

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**February 7, 2005**

Date of Report (Date of earliest event reported)

**NU SKIN ENTERPRISES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation)

**001-12421**

(Commission File Number)

**87-0565309**

(IRS Employer  
Identification Number)

**75 West Center Street**

**Provo, UT 84601**

(Address of principal executive offices and zip code)

**(801) 345-1000**

(Registrant's telephone number, including area code)

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

**Item 1.01 Entry into a Material Definitive Agreement.**

The information provided in Item 2.03 of this Current Report on Form 8-K regarding the Notes (as such term is defined below) is incorporated by reference into this Item 1.01.

**Item 2.02 Results of Operations and Financial Condition.**

On February 8, 2005, Nu Skin Enterprises, Inc. (the "Company") issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2004, and certain other information. A copy of this press release is attached as Exhibit 99.1 to this report and incorporated by reference.

The information furnished pursuant to this Item 2.02 and the exhibit hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as shall be expressly set forth by specific reference in such filing.

In the press release furnished herewith in Exhibit 99.1, the Company provides a year-over-year earnings per share growth rate for the year that does not take into consideration certain one-time charges from the prior year period that are unusual in nature and unlikely to impact results of operations going forward. Management believes this non-GAAP financial measure assists management and investors in evaluating, and comparing from period to period, results for ongoing operations in a more meaningful and consistent manner while also highlighting more meaningful trends in the results of operations.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

On February 7, 2005, Nu Skin Enterprises, Inc. (the "Company") issued a series of Japanese Yen denominated senior promissory notes (the "Notes") to affiliates of Prudential Investment Management, Inc. ("Prudential"). The Notes were issued pursuant to a \$125 million Private Shelf Agreement entered into between the Company and Prudential on August 26, 2003 (the "Shelf Agreement"). The Shelf Agreement and Amendment No. 1 thereto were filed as Exhibits 10.52 and 10.53, respectively, to our Annual Report on Form 10-K filed on March 15, 2004. Amendment No. 2 to the Shelf Agreement was filed as Exhibit No. 10.3 to our Quarterly Report on Form 10-Q filed on August 9, 2004.

The aggregate principal amount of the Notes is 3.12 billion Japanese Yen, bearing a 1.7225% interest rate per annum, with interest payable semi-annually beginning on April 30, 2005. The final maturity date of the Notes is April 30, 2014 and principal prepayments are required annually beginning on April 30, 2008 in equal installments of 162,076,572 Japanese Yen. The Notes are also governed by the terms of the Shelf Agreement and amendments thereto, which contain certain representations, warranties and covenants by the Company, as well as customary conditions upon which the obligations under the Notes may

be accelerated and become due and payable immediately, or become subject to additional obligations. For complete information regarding these terms, please refer to the Shelf Agreement and amendments thereto filed with our annual and quarterly reports as described above.

The Notes are attached as Exhibit 99.2 to this report and incorporated by reference.

**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibit.

- |      |   |
|------|---|
| 99.1 | Nu Skin Enterprises' press release dated February 8, 2005, regarding financial results for the fourth quarter and year ended December 31, 2004. |
| 99.2 | Nu Skin Enterprises, Inc. Series C Senior Notes Nos. C-1 and C-2 dated February 7, 2005.  |

**SIGNATURE**

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 hereunto duly authorized.

**NU SKIN ENTERPRISES, INC.**  
(Registrant)

/s/ Ritch N. Wood  
Ritch N. Wood  
Chief Financial Officer

Date: February 8, 2005

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Exhibit Description</b>
99.1	Nu Skin Enterprises' press release dated February 8, 2005, regarding financial results for the fourth quarter and year ended December 31, 2004.
99.2	Nu Skin Enterprises, Inc. Series C Senior Notes Nos. C-1 and C-2 dated February 7, 2005.

FOR IMMEDIATE RELEASE

**CONTACTS:**

**Nu Skin Enterprises**

Charles Allen (investors)

(801) 345-6110, callen@nuskin.com

Kara Schneck (media)

(801) 345-2116, kschneck@nuskin.com

**NU SKIN ENTERPRISES REPORTS RECORD FOURTH QUARTER  
AND YEAR-END REVENUE**

**Company Raises 2005 Guidance**

PROVO, Utah — Feb. 8, 2005 — Nu Skin Enterprises, Inc. (NYSE: NUS) today reported record annual and quarterly revenue. For 2004, revenue totaled \$1.14 billion, crossing the billion-dollar mark for the first time in company history. For the fourth quarter, the company reported \$306.3 million in revenue, an 11 percent year-over-year increase, which yielded better than expected earnings per share. Quarterly sales were positively impacted by an increase in monthly product subscription orders, by encouraging results in Japan following the launch of the Pharmanex® BioPhotonic Scanner, and by continued revenue growth in both the United States and China.

