weighted average common shares outstanding during period	12,998	9,891
=====		
Earnings per common share - basic	\$ 0.34	\$ 0.18
=====		

Diluted EPS

Shares		
Weighted average shares outstanding during period - basic	12,998	9,891
Dilutive effect of stock options	406	149

Weighted average shares outstanding during period - diluted	13,404	10,040

	=====	=====	=====	=====
Earnings per common share - diluted	\$	0.33	\$	0.18
	=====	=====	=====	=====

</TABLE>

Options to purchase 1,674 and 320 shares of stock were not included in the computation of EPS for the six months ended July 1, 2000 and July 3, 1999, respectively, because their exercise price was greater than the average market price of the shares.

The Company's board of directors approved an open market share repurchase program in 2000 that could include up to one million shares of its outstanding common stock. During the first six months of 2000, the Company had repurchased 531 shares of common stock under this program.

NOTE E--RESTRUCTURING

The Company recorded a restructuring charge and reserve totaling \$2,700 (\$1,700 or \$0.13 per share, after tax) in the third quarter of 1999. The Company sold its facility and related assets in the United Kingdom during the second quarter of 2000 and expects that all activities associated with the Company's restructuring initiative will be completed by the end of the third quarter of 2000. As of July 1, 2000, approximately \$2.5 million was charged against the restructuring reserve.

NOTE F--SEGMENT INFORMATION

The Company has five operating segments. Since the beginning of the second quarter of 2000, the Company's United Kingdom market has been serviced from the United States and is no longer considered an operating segment of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)
(in thousands, except per share data)
(unaudited)

NOTE F--SEGMENT INFORMATION - (continued)

the Company. The Company's operating segments are based on operating geographic regions. Management considers the geographic segments of the Company to be the only reportable operating segments. These operating segments are evaluated regularly by management in determining the allocation of resources and in assessing the performance of the Company. Management evaluates performance based on sales revenue and the amount of operating income or loss.

Segment profit or loss is based on profit or loss from operations before income taxes and includes a management fee charged by the domestic operation to each of the foreign entities. All other intersegment transactions are eliminated from the following segment information. Interest revenues and expenses, income taxes and equity in the earnings of subsidiaries, while significant, are not included in the Company's determination of segment profit or loss in assessing the performance of a segment.

Financial information summarized by geographic segment for the six months ended July 3, 1999 and July 1, 2000 is listed below:

<TABLE>
<CAPTION>

	Revenues from External Customers	Earnings before Income Taxes	Long-lived Assets	Total Assets
	-----	-----	-----	-----
Six Months ended July 3, 1999:				
<S>	<C>	<C>	<C>	<C>
Domestic	\$ 34,046	\$ 3,040	\$ 20,868	\$ 31,613
Canada	14,815	2,730	235	2,230
Australia - New Zealand		13,573	2,354	1,017
United Kingdom		1,367	(1,036)	842
			842	2,105

Hong Kong	-	-	-	-
All Others	-	(2)	-	6
Totals	\$ 63,801	\$ 7,086	\$ 22,962	\$ 40,144
	Revenues from External Customers	Earnings before Income Taxes	Long-lived Assets	Total Assets
Six Months ended July 1, 2000:				
Domestic	\$ 32,627	\$ 524	\$ 15,751	\$ 29,395
Canada	14,248	2,441	233	3,777
Australia - New Zealand	9,738	210	642	3,242
United Kingdom	574	(107)	-	-
Hong Kong	3,461	(195)	520	2,177
All Others	-	91	-	53
Totals	\$ 60,648	\$ 2,964	\$ 17,146	\$ 38,644

</TABLE>

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

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and Notes thereto contained in this quarterly report.

General

USANA develops and manufactures high-quality nutritional, personal care and weight management products. The Company distributes its products through a network marketing system. Independent distributors in USANA's network are referred to by the Company as Associates. As of July 1, 2000, the Company had approximately 103,000 current Associates in the United States, Canada, Australia, New Zealand, Hong Kong and the United Kingdom. The Company defines a current Associate as an Associate who has made a purchase in the most recent 12-month period. The Company also offers a Preferred Customer program specifically designed for customers who desire to purchase USANA's products for personal consumption, but choose not to become Associates. As of July 1, 2000, the Company had approximately 65,000 Preferred Customers.

