

## Dear Fellow Reliv Shareholder:

**Robert Montgomery** | *Chairman, President & CEO*

By almost every measure, our performance in 2005 was excellent — marked by record-setting growth in revenues and earnings. Perhaps the most remarkable thing about the results is that we produced them the way we did the year before — by consistent focus on our established Reliv business model.

Reliv shareholders continue to benefit from the company's strong performance. During 2005, we saw the value of Reliv shares climb 47 percent, to close the year at \$13.18 per share. In addition, your board of directors declared two cash dividends, the first for three-and-a-half cents (\$0.035) per share, paid in May, and the second for four cents (\$0.04) per share, paid in November. This was 15 percent higher than the dividend payout in 2004 — a signal of the board's confidence in our ability to deliver consistent growth and profitability.

Certainly, we are pleased to see Reliv shareholders rewarded for the company's strong performance — not just in 2005, but over the past several years. Our proven business model and the emerging strength of our field leadership give us reason to believe that Reliv's momentum will continue to grow. Before we talk about our plans and priorities, let's take a closer look at our financial performance in 2005.

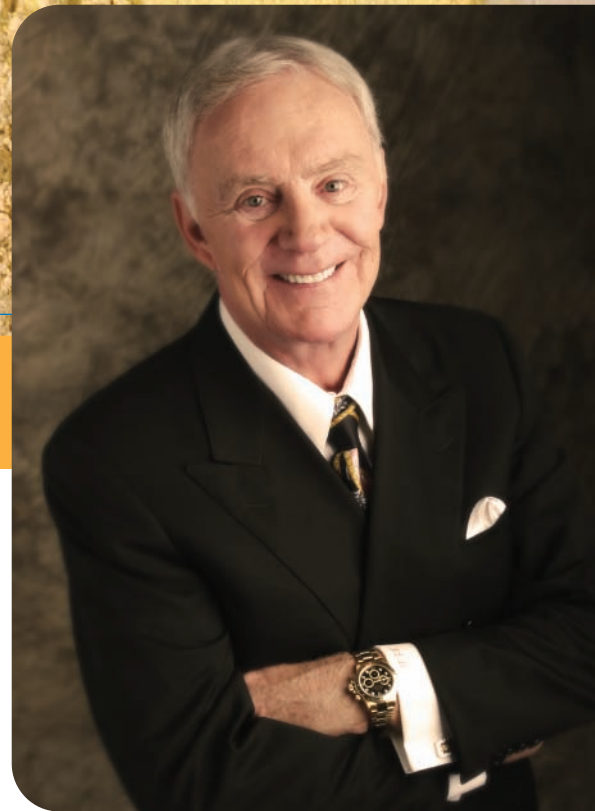
### Financial Results

Reliv's net sales for 2005 were up 17 percent, reaching \$113.6 million, compared with \$96.9 million in 2004. For four consecutive years now, our net sales have grown by 17 percent or better annually.

We also turned in a strong earnings performance. For the year, net income available to common shareholders increased 40 percent, to reach \$7.5 million, or \$0.46 per share. This compares with earnings of \$5.4 million, or \$0.31 per share in 2004.

Our operations in the United States — our largest geographic market — continue to set the pace for the company. In 2005, Reliv net sales in the United States grew 22 percent, sustaining the annual growth we've achieved since 2001.

This strong, consistent U.S. performance was partially offset by uneven results from our international operations. For the year, Reliv's international net sales declined 16%. While we are certainly disappointed by that number, it wasn't unexpected. As I wrote last year, one of our primary goals for 2005 was to position our international operations for growth. We did that by standardizing their business models, bringing them in line with the Reliv Success System that has performed so well for us in the United States. This has been difficult at times, and it has led to a reduction in our distribution network in certain markets. But I'm pleased to report that this standardization work is now substantially complete. We believe that it will set the stage for our international operations to perform at improved levels.



## A Business Model Built for Success

I have made the point before, but it's probably worth reiterating: Reliv's primary strength is our simple, consistent approach to business development. We have a great mission — providing proprietary nutritional supplements that are designed to make good nutrition simple for consumers. We also have a compelling marketing strategy — offering an outstanding business opportunity to individuals who want to achieve financial independence.

These two basic building blocks have produced remarkable results in recent years. During that time, our growth has been entirely organic. We have not made any acquisitions to boost revenues, nor have we introduced faddish new products. Even today, the bulk of our revenues come from the two basic nutrition formulas that have anchored our product line for years.

On the other hand, perhaps it's not surprising that our strategy is so effective. After all, we have an enormous potential market — hundreds of millions of consumers around the world who understand the link between good nutrition and overall health. Our focused product line answers their needs with supplements that take the guesswork out of eating right. We use our expertise in nutrition science to create formulas that provide the balanced combination of nutrients people need every day. What's more, our supplements are proprietary and unique products (many with patent protection) that offer an important point of differentiation in the marketplace.