**Financial Results**

Nu Skin Enterprises' revenue of \$306.3 million in the quarter ended Dec. 31, 2004 represents the largest revenue quarter in the company's history. Fourth quarter net income and earnings per share, which were impacted by approximately \$5.0 million of expenses related to a distributor convention in Japan not held in the prior-year period, were \$22.0 million and \$0.31, compared to \$23.1 million and \$0.31 for the same period in 2003. During the quarter, foreign currency fluctuations positively impacted revenue by 2 percent.

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For the year, revenue increased 15 percent to a record \$1.14 billion and earnings per share were \$1.07, a 25 percent increase, or a 19 percent increase excluding a one-time \$0.05 restructuring charge in the third quarter of 2003. Foreign currency fluctuations positively impacted 2004 annual revenue by 4 percent.

"We're pleased with our fourth quarter results, particularly in our key geographies," said Truman Hunt, president and chief executive officer. "The launch of the Pharmanex BioPhotonic Scanner and new distributor compensation incentives helped us post better than expected results in Japan. These initiatives generated solid sequential growth in our product subscription base and in the number of executive distributors. While the industry awaits the adoption of new direct selling regulations, our revenue in Mainland China was up 48 percent compared to prior-year results and, as anticipated, remained steady on a sequential basis. In the United States, we posted solid year-over-year revenue growth, driven by a 24 percent increase in Pharmanex revenue.

"During the month of December, we processed a record 369,000 subscription orders compared to 226,000 in the prior year. This source of recurring revenue increased more than 50 percent in 2004 and accounted for 31 percent of global sales for the fourth quarter. Our growing product subscriber base is also helping to improve our customer and executive retention rates. Consequently, we're optimistic that this growing revenue stream will continue to advance our business around the world," Hunt continued.

**Regional Results**

**North Asia.** Fourth quarter revenue in North Asia was \$174.1 million, an increase of 2 percent compared to the same period in 2003. In local currency, Japan revenue decreased 2 percent, an improvement from the decline experienced in the prior quarter. South Korea local currency revenue improved 5 percent. On a year-over-year basis, active distributors were up 5 percent in the region and executive distributors decreased 2 percent.

**Greater China.** Revenue in Greater China increased 44 percent over the prior year to \$62.8 million for the fourth quarter. Mainland China posted healthy year-over-year growth, with revenue up 48 percent to \$26.6 million. As expected, fourth quarter revenue in China was even with third quarter

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results. Local currency revenue in Hong Kong and Taiwan was up an impressive 76 percent and 24 percent, respectively, compared to the fourth quarter of 2003. Active distributors grew 23 percent in the region and executive distributors were up 47 percent, compared to the prior year.

**North America.** Revenue in North America was \$36.0 million for the quarter, a 13 percent improvement over the prior-year period. In the United States, quarterly revenue was up 13 percent compared to 2003, driven by a 24 percent increase in Pharmanex sales and an 8 percent increase in Nu Skin sales. On a year-over-year basis, the number of active distributors was up 19 percent and executive distributors increased 8 percent in the region.

**South Asia/Pacific.** Fourth quarter revenue in the South Asia/Pacific region was \$20.9 million, essentially even with the prior year. Revenue from Singapore and Malaysia increased 10 percent on a year-over-year basis. After a four-year period of rapid growth, Thailand quarterly revenue was down 13 percent on a local currency basis. In the region, the number of active distributors improved 7 percent and executive distributors were down 5 percent, compared to prior-year results.

**Other Markets.** Revenue from the company's other markets was up 34 percent to \$12.6 million for the fourth quarter. Compared to prior-year results, Latin America revenue increased 62 percent and Europe sales improved 29 percent for the quarter. Compared to the fourth quarter of 2003, active distributors were up 35 percent and executive distributors increased 26 percent.

### Division Results

**Nu Skin.** Fourth quarter personal care revenue increased 3 percent to \$141.3 million. Quarterly revenue benefited from increased sales in China, as well as the Japan and the U.S. launches of the proprietary Nu Skin<sup>®</sup> Tri-Phasic White<sup>™</sup> System, a product regimen that targets skin discoloration. Personal care revenue for the year increased 15 percent to \$548.1 million. Foreign currency fluctuations positively impacted Nu Skin quarterly and annual revenue by 2 percent and 4 percent, respectively.