The Company recently reorganized its product groupings to encompass new products and a new marketing focus. The Company's three primary product lines consist of USANA(R) Nutritionals, LEAN Lifelong Foods(TM) and Sense(TM) personal care products. The USANA Nutritionals product line accounted for approximately 74% of the Company's net sales for the six months ended July 1, 2000. The Company's top selling products, USANA Essentials and Proflavanol represented approximately 34% and 14%, respectively, of net sales for the six months ended July 1, 2000. The LEAN Lifelong Foods product line accounted for approximately 13% of the Company's net sales for the six months ended July 1, 2000. The LEAN Lifelong Foods product line includes several completely reformulated food products previously sold under the LEAN or USANA brand names. Nutrimeal(TM) and Fibergy(R) drink mixes and bars, a LEAN Formula for weight management and several other related products for healthy diets are now included in the LEAN Lifelong Foods product line. No other products or product groups accounted for more than 10% of net sales during the first six months of 2000. Sense is a completely new line of scientifically developed natural products designed to support healthy skin and hair by providing protection and nourishment on both the inside and outside of the dermal layers of cells. In addition to its primary product lines, the Company also sells distributor kits and sales aids, which accounted for approximately 4% of the Company's net sales for the six months ended July 1, 2000.

At its annual international convention ("Convention") in the second quarter

of 2000, the Company introduced several new products, including 6 LEAN Lifelong Foods products, and the new personal care line, Sense. There were approximately 4,000 customers from around the world in attendance. This was the Company's most successful convention ever with sales of \$1.1 million, due largely to the introduction of the new product lines.

In the first quarter of 2000, the Company introduced a value initiative that decreased prices on its products by an average of approximately 24%. The Company believes that the value initiative will make it more successful in attracting and retaining Associates and Preferred Customers by offering high quality products and comprehensive customer support services at the lowest prices in the Company's history.

The fiscal year end of the Company is the Saturday closest to December 31 of each year. Fiscal year 2000 will end on December 30, 2000.

Results of Operations

Quarters Ended July 1, 2000 and July 3, 1999

Net Sales. Net sales decreased 7.3% to \$30.1 million for the quarter ended July 1, 2000, a decrease of \$2.4 million from the \$32.5 million reported for the comparable quarter in 1999. The decrease in net sales is the result of:

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- . The value initiative, which reduced prices by an average of 24% and
- . A 20% decline in the Associate base in the United States, Canada, Australia and New Zealand.

The decrease in sales was partially offset by strong enrollments of Preferred Customers and product sales from the Convention. The Preferred Customer base increased 75.7% at July 1, 2000 compared to the levels at July 3, 1999. Product sales from the Company's Convention totaled \$1.1 million, which represent the best year ever for Convention product sales.

The following tables illustrate the change in sales and customers by market for the quarters ended July 3, 1999 and July 1, 2000:

<TABLE>
<CAPTION>

Sales By Market (in thousands) Quarter Ended							
Market	July 3, 1999		Change from July 1, 2000		Percent Prior Year		Change
	<C>	<C>	<C>	<C>	<C>	<C>	<C>
United States	\$ 17,662	54.4%	\$ 16,890	56.1%	\$ (772)	(4.4%)	
Canada	7,716	23.7%	6,978	23.2%	(738)	(9.6%)	
Australia-New Zealand	7,100	21.9%	4,688	15.6%	(2,412)	(34.0%)	
Hong Kong	-	-	1,556	5.1%	1,556	-	
Consolidated	\$ 32,478	100.0%	\$ 30,112	100.0%	\$ (2,366)	(7.3%)	

Current Associates By Market

Market	As of July 3, 1999		As of July 1, 2000		Change from Prior Year		Percent Change
United States	60,000	50.9%	48,000	46.6%	(12,000)	(20.0%)	
Canada	30,000	25.4%	24,000	23.3%	(6,000)	(20.0%)	
Australia-New Zealand	28,000	23.7%	23,000	22.3%	(5,000)	(17.9%)	
Hong Kong	-	-	8,000	7.8%	8,000	-	

