



NATURE'S SUNSHINE

FOR IMMEDIATE RELEASE

NATURE'S SUNSHINE PRODUCTS REPORTS FOURTH QUARTER AND FULL YEAR FINANCIAL RESULTS

PROVO, Utah, March 5, 2012 – Nature's Sunshine Products, Inc. (NASDAQ:NATR), including its subsidiary Synergy Worldwide, Inc., a leading natural health and wellness company engaged in the manufacture and direct selling of nutritional and personal care products, today reported consolidated financial results for the fourth quarter and full year ended December 31, 2011.

For the Fourth Quarter of 2011:

- Net sales were \$92.1 million, compared with \$89.9 million in the same quarter a year ago, an increase of 2.4 percent.
- Operating income from continuing operations was \$9.6 million, compared with \$3.5 million in the same quarter a year ago, an increase of 170.8 percent.
- Adjusted EBITDA, defined here as net income before taxes, depreciation and amortization, other income adjusted to exclude share-based compensation expense, was \$12.3 million, compared with \$4.7 million in the same quarter a year ago, an increase of 163.9 percent.
- Net income from continuing operations was \$7.6 million, compared with a net loss of \$0.4 million in the same quarter a year ago.
- Basic and diluted net income per share from continuing operations was \$0.49 and \$0.48, respectively, compared with a net loss per share of \$0.02 and \$0.02, respectively, for the same quarter a year ago.
- As of December 31, 2011, shareholders' equity was \$87.4 million, compared to \$68.4 million on December 31, 2010, an increase of 27.9 percent.
- As of December 31, 2011, active Managers worldwide were 27,800, a decrease of 1.1 percent from the end of the prior quarter, while active Distributors and customers worldwide were 668,400, a decrease of 2.0 percent from the end of the prior quarter.

For the Full Year 2011:

- Net sales were \$367.8 million, compared with \$349.9 million in 2010, an increase of 5.1 percent.
- Operating income from continuing operations was \$20.2 million, compared with \$11.3 million in 2010, an increase of 79.0 percent. Excluding contract termination costs of \$14.7 million related to our third quarter arbitration settlement with NutriPlus LLC, operating income from continuing operations was \$34.9 million in 2011, compared with \$11.3 million in 2010, an increase of 210.0 percent.
- Adjusted EBITDA, defined here as net income before taxes, depreciation and amortization, other income adjusted to exclude share-based compensation expense and contract termination costs, was \$42.8 million, compared with \$16.0 million in 2010, an increase of 168.0 percent.
- Net income from continuing operations was \$17.6 million, compared with \$8.5 million in 2010, an increase of 107.8 percent. Excluding the contract termination costs described above, net income from continuing operations was \$27.6 million, compared with \$8.5 million in 2010, an increase of 225.9 percent.
- Basic and diluted net income per share from continuing operations was \$1.13 and \$1.12, respectively, compared with earnings per share of \$0.55 and \$0.54, respectively, in 2010.

NSP United States Results for the Fourth Quarter:

- Net sales were \$33.2 million, compared with \$34.1 million in the same quarter a year ago, a decrease of 2.8 percent. NSP United States Managers and Distributors are predominantly practitioners of nutritional supplement therapies and retailers or consumers of our products, who continue to be adversely affected by the economic downturn. Net sales revenues also decreased due to changes to some of our less profitable promotional programs.
- Operating income was \$2.5 million, compared with \$1.3 million in the same quarter a year ago, an increase of 97.1 percent. The improvement despite lower sales in 2011 was due to the cancellation in 2011 of some less profitable promotional programs and severance costs incurred in 2010 in connection with employee reductions in that year.

NSP International Results for the Fourth Quarter:

- Net sales were \$33.0 million, compared with \$36.0 million in the same quarter a year ago, a decrease of 8.3 percent. In local currencies, net sales decreased by 6.9 percent compared to the same quarter a year ago. Higher sales in our Russian markets (excluding Belarus), which are traditionally more network marketing oriented, and positive currency fluctuations were offset by 1) lower sales in Belarus related to the significant weakening of the Belarusian ruble, and 2) lower sales in the Dominican Republic, Japan and Mexico markets, which are predominately practitioners of nutritional supplement therapies and retailers or consumers of our products. These

markets continue to be adversely affected by the economic downturn, as well as the cancellation of some less profitable promotional programs.

- Operating income was \$4.5 million, compared with operating income of \$0.7 million in the same quarter a year ago, an increase of 509.9 percent. This increase was the result of lower royalty costs in 2011 due to the termination of the Company's contract with NutriPlus LLC, the impact of current year value-added tax reserve reductions in our Mexico business, and prior year reserves taken in 2010 related to reduction of our worldwide employee count.