**Pharmanex.** Fourth quarter revenue from Pharmanex nutrition products increased 21 percent to \$159.4 million. This increase can be attributed to a continued emphasis on the Pharmanex<sup>®</sup>

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BioPhotonic Scanner and monthly product subscription orders. During the quarter, Pharmanex also launched Esera<sup>™</sup>, a line of nutritional supplements specifically designed for women. Revenue for the year improved 20 percent to \$567.2 million. Foreign currency fluctuations positively impacted Pharmanex's quarterly and annual revenue by 3 percent and 4 percent, respectively.

**Big Planet.** As expected, fourth quarter Big Planet revenue decreased 13 percent compared to prior-year results to \$5.6 million. Annual revenue was \$22.6 million, a decrease of 41 percent due primarily to the divestiture of unprofitable products and services in the third quarter of 2003.

### Operational Performance

The company's gross margin was 83.0 percent in the fourth quarter compared to 83.4 percent in the fourth quarter of 2003. Selling expenses as a percent of revenue were 43.0 percent, an increase from 42.2 percent in the fourth quarter of 2003. This increase is due to temporary distributor incentives in Japan. General and administrative expenses during the quarter were impacted by approximately \$5.0 million of expenses from a Japan distributor convention that did not occur in the prior-year period and by an increase of about \$2.0 million in professional fees primarily associated with the company's Sarbanes-Oxley compliance audit. Fourth quarter operating margin was 10.9 percent.

The company's cash position at the end of the quarter was \$120.1 million with \$34.8 million of cash flow generated from operations. For the year, cash flow from operations increased from \$109.0 million in 2003 to \$127.1 million in 2004. During the quarter, the company paid down \$16.2 million of debt, paid \$5.6 million in dividends, and repurchased \$1.3 million of company stock.

### Outlook

"We are optimistic about our growth opportunities in 2005," Hunt said. "In 2004, we achieved a significant milestone in the company's history by surpassing \$1 billion in annual revenue. Moving forward, we are driving growth by investing in opportunities which we believe will provide healthy returns. For example, as we await the release of new direct selling regulations in China in the next few months, we are adding additional stores and infrastructure, launching our Pharmanex business, and building manufacturing capacity for our nutrition products. We are expanding our Pharmanex BioPhotonic Scanner program in key markets during 2005. We continue to focus on innovating

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within our product categories, as well as within our direct selling business model. We are confident that these efforts will enable us to continue to grow for several years.

“For the first quarter, we anticipate revenue to be in the \$275.0 to \$280.0 million range with a projected Japanese yen at 106 to the dollar. Earnings per share for the first quarter are expected to be in the \$0.21 to \$0.23 range. For 2005, we are increasing our forecasted revenue to \$1.20 to \$1.22 billion for the year, with earnings per share of \$1.15 to \$1.22. This guidance reflects an average yearly rate on the Japanese yen of 108 to the dollar,” Hunt concluded.

The company’s management will host a webcast with investors on Feb. 8, 2005 at 11:30 a.m. (EST).

Those wishing to access the webcast, as well as financial information presented in the call, can visit the Investor Relations page on Nu Skin Enterprises’ website, [www.nuskinenterprises.com](http://www.nuskinenterprises.com). An archive of the webcast will be available at this same URL through Feb. 22, 2005.

### The Company

Nu Skin Enterprises, Inc. is a global direct selling company operating in 39 markets throughout Asia, the Americas and Europe. The company markets premium quality personal care products under the Nu Skin<sup>®</sup> brand, science-based nutritional supplements under the Pharmanex<sup>®</sup> brand, and technology based products and services under the Big Planet<sup>®</sup> brand. Nu Skin Enterprises is traded on the New York Stock Exchange under the symbol “NUS.”

Nu Skin Enterprises’ press releases are available online at [www.nuskinenterprises.com](http://www.nuskinenterprises.com)