Consolidated	118,000	100.0%	103,000	100.0%	(15,000)	(12.7%)
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Preferred Customers By Market

Market	As of July 3, 1999	As of July 1, 2000	Change from Prior Year	Percent Change		
United States	22,000	59.5%	37,000	56.9%	15,000	68.2%
Canada	10,000	27.0%	17,000	26.2%	7,000	70.0%
Australia-New Zealand	5,000	13.5%	10,000	15.4%	5,000	100.0%
Hong Kong	-	-	1,000	1.5%	1,000	-
Consolidated	37,000	100.0%	65,000	100.0%	28,000	75.7%

</TABLE>

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<TABLE>

<CAPTION>

Total Customers By Market

Market	As of July 3, 1999	As of July 1, 2000	Change from Prior Year	Percent Change		
<S>	<C>	<C>	<C>	<C>		
United States	82,000	52.9%	85,000	50.6%	3,000	3.7%
Canada	40,000	25.8%	41,000	24.4%	1,000	2.5%
Australia-New Zealand	33,000	21.3%	33,000	19.6%	-	0.0%
Hong Kong	-	-	9,000	5.4%	9,000	-
Consolidated	155,000	100.0%	168,000	100.0%	13,000	8.4%

</TABLE>

Cost of Sales. Cost of sales increased 27.9% to \$8.1 million for the quarter ended July 1, 2000, an increase of \$1.8 million from the \$6.3 million reported in the comparable quarter in 1999. As a percentage of net sales, cost of sales increased to 26.9% for the quarter ended July 1, 2000 from 19.5% for the comparable quarter in 1999. The increase in cost of sales as a percentage of net sales can be attributed to:

- . The value initiative, which reduced prices by an average of 24%,
- . Products sold at reduced gross profit margins at the Convention and
- . Obsolete inventory disposed of as a result of the introduction of the new products and product lines.

Associate Incentives. Associate incentives decreased 17.2% to \$11.9 million for the quarter ended July 1, 2000, a decrease of \$2.5 million from the \$14.4 million reported in the comparable quarter in 1999. As a percentage of net sales, Associate incentives decreased to 39.7% in the second quarter of 2000 from 44.5% for the comparable quarter in 1999. The decrease in Associate incentives as a percentage of net sales can primarily be attributed to the value initiative, which decreased the ratio of sales volume points to the wholesale price on products purchased. Associate incentives are paid on the amount of sales volume points generated. To a lesser extent, Associate incentives decreased as a result of the sales mix and an additional reduction of the ratio of sales volume points to wholesale price for products sold at the Convention.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 12.9% to \$8.7 million for the quarter ended July 1, 2000, an increase of \$1.0 million from the \$7.7 million reported for the comparable quarter in 1999. Selling, general and administrative expenses as a percentage of net sales increased to 29.0% in the second quarter of 2000 from 23.8% for the comparable quarter in 1999. The increase in selling, general and administrative expenses can be attributed to:

- . Activities associated with the Convention,
- . Sales and marketing activities to promote and support the value initiative,
- . Researching and exploring new international opportunities and
- . Spending in the Company's newest market, Hong Kong.

Research and Development. Research and development expenses increased 10.6% to \$364,000 for the second quarter of 2000, an increase of \$35,000 from the \$329,000 reported for the comparable quarter in 1999. As a percentage of net sales, research and development expenses increased to 1.2% in the second quarter of 2000 from 1.0% for the comparable period of 1999. The Company continues to keep abreast of the latest research in nutrition and degenerative diseases and is committed to developing new products, reformulating existing products and maintaining its involvement in numerous clinical studies.

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Net Earnings. Net earnings decreased 81.5% to \$416,000 for the quarter ended July 1, 2000, a decrease of \$1.8 million from the \$2.2 million for the comparable quarter in 1999. The decrease in net earnings can primarily be attributed to:

- . Lower than expected sales,
- . Substantially higher selling, general and administrative expenses and
- . Higher interest expense on debt incurred to fund the repurchase of common stock in 1999 and early 2000.

