

ANOTHER RECORD YEAR!



CEO Frank L. VanderSloot celebrates another successful year with Melaleuca.

In a year that ushered in the worst economic news of our lifetime, Melaleuca sales soared to record highs in 2008. Melaleuca Marketing Executives around the world appeared to defy the forces of gravity as they forged ahead with their message of safer, more effective and healthier products, while conventional marketing companies and direct sales companies alike

reported sharp downturns in sales around the world.

In 2008, Melaleuca: The Wellness Company and its Independent Marketing Executives continued to prosper. Far superior products, complete with the faith, tenacity and hard work of individual business builders, proved to be the winning combination in providing both good health and finan-

cial prosperity to hundreds of thousands of households.

Not only was the economy an ominous factor for Melaleuca to overcome in 2008, but the plunging value of foreign currencies in the last quarter of the year proved to be a huge factor in the final numbers as well. Over 35 percent of Melaleuca's annual sales occur outside of the United States, i.e. Canada, Taiwan, Korea, Australia, Singapore, etc. The value of the currencies in these countries fell over 30-percent in the last three months of the year. Melaleuca reports its sales in U.S. dollars; therefore, the decline in the value of these currencies negatively affects our annual sales number.

To demonstrate the impact of that, assume that the 30 percent devaluation of foreign currency happened early in the year. Let's assume sales in a particular country (say Taiwan for instance) converted to U.S. dollars were \$100 million in 2007. If sales in that country held even, but did not grow in 2008, Melaleuca would report a 30-percent decrease in sales (when we convert to U.S. dollars). Even if sales in that country grew by 20 percent in Taiwanese dollars, when we report those numbers in U.S. dollars we would show a

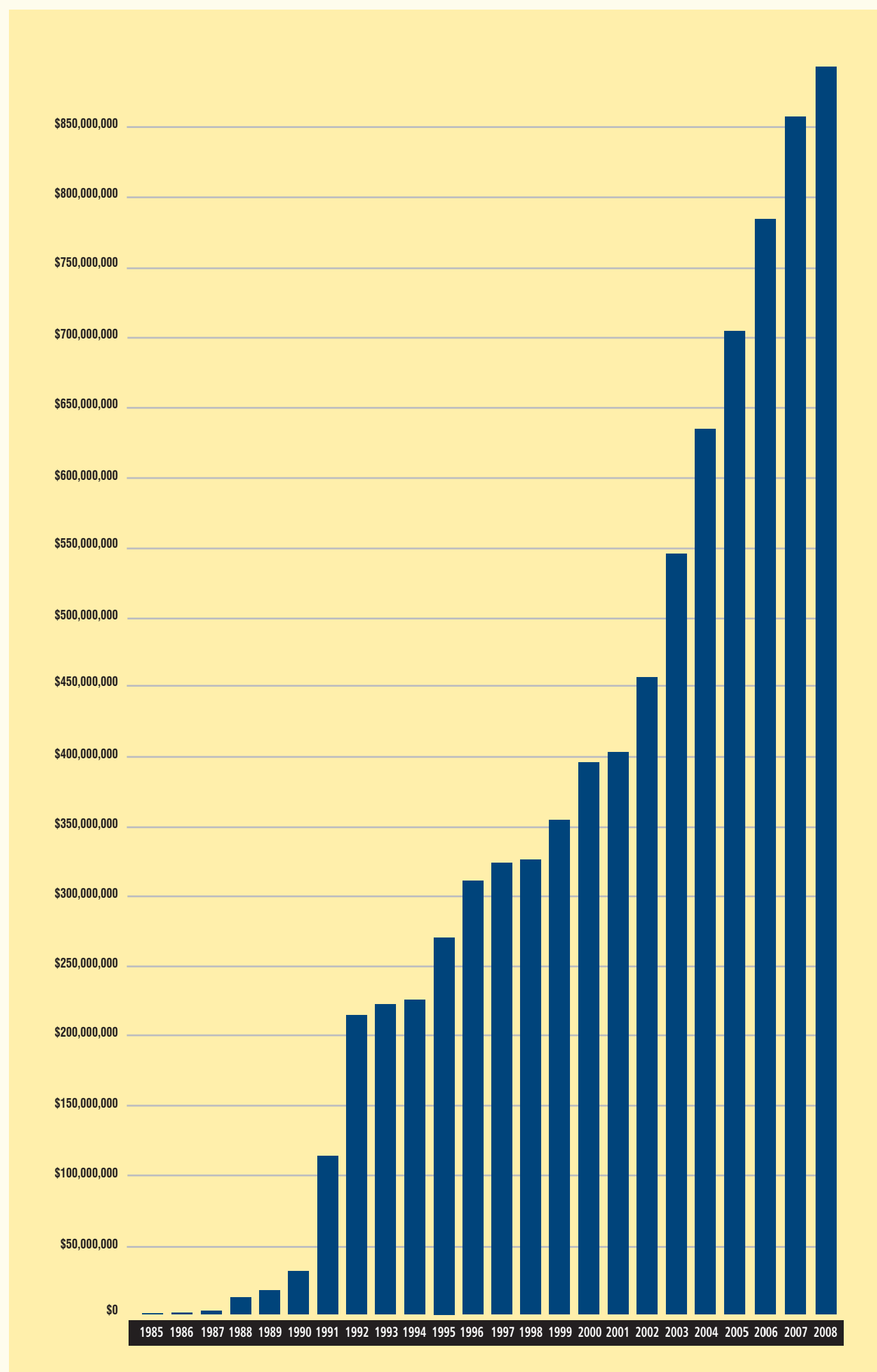
decrease of 10 percent (instead of the actual increase of 20 percent)!