Nothing underscores our confidence in the effectiveness of our products better than CardioSentials,<sup>®</sup> a supplement we introduced in 2005 after submitting it to rigorous clinical testing. That's a step most of our competitors never take. Some make claims about the effectiveness of individual ingredients, but it's rare for a company to submit a specific product formulation to clinical testing. However, we now have clinical results that indicate CardioSentials is both safe to use and effective in promoting total heart health. This scientific distinction sets Reliv apart in an increasingly crowded and competitive marketplace.

## The Power of Our Network

Great products provide a solid foundation for Reliv's continued growth. The second element of our business model — the Reliv Success System — is an equally important component of our strategy. Reliv is a network marketing company. Our growth is driven by the continued development of our field sales organization — tens of thousands of independent distributors who are building their own successful businesses by marketing our products one-on-one and by sponsoring new distributors into the Reliv family.

In recent years, Reliv has earned a reputation as one of the network marketing industry's best ground-floor opportunities. It's easy to understand why. Even in the United States, after four years of phenomenal growth, we have barely scratched the surface of our potential. Our top ten markets today account for 54 percent of our retail sales in the United States — leaving plenty of room to grow, just by taking our current products and business development system into many more cities and states.

We believe that the opportunity is every bit as exciting in international markets. Germany, Australia, Malaysia, Mexico, and the United Kingdom are all billion-dollar markets for direct selling. Our presence in these markets is still embryonic. Our distributor networks are relatively new, and we are still working to build awareness about Reliv and the unique nutritional benefits we offer.



We have a great mission — providing proprietary nutritional supplements that are designed to make good nutrition simple for consumers.

We are aggressively pursuing these market opportunities by implementing the Reliv Success System. This proven set of training and marketing activities makes it simple for independent distributors to build profitable businesses, even if they have no prior experience with network marketing.

One proof of the power of the Reliv System is the number of distributors who reach key performance levels, such as the Master Affiliate designation. In 2005, we saw our Master Affiliate ranks increase by 27 percent over the prior year in the United States — a sure sign that new recruits are building successful distributorships. We also saw a 25 percent jump in the number of Reliv Ambassadors, which adds depth to an already-strong bench of leaders in field sales.

## Applying Management Discipline

When a company grows rapidly, it can sometimes lose sight of unglamorous fundamentals such as effective cost controls and productivity improvements. That's certainly not the case at Reliv. We continue to manage the business aggressively to enhance our bottom line. During 2005, for example, we took advantage of our strong cash flow to retire debt associated with our headquarters and manufacturing facility. As a result, Reliv now boasts a rock-solid balance sheet: We have only \$3.1 million of long-term debt.

In addition, we made operational improvements to enhance efficiency. Our order-entry system was upgraded to permit a significant increase in online ordering. This new technology makes it easy for distributors to place and track orders at the Reliv website at any time of the day or night, seven days a week. Online orders have much lower transaction costs than orders handled by customer service agents in our Call Center. We also cut some overhead expenses by trimming two slow-moving products from our line and by introducing less costly packaging for our popular ReversAge® supplement.

## Gaining Traction on Wall Street and Main Street

One of the most satisfying rewards for all the progress Reliv has made in recent years is the growing awareness that our stock has become an attractive investment vehicle. That was evident in 2005, when two prominent business magazines awarded us spots on their top-100 lists. We won the No. 13 ranking on *BusinessWeek's* "Hot Growth Companies" list and the No. 11 ranking on *Fortune's* "America's Fastest-Growing Small Public Companies" list. Also, the St. Louis Business Journal recently reported that over the past five years Reliv's stock has made the biggest percentage gain among the 54 publicly traded stocks of companies based in St. Louis. There are signs, too, that our investor relations activities have succeeded in broadening our ownership base to include a number of institutional investors.

Even more gratifying, in my view, is the remarkable response to Reliv's Ambassador Stock Purchase Plan. Since the program's inception in 1998, Reliv Ambassadors have purchased more than 1.4 million shares of our stock. Through their plan purchases, they now own almost 10 percent of the total shares outstanding. Many Ambassadors own additional shares purchased outside of the plan. That's a strong vote of confidence from the people who know Reliv best.

Whether you are an institutional investor on Wall Street, or an individual investor on Main Street, our commitment to you is the same: To make decisions that will have a positive impact on the long-term value of your investment in Reliv.

We believe that we can make Reliv prosper, simply by doing more to spread the word about our great products and our attractive business opportunity. That's exactly what we intend to do.



Robert L. Montgomery  
Chairman, President and Chief Executive Officer