Diluted earnings per share decreased \$0.13 to \$0.04 for the second quarter of 2000 from \$0.17 for the comparable quarter in 1999.

Six Months Ended July 1, 2000 and July 3, 1999

Net Sales. Net sales decreased 4.9% to \$60.6 million for the six months ended July 1, 2000, a decrease of \$3.2 million from the \$63.8 million reported for the comparable period in 1999. The reasons for the decrease in net sales are the same as those for the quarter and are discussed on page 14 in the quarterly "Results of Operations" section.

The following tables illustrate the change in sales by market for the six months ended July 3, 1999 and July 1, 2000:

<TABLE>
<CAPTION>

Market	Sales By Market (in thousands) Six Months Ended				Change from Prior Year	Percent Change
	July 3, 1999		July 1, 2000			
United States	\$ 35,413	55.5%	\$ 33,201	54.7%	\$ (2,212)	(6.2%)
Canada	14,815	23.2%	14,248	23.5%	(567)	(3.8%)
Australia-New Zealand	13,573	21.3%	9,738	16.1%	(3,835)	(28.3%)
Hong Kong	-	-	3,461	5.7%	3,461	-

Consolidated	\$ 63,801	100.0%	\$ 60,648	100.0%	\$ (3,153)	(4.9%)
--------------	-----------	--------	-----------	--------	------------	--------

</TABLE>

Cost of Sales. Cost of sales increased 14.2% to \$14.5 million for the six months ended July 1, 2000, an increase of \$1.8 million from the \$12.7 million reported in the comparable period in 1999. As a percentage of net sales, cost of sales increased to 24.0% for the six months ended July 1, 2000 from 19.9% for the comparable period in 1999. Reasons for the increase in cost of sales as a percentage of net sales are the same as those for the quarter and are discussed on page 15 in the quarterly "Results of Operations" section.

Associate Incentives. Associate incentives decreased 12.8% to \$24.7 million for the six months ended July 1, 2000, a decrease of \$3.6 million from the \$28.3 million reported in the comparable period in 1999. As a percentage of net sales, Associate incentives decreased to 40.7% for the six months ended July 1, 2000 from 44.4% for the comparable period in 1999. Reasons for the decrease in Associate incentives as a percentage of net sales are the same as those for the quarter and are discussed on page 15 in the quarterly "Results of Operations" section.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 14.6% to \$17.2 million for the six months ended July 1, 2000, an increase of \$2.2 million from the \$15.0 million reported for the comparable period in 1999. Selling, general and administrative expenses as a percentage of net sales increased to 28.3% for the first six months of 2000 from 23.5% for the comparable six months in 1999. Reasons for the increase in selling, general and administrative expenses are the same as those for the quarter and discussed on page 15 in the quarterly "Results of Operations" section.

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Research and Development. Research and development expenses increased 15.8% to \$792,000 for the first six months of 2000, an increase of \$108,000 from the \$684,000 reported for the comparable six months in 1999. As a percentage of net sales, research and development expenses increased to 1.3% in the first six months of 2000 from 1.1% for the comparable period in 1999.

Net Earnings. Net earnings decreased 59.3% to \$1.8 million for the six months ended July 1, 2000, a decrease of \$2.6 million from the \$4.4 million for the comparable period in 1999. Reasons for the decrease in net earnings are the same as those for the quarter and discussed on page 16 in the quarterly "Results of Operations" section.

Diluted earnings per share decreased \$0.15 to \$0.18 for the first six months of 2000 from \$0.33 for the comparable period in 1999.

Liquidity and Capital Resources

The Company has historically financed its growth with cash flows from operations. On July 1, 2000, the Company had net working capital of \$1.2 million compared to negative net working capital of \$1.3 million at January 1, 2000. The change in net working capital during the first six months of 2000 can be attributed to proceeds received from the sale of plant and equipment in the United Kingdom and, consequently, a substantial reduction in the restructuring provision.

The Company does not extend credit to its customers, but requires payment prior to shipping, which eliminates significant receivables.