Synergy Worldwide Results for the Fourth Quarter:

- Net sales were \$25.9 million, compared with \$19.8 million in the same quarter a year ago, an increase of 31.0 percent. In local currencies, net sales increased 30.2 percent compared to the same quarter a year ago. The increase in net sales was primarily due to strong growth in our United States, Korean and European markets, which within Synergy are traditionally more network marketing oriented.
- Operating income was \$2.6 million, compared with \$1.5 million for the same quarter in the prior year, an increase of 67.9 percent. This increase was primarily due to significant sales growth and improved expense management.

Effective Income-tax Rate

The effective income tax rate for the quarter was 26.7 percent compared with 109.9 percent in the same quarter a year ago. The effective income tax rate of 26.7 percent for the current quarter was below the U.S. federal statutory tax rate of 35.0 percent and was primarily attributed to increased foreign tax credit utilization, foreign deductible items, lower tax rates in foreign jurisdictions than the rates in the U.S., and a decrease in the recognition of previous expense related to unremitted earnings. The effective income tax rate of 109.9 percent for the same quarter a year ago was the result of the impact that discontinued operation had on foreign tax credit utilization during the quarter.

The effective income tax rate for the year was 20.0 percent compared with 39.5 percent in 2010. The effective tax rate for 2011 was below the federal statutory tax rate of 35.0 percent, primarily due to increased foreign tax credit utilization, foreign deductible items, lower tax rates in foreign jurisdictions than the rate in the U.S., and a decrease in the recognition of previous expense related to unremitted earnings. The effective income tax rate in 2010 of 39.5 percent was, in part, the result of our inability to utilize certain foreign losses and tax credits, offset by a onetime tax deduction related to the Company's exit from Brazil.

Non-GAAP Financial Measures

The Company has included information concerning EBITDA because management utilizes this information in the evaluation of its operations and believes that this measure is a useful indicator of the Company's ability to fund its business. EBITDA has not been prepared in accordance with generally accepted accounting principles (GAAP). This non-GAAP financial measure should not be considered as an alternative to, or more meaningful

than, net income as an indicator of the Company's operating performance. Moreover, this non-GAAP financial measure, as presented by the Company, may not be comparable to similarly titled measures reported by other companies. The Company has included a reconciliation of EBITDA to reported earnings under GAAP in the attached financial tables.

About Nature's Sunshine Products

Nature's Sunshine Products (NASDAQ:NATR), a leading natural health and wellness company, markets and distributes nutritional and personal care products through a global direct sales force of over 600,000 independent distributors in more than 40 countries. Nature's Sunshine manufactures its products through its own state-of-the-art facilities to ensure its products continue to set the standard for the highest quality, safety and efficacy on the market today. The Company has two reportable business segments that operate under the Nature's Sunshine Products brand and are divided based on their geographic operations in the United States (NSP United States) and in countries outside the United States (NSP International), as well as a third reportable business segment operates under the Synergy Worldwide brand. The Company also supports health and wellness for children around the world through its partnership with the Little Heroes Foundation. Additional information about the Company can be obtained at its website, www.natr.com.

Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, this release contains forward-looking statements. Nature's Sunshine may, from time to time, make written or oral forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements encompass Nature's Sunshine's beliefs, expectations, hopes, or intentions regarding future events. Words such as "expects," "intends," "believes," "anticipates," "should," "likely," and similar expressions identify forward-looking statements. All forward-looking statements included in this release are made as of the date hereof and are based on information available to the Company as of such date. Nature's Sunshine assumes no obligation to update any forward-looking statement. Actual results will vary, and may vary materially, from those anticipated, estimated, projected or expected for a number of reasons, including, among others: further reviews of the Company's financial statements by the Company and its Audit Committee; modification of the Company's accounting practices; foreign business risks; industry cyclicality; fluctuations in customer demand and order pattern; changes in pricing and general economic conditions; as well as other risks detailed in the Company's previous filings with the SEC.

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	December 31, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 58,969	\$ 47,604
Accounts receivable, net of allowance for doubtful accounts of \$647 and \$918, respectively	9,868	5,947
Investments available for sale	5,677	6,470
Inventories	41,611	36,235
Deferred income tax assets	3,945	4,582
Prepaid expenses and other	4,583	5,700
Total current assets	124,653	106,538
Property, plant and equipment, net	25,137	27,391
Investment securities	1,429	1,778
Intangible assets, net	1,151	1,303
Deferred income tax assets	17,026	12,916
Other assets	6,415	9,489
	\$ 175,811	\$ 159,415
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 5,980	\$ 4,855
Accrued volume incentives	19,326	18,619
Accrued liabilities	27,938	34,601
Deferred revenue	2,603	3,385
Current installments of long-term debt	3,296	—
Income taxes payable	8,655	3,708
Total current liabilities	67,798	65,168
Liability related to unrecognized tax benefits	10,426	21,366
Long-term debt	5,894	—
Deferred compensation payable	1,429	1,778
Other liabilities	2,826	2,721
Total long-term liabilities	20,575	25,865
Shareholders' equity:		
Common stock, no par value; 50,000 shares authorized, 15,569 and 15,533 shares issued and outstanding as of December 31, 2011 and 2010, respectively	71,628	67,752
Retained earnings	25,879	8,278
Accumulated other comprehensive loss	(10,069)	(7,648)
Total shareholders' equity	87,438	68,382
	\$ 175,811	\$ 159,415