Even with all these dramatic forces (the economy and the value of the dollar) working against us, Melaleuca reported a whopping \$28 million increase in sales in 2008, closing the year with \$887,085,193.56 in sales! "We believe that this year's sales results prove not only that we have a far superior business model and far better products than our competitors, but that during these times of concern and uncertainty, Melaleuca is what many households in the world are looking for. That's not surprising!" says Melaleuca CEO Frank L. VanderSloot. "No matter how bad the economy gets, people want to stay healthy. They want to live longer, healthier, more vibrant lives. And they want secure, solid, and dependable residual income that keeps growing month after month. They will always want that no matter how bad the economy gets!"

We want to thank all the members of the Melaleuca family for their unwavering support and enthusiastic hard work that has created this unbelievable success story against all odds. This is a story of ordinary people achieving extraordinary results!

Now, more than ever, all roads lead to Melaleuca!

MELALEUCA: THE WELLNESS COMPANY® ANNUAL GROSS SALES



LEAPING AHEAD!



Melaleuca CEO Frank L. VanderSloot cuts the ribbon alongside Idaho Falls Mayor Jared Fuhriman, Idaho Falls Chamber of Commerce's Jeanie Brady and others.



Melaleuca: The Wellness Company has a new Idaho Falls Product Store, and it's bigger and brighter than ever. Outside, the building has a new façade and a classier look; inside you'll find radiant product displays, pristine conference rooms, and a 26-foot presentation wall containing information about the company. But there's more to this story than just another nice shop in the downtown neighborhood.

Twenty-four years ago, Melaleuca was a fledgling company based in a tiny office in a cinderblock building on Teton Plaza in Idaho Falls, Idaho. Back then, the company's few employees would sell the eight products available over the counter from the same office.

"We were there until 1988," says Kathi Rowberry, Melaleuca's first employee. "There was a gravel road out to the office, and the city didn't plow it back in '85."

In '88, Melaleuca moved into a new building on the corner of Broadway Street and Memorial Drive, a facility that previously housed a Conoco Station and an S&H Green Stamps store.

"We put in a countertop and sold products in the front of the building," Kathi remembers. "Of course, the company grew very fast, so we were packed in there elbow to elbow by 1991. In October of 1991, we moved our offices out to [the existing Yellowstone Highway building]. That's when the old building became the Product Store."

From 1991 to the early 2000s, the Product Store served a growing population of Melaleuca employees and a small contingent of Melaleuca customers. In the decade after the 1991 Product Store opened, the number of employees grew from



less than 70 to more than 2,000, and the store adjusted to the increase. The store had no trouble handling the increased business until this past year, when the Southeast Idaho community began to flock to Melaleuca in unprecedented numbers. Fortunately, Melaleuca had a solution that wouldn't involve moving the Product Store too far. Just one block away from the existing Product Store was a larger structure known locally as "the old J.C. Penney building." While it did indeed

house J.C. Penney at one time, before that it was the site of a farm equipment store and the Anderson Mercantile Company.

For the past several years, the building has been home to various Melaleuca departments that couldn't fit in the company's home office building due to continued growth. Yet when Melaleuca expanded the home office and added a restaurant, fitness center and more conference and training rooms, it allowed most of those departments to move back to the home office. When those departments moved, they conveniently vacated a space primed for use as a store. After replacing the building's façade and renovating the interior, the building finally shaped up to the task of handling the Product Store and the hundreds of visitors the store receives each week.

For Shirley Chastain of the Idaho Falls Downtown Development Corporation, the store is fantastic news. "Our unique downtown is the heart and soul of this community," Shirley says. "Right now, we're trying to establish our downtown as a historic district. This is a great thing for the downtown core, and we're grateful Melaleuca chose to invest by building their store here."

As well as the Idaho Falls Product Store, Melaleuca operates more than a dozen product stores in countries around the world. Other locations include Knoxville, Tennessee; Rexburg; Singapore; China; Korea; Taiwan; Puerto Rico; Australia; and many more. By serving Melaleuca's customers in their various locations, each store bolsters the economy of the city wherein it is located.



At more than double the previous store's size, the new store contains ample space for Melaleuca's hundreds of wellness products.