The Company invested approximately \$2.4 million in property and equipment during both six month periods reported. Inventory increased to \$11.9 million at July 1, 2000, an increase of \$2.0 million from the \$9.9 million at January 1, 2000. The increase in inventory can be attributed to building up reserves for the value initiative, which the Company anticipated would drive up unit volume requirements and for the new products introduced at our annual convention.

During 1999, the Company entered into agreements with a financial institution to provide up to \$25 million in secured credit facilities consisting of a \$10 million 5-year term loan and a \$15 million 3-year revolving line of credit. The credit facilities contain restrictive covenants requiring the

Company to maintain certain financial ratios. The Company was in compliance with these covenants on July 1, 2000. As of July 1, 2000, \$8.5 million was outstanding on the 5-year term loan and \$6.2 million was outstanding on the line of credit.

The Company believes that its current cash balance, the available line of credit, cash provided by operations and potential additional debt financing will be sufficient to cover its short and long-term needs in the ordinary course of business. In the event the Company experiences an adverse operating environment or unusual capital expenditure requirements, additional financing may be required. There are not any known demands, commitments, events, or uncertainties not previously discussed at July 1, 2000 that would adversely affect the Company. There can be no assurance that additional financing, if required, would be available on favorable terms. The Company may also require or seek additional financing, including through the sale of its equity securities to finance future expansion into new markets, capital acquisitions associated with the growth of the Company and for other reasons. Any financing which involves the sale of equity securities or instruments convertible into such securities could result in immediate and possibly significant dilution to existing shareholders.

Outlook

Management believes that sales will increase modestly over the next six months as a result of new products introduced at the Convention and the expected launch of a direct export program for consumers in Japan. Products will be exported to Japan on a personal use basis only, and no resale of products will be allowed until local operations begin. Direct exporting is expected to commence in September 2000, with the Company planning to open a Japan-based operation in the latter half of 2001.

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Cost of sales and Associate incentives are expected to remain at levels, relative to net sales, consistent with those reported for the second quarter of 2000.

Selling, general and administrative expenses will continue to be pressured by sales and marketing efforts to promote the Company's new products and also as a result of costs to pursue new international opportunities.

Forward-Looking Statements

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. These statements represent the Company's 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 the Company's financial performance, revenue and expense levels in the future and the sufficiency of its existing assets to fund future operations and capital spending needs. Readers are cautioned that actual results could differ materially from the anticipated results or other expectations expressed in such forward-looking statements for the reasons detailed in the Company's Annual Report on Form 10-K, pages 29 through 36. The fact that some of the risk factors may be the same or similar to the Company's past reports filed with the Securities and Exchange Commission means only that the risks are present in multiple periods. The Company believes that many of the risks detailed here and in the Company's SEC filings are part of doing business in the industry in which the Company operates and competes and will likely be present in all periods reported. The fact that certain risks are endemic to 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 the Company assumes no obligation to update them or to update the reasons why actual results could differ from those projected in such forward-looking statements. Among others, risks and uncertainties that may affect the business, financial condition, performance, development and results of operations of the Company include:

- . The Company's dependence upon a network marketing system to distribute

- its products;
- . High turnover of Associates,
- . Activities of its independent Associates;
- . Rigorous government scrutiny of network marketing practices;
- . Potential effects of adverse publicity regarding nutritional supplements or the network marketing industry;
- . Reliance on key management personnel, including the Company's President, Chief Executive Officer and Chairman of the Board of Directors, Myron W. Wentz, Ph.D;
- . Extensive government regulation of the Company's products and manufacturing;
- . Risks related to the Company's expansion into international markets;
- . Failure of the Company to sustain or manage growth including the failure to continue to develop new products;
- . The possible adverse effects of increased Associate incentives as a percentage of net sales;
- . The Company's reliance on information technology;

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- . The adverse effect of the Company's loss of a high level sponsoring Associate together with a group of leading Associates in that person's downline;
- . The loss of product market share or Associates to competitors;
- . Potential adverse effect of taxation and transfer pricing regulation or exchange rate fluctuations;
- . The Company's reliance on outside suppliers for raw materials;
- . The Company's business may be subject to particular intellectual property risks or
- . Manufacturers may be subject to product liability claims and other manufacturing activity risks.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company conducts its business in several countries and intends to continue to expand its foreign operations. Earnings are affected by fluctuations in interest rates, currency exchange rates and other uncertainties inherent in doing business and selling product in more than one currency. In addition, the operations of the Company are exposed to significant risks associated with changes in social, political and economic conditions inherent in foreign operations, including changes in the laws and policies that govern foreign investment in countries where it has operations as well as, to a lesser extent, changes in U.S. laws and regulations relating to foreign trade and investment.