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share information)

	Three Months Ended December 31,	
	2011	2010
Net sales revenue (net of the rebate portion of volume incentives of \$10,813 and \$11,157, respectively).....	\$ 92,056	\$ 89,889
Cost and expenses:		
Cost of goods sold.....	16,850	17,732
Volume incentives.....	33,462	33,205
Selling, general and administrative	32,147	35,408
	82,459	86,345
Operating income.....	9,597	3,544
Other income, net.....	798	353
Income before provision for income taxes.....	10,395	3,897
Provision for income taxes.....	2,774	4,283
Net income (loss) from continuing operations.....	7,621	(386)
Loss from discontinued operations	—	(314)
Net income (loss)	\$ 7,621	\$ (700)
Basic and diluted net income per common share		
Basic:		
Net income (loss) from continuing operations.....	\$ 0.49	\$ (0.02)
Loss from discontinued operations	\$ —	\$ (0.02)
Net income (loss)	\$ 0.49	\$ (0.04)
Diluted:		
Net income (loss) from continuing operations.....	\$ 0.48	\$ (0.02)
Loss from discontinued operations	\$ —	\$ (0.02)
Net income (loss)	\$ 0.48	\$ (0.04)
Weighted average basic common shares outstanding.....	15,567	15,515
Weighted average diluted common shares outstanding.....	15,568	15,605

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share information)

	Year Ended	
	December 31,	
	<u>2011</u>	<u>2010</u>
Net sales revenue (net of the rebate portion of volume incentives of \$44,628 and \$44,099, respectively).....	\$ 367,813	\$ 349,918
Cost and expenses:		
Cost of goods sold	69,410	69,040
Volume incentives.....	133,883	130,367
Selling, general and administrative	129,605	139,248
Contract termination costs.....	14,750	—
	<u>347,648</u>	<u>338,655</u>
Operating income.....	20,165	11,263
Other income, net.....	1,847	2,727
	<u>22,012</u>	<u>13,990</u>
Income before provision for income taxes.....	22,012	13,990
Provision for income taxes.....	4,411	5,521
Net income from continuing operations.....	17,601	8,469
Loss from discontinued operations	—	(9,702)
Net income (loss).....	<u>\$ 17,601</u>	<u>\$ (1,233)</u>
Basic and diluted net income per common share		
Basic:		
Net income from continuing operations.....	\$ 1.13	\$ 0.55
Loss from discontinued operations	\$ —	\$ (0.63)
Net income (loss)	<u>\$ 1.13</u>	<u>\$ (0.08)</u>
Diluted:		
Net income from continuing operations.....	\$ 1.12	\$ 0.54
Loss from discontinued operations	\$ —	\$ (0.62)
Net income (loss)	<u>\$ 1.12</u>	<u>\$ (0.08)</u>
Weighted average basic common shares outstanding.....	<u>15,550</u>	<u>15,515</u>
Weighted average diluted common shares outstanding.....	<u>15,695</u>	<u>15,605</u>

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME to Adjusted EBITDA
(Amounts in thousands)

	Three Months Ended December 31,	
	2011	2010
Net income (loss)	\$ 7,621	\$ (700)
Adjustments:		
Loss from discontinued operations.....	—	314
Depreciation and amortization	1,158	1,011
Share-based compensation expense	1,561	112
Other income, net*	(798)	(353)
Taxes	2,774	4,283
Adjusted EBITDA	<u>\$ 12,316</u>	<u>\$ 4,667</u>

	Year Ended December 31,	
	2011	2010
Net income (loss)	\$ 17,601	\$ (1,233)
Adjustments:		
Loss from discontinued operations.....	—	9,702
Depreciation and amortization	4,362	4,254
Share-based compensation expense	3,478	437
Contract termination costs**	14,750	—
Other income, net*	(1,847)	(2,727)
Taxes	4,411	5,521
Adjusted EBITDA	<u>\$ 42,755</u>	<u>\$ 15,954</u>

* Other income, net is primarily comprised of foreign exchange gains (losses), interest income, and interest expense.

** The Contract termination costs occurred in the third quarter of 2011 and are therefore included as an adjustment to the 2011 year-to-date results. There were no contract termination costs during the fourth quarter of 2011 or any of the periods presented for 2010.

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