A significant portion of the Company's revenue and expenses are recognized outside the United States with primarily all inventory purchases transacted in U.S. dollars from vendors in the United States. The local currency in each subsidiary is considered the functional currency with all revenue and expenses translated at weighted average exchange rates for reported periods. Consequently, the Company's reported sales and earnings are impacted positively by a weakening and negatively by a strengthening of the U.S. dollar.

The Company cannot estimate the effect exchange rate fluctuations will have on future business given the uncertainties. However, a hypothetical 10 percent change in the average foreign currency exchange rates for the six months ended

July 1, 2000, would not have resulted in a significant change in earnings.

To protect against these risks, the Company enters into forward and option contracts to hedge certain commitments denominated in foreign currency, including intercompany cash transfers. Transaction hedging activities seek to protect operating results and cash flows from the potentially adverse effects of currency exchange fluctuations. The Company believes that its cash management and investment policies have minimized these risks. However, there can be no assurance that these practices will be successful in eliminating all or substantially all of the risks encountered by the Company in connection with its foreign currency transactions.

The Company is currently carrying \$14.7 million in short and long-term debt. This debt is subject to interest rate risk as the interest rate is computed on a variable basis. The Company does not use derivative instruments to hedge its interest rate risk. If market interest rates were to increase immediately and uniformly by 10 percent from levels at July 1, 2000, the effect on earnings would not be a material amount.

PART II. OTHER INFORMATION

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The Company amended its Articles of Incorporation in July 2000 to increase the par value of the Company's common stock from no par to \$0.001 par value per share. This change did not affect the number of shares outstanding and it did not have any adverse effect on the holders of the Company's securities. The amendment was approved by a vote of the shareholders of the Company at its Annual Meeting.

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Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At its Annual Meeting of Shareholders on May 24, 2000, the following actions were submitted and approved by vote of the majority of the issued and outstanding shares of the Company:

- (1) Election of five directors,
- (2) Selection of Grant Thornton LLP as the Company's independent certified public accountants and
- (3) Amendment of the articles of incorporation to increase the par value of common stock.

A total of 8,093,919 shares (approximately 83%) of the issued and outstanding shares of the Company were represented by proxy or in person at the meeting. These shares were voted on the matters described above as follows:

1. For the directors as follows:

<TABLE>
<CAPTION>

Name	Number of Shares For	Number of Shares Against	Number of Shares Abstaining/Withheld
<S> Myron W. Wentz, PhD	<C> 8,069,756	<C> 24,163	None
David A. Wentz	8,069,756	24,163	None
Ronald S. Poelman	8,069,756	24,163	None
Robert Anciaux	8,069,756	24,163	None
Denis E. Waitley, PhD	8,069,756	24,163	None

</TABLE>

2. For the ratification of the Board's selection of Grant Thornton LLP as the independent certified public accountants of the Company as follows:

Number of Shares For	Number of Shares Against	Number of Shares Abstaining/Withheld
8,082,102	6,513	5,304

3. For amending the articles of incorporation to increase the par value of common stock to \$.001 per share:

Number of Shares For	Number of Shares Against	Number of Shares Abstaining/Withheld
8,079,667	11,402	2,850

Subsequent action taken by written consent of the shareholders approved the change of the corporate name of the Company to USANA Health Sciences, Inc. as follows:

Number of Shares For	Number of Shares Against	Number of Shares Abstaining/Withheld
8,647,406	50,608	3,345

Item 5. OTHER INFORMATION

In July 2000, the Company filed an amendment to its Articles of Incorporation to effect the name change and increase in par value approved at the Annual Meeting of Shareholders and the Consent Resolution adopted by the shareholders subsequent to the Annual Meeting. A copy of the amendment has been filed as an Exhibit to this report with the Securities and Exchange Commission.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibits.

Exhibit Number	Description
3.1	Articles of Incorporation [Incorporated by reference to the Company's Registration Statement on Form 10, File No. 0-21116, effective April 16, 1993]
3.2	Bylaws [Incorporated by reference to the Company's Registration Statement on Form 10, File No. 0-21116, effective April 16, 1993]
3.3	Amendment to Articles of Incorporation to change name and increase par value
4.1	Specimen Stock Certificate for Common Stock, no par value [Incorporated by reference to the Company's Registration Statement on Form 10, File No. 0-21116, effective April 16, 1993]

- 10.1 Business Loan Agreement by and between Bank of America National Trust and Savings Association, d/b/a Seafirst Bank ("Seafirst Bank") and the Company [Incorporated by reference to the Company's Report on Form 10-Q for the period ended June 27, 1998]
- 10.2 Loan Modification Agreement by and between Seafirst Bank and the Company [Incorporated by reference to the Company's Report on Form 10-Q for the period ended June 27, 1998]
- 10.3 Employment Agreement dated June 1, 1997 by and between the Company and Gilbert A. Fuller [Incorporated by reference to the Company's Report on Form 10-Q for the period ended June 27, 1998]
- 10.4 Amended and Restated Long-Term Stock Investment and Incentive Plan [Incorporated by reference to the Company's Report on Form 10-Q for the period ended June 27, 1998]
- 10.5 Promissory Note and Redemption Agreement dated April 28, 1999 [Incorporated by reference to the Company's Report on Form 10-Q for the period ended April 3, 1999]
- 10.6 Stock Pledge Agreement dated April 28, 1999 [Incorporated by reference to the Company's Report on Form 10-Q for the period ended April 3, 1999]
- 10.7 Redemption Agreement dated July 30, 1999 [Incorporated by reference to the Company's Report on Form 8-K, filed September 24, 1999]

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- 10.8 Term Note dated September 20, 1999 [Incorporated by reference to the Company's Report on Form 8-K, filed September 24, 1999]
- 10.9 Revolving Note dated September 20, 1999 [Incorporated by reference to the Company's Report on Form 8-K, filed September 24, 1999]
- 10.10 Credit Agreement dated September 20, 1999 [Incorporated by reference to the Company's Report on Form 8-K, filed September 24, 1999]
- 11.1 Computation of Net Income per Share (included in Notes to Consolidated Financial Statements)
- 27.1 Financial Data Schedule
- 99.1 Press Release dated September 21, 1999. [Incorporated by reference to the Company's Report on Form 8-K, filed September 24, 1999]

(b) Reports on Form 8-K.

The Company filed no current reports on Form 8-K during the quarter ended July 1, 2000.

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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: August 14, 2000

By: /s/ Gilbert A. Fuller

Gilbert A. Fuller
Senior Vice President and
Chief Financial Officer

EXHIBIT - 3.3 AMENDED ARTICLES OF INCORPORATION

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

USANA, INC.

(Hereafter USANA Health Sciences, Inc.)

Pursuant to and in accordance with the provisions of Section 16-10a-1007 and 16-10a-1003 of the Utah Revised Business Corporation Act, as amended (the "Act"), the following are the Amended and Restated Articles of Incorporation of USANA, Inc., a Utah corporation:

ARTICLE I

NAME

The name of this corporation is USANA Health Sciences, Inc. (the "Corporation").

ARTICLE II

CORPORATE PURPOSES

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Utah Revised Business Corporation Act.

ARTICLE III

CAPITALIZATION

The aggregate number of shares the Corporation is authorized to issue shall be Fifty Million (50,000,000) shares of common stock. All such shares shall have \$.001 par value per share and shall be offered and sold at such price and on such terms as the directors of the Corporation may, in their sole discretion and consistent with applicable laws, deem appropriate. Each share shall entitle the holder hereof to one (1) vote on each matter submitted to a vote at a meeting of shareholders or otherwise requiring the approval of the Corporation's shareholders. All stock of the Corporation shall be of the same class and shall have the same rights and preferences. All stock of the Corporation shall be of the same class and shall have the same rights and preferences. The capital stock of the Corporation shall be issued as fully paid and the private property of the shareholders shall not be liable for the debts, obligations or liabilities of the Corporation. Fully paid stock of this Corporation shall not be liable to any further call or assessment.

ARTICLE IV

REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial registered office of the Corporation is 3838 West Parkway Boulevard, Salt Lake City, UT 84120. The name and address of the registered agent is Kevin R. Pinegar, 111 East Broadway, Suite 900, Salt Lake City, Utah 84111, whose signature is set forth on the signature page of these Amended and Restated Articles of Incorporation.

ARTICLE V

RESTATEMENT OF ARTICLES OF INCORPORATION

These Amended and Restated Articles of Incorporation supersede the original Articles of Incorporation and all amendments thereto. Authority was given to the officers of the Corporation named herein to file these Amended and Restated Articles of Incorporation containing the name change of the Corporation with the Utah State Department of Commerce, Division of Corporations and Commercial Code pursuant to the Unanimous Written Consent of the Directors of the Corporation dated May 22, 2000, subject to approval by a majority of the shareholders of the Corporation, and in accordance with the requirements of the Act and the Bylaws of the Corporation. A notice of solicitation for consent of the name change of the Corporation was sent to the shareholders and as of June 26, 2000, a majority of the shareholders voted in favor of filing these Amended and Restated Articles of Incorporation adopting the name change, effective June 26, 2000, pursuant to the voting results as indicated below:

<TABLE>
<CAPTION>

DESIGNATION OF STOCK	NO. OF OUTSTANDING SHARES	NO. OF VOTES CAST	VOTES CAST FOR ADOPTION	VOTES CAST AGAINST ADOPTION
<S> Common	<C> 9,693,037	<C> 8,529,945	<C> 8,487,313	<C> 42,628

</TABLE>

Such votes cast were sufficient for approval of the name change contained in the Amended and Restated Articles of Incorporation of the Corporation.

Authority was also given to the officers of the corporation named herein to file these Amended and Restated Articles of Incorporation containing an increase in the par value of the stock of the Corporation with the Utah State Department of Commerce, Division of Corporations and Commercial Code pursuant to the Unanimous Written Consent of the Directors of the Corporation dated May 22, 2000, subject to approval by a majority of the shareholders of the Corporation, and in accordance with the requirements of the Act and the Bylaws of the Corporation. At a meeting of the shareholders held on May 24, 2000, a majority of the shareholders voted in favor of adopting such amendment to the Articles of Incorporation increasing the par value of the stock of the Corporation, effective upon filing of such Amended and Restated Articles of Incorporation, pursuant to the voting results as indicated below:

<TABLE>
<CAPTION>

DESIGNATION OF STOCK	NO. OF OUTSTANDING SHARES	NO. OF VOTES CAST	VOTES CAST FOR ADOPTION	VOTES CAST AGAINST ADOPTION
<S> Common	<C> 9,796,037	<C> 8,093,919	<C> 8,079,667	<C> 2,850

</TABLE>

Such votes cast were sufficient for approval of the increase of par value of the stock of the Corporation contained in the Amended and Restated Articles of Incorporation of the Corporation.

IN WITNESS WHEREOF, the undersigned, being the Sr. Vice President and Secretary of the Corporation, does hereby execute these Amended and Restated

Articles of Incorporation and certifies to the truth of the facts herein stated,
as of the 27th day of June, 2000.

USANA, Inc.

By: /s/ Gilbert A. Fuller

Gilbert A. Fuller
Sr. Vice President and Secretary

ACKNOWLEDGMENT OF REGISTERED AGENT

The undersigned, Kevin R. Pinegar, hereby acknowledges that he has been
appointed as registered agent of USANA, Inc., a Utah corporation, and hereby
agrees to act as registered agent of said Corporation.

/s/ Kevin R. Pinegar

Kevin R. Pinegar, Registered Agent

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