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**Please note:** This press release, particularly the “Outlook” section, contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 that represent the company’s current expectations and beliefs, including, among other things: (i) our expectations regarding certain strategic and operational initiatives and (ii) revenue and earning projections for the first quarter of 2005 and for the year 2005. The forward-looking statements and related assumptions involve risks and uncertainties that could cause actual results and outcomes to differ materially from any forward-looking statements or views expressed herein. These risks and uncertainties include, but are not limited to: (a) continued regulatory scrutiny in China which has from time to time in the past, and could in the future, negatively impact the company’s business, including the suspension of sales activities in stores and the imposition of fines; (b) any inability of the company to effectively manage rapid growth in China, including training and management of a large employed sales force, and regulatory risks associated with any failure of such sales force to comply with applicable company policies and government regulations; (c) risks that the Chinese government fails to adopt favorable direct selling regulations, or adopts regulations that negatively impact the company’s business, or that the company is unable to obtain a direct selling license under these regulations; (d) any inability to obtain necessary product registrations for its Pharmanex<sup>®</sup> products in a timely manner; (e) regulatory risks associated with the Pharmanex<sup>®</sup> BioPhotonic Scanner, which could delay or inhibit the company’s use of the Pharmanex<sup>®</sup> BioPhotonic Scanner if it is determined to be a medical device in any market; (f) risks that could adversely impact the company’s operations or financial results in its markets, including its largest market, Japan, such as any continuation or increase in the impact of negative market conditions on the company’s business, material decreases in executive level and active distributors, adverse changes in exchange rates, or the company’s failure to execute effective initiatives in these markets; (g) any failure of current or planned initiatives or products, including the introduction of the Pharmanex<sup>®</sup> BioPhotonic Scanner in Japan, China and other markets, to generate interest among distributors and customers and generate sponsoring and selling activities on a sustained basis; (h) a final audit report—the company has not yet received a final audit report from its registered public accounting firm with respect to the year-end financial results reported herein, therefore there could be unanticipated adjustments, write-offs, reserves, or other changes to accounting entries resulting from the audit that could materially impact these results; (i) adverse publicity related to the company’s business, products or industry; and (j) continued competitive pressures in the company’s markets. The company’s financial performance and the forward-looking statements contained herein are further qualified by a detailed discussion of associated risks set forth in the documents filed by the company with the Securities and Exchange Commission, including the company’s Amendment No. 1 to Registration Statement on Form S-3 filed on September 16, 2004. The forward-looking statements set forth the company’s beliefs as of the date of this release, and the company assumes no duty to update the forward-looking statements contained in this release to reflect any change.

(Financial Tables to Follow)

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**NU SKIN ENTERPRISES, INC.**  
**Consolidated Statements of Income**  
**For the Fourth Quarters Ended December 31, 2004 and 2003**  
(in thousands, except per share amounts)

	2004	2003
Revenue:		
North Asia	\$ 174,062	\$ 170,217
Greater China	62,757	43,678
North America	35,983	31,953
Southeast Asia/Pacific	20,926	20,679
Other Markets	12,594	9,393
	<b>Total revenue</b>	<b>275,920</b>
Cost of sales	52,141	45,947
	<b>Gross profit</b>	<b>229,973</b>
Operating expenses:		
Selling expenses	131,827	116,516
General and administrative expenses	89,047	76,060
	<b>Total operating expenses</b>	<b>192,576</b>
	<b>Operating income</b>	<b>37,397</b>
Other income (expense), net	413	(676)
	<b>Income before provision for income taxes</b>	<b>36,721</b>
Provision for income taxes	11,751	13,587
	<b>Net income</b>	<b>\$ 23,134</b>
<b>Net income per share:</b>		
Basic	\$ 0.32	\$ 0.32
Diluted	\$ 0.31	\$ 0.31
<b>Weighted average number of shares outstanding:</b>		
Basic	69,708	73,143
Diluted	71,246	74,608

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**NU SKIN ENTERPRISES, INC.**  
**Consolidated Statements of Income**  
**For the Years Ended December 31, 2004 and 2003**  
(in thousands, except per share amounts)

	2004	2003
Revenue:		
North Asia	\$ 640,110	\$ 612,840
Greater China	229,802	135,535
North America	145,714	127,599
South Asia/Pacific	81,742	75,816
Other Markets	40,496	34,667
	<b>Total revenue</b>	<b>986,457</b>

Cost of sales	191,211	176,545
<b>Gross profit</b>	<b>946,653</b>	<b>809,912</b>
Operating expenses:		
Selling expenses	487,631	407,088
General and administrative expenses	333,263	289,925
Net restructuring and other charges	—	5,592
Total operating expenses	820,894	702,605
<b>Operating income</b>	<b>125,759</b>	<b>107,307</b>
Other income (expense), net	(3,618)	432
<b>Income before provision for income taxes</b>	<b>122,141</b>	<b>107,739</b>
Provision for income taxes	44,467	39,863
<b>Net income</b>	<b>\$ 77,674</b>	<b>\$ 67,876</b>
<b>Net income per share:</b>		
Basic	\$ 1.10	\$ 0.86
Diluted	\$ 1.07	\$ 0.85
<b>Weighted average number of shares outstanding:</b>		
Basic	70,734	78,637
Diluted	72,627	79,541

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**NU SKIN ENTERPRISES, INC.**  
**Consolidated Balance Sheets**  
**As of December 31, 2004 and 2003**  
(in thousands)

	<b>2004</b>	<b>2003</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 120,095	\$ 122,568
Accounts receivable	16,057	15,054
Inventories, net	87,474	83,338
Prepaid expenses and other	44,723	60,163
	<u>268,349</u>	<u>281,123</u>
Property and equipment, net	76,511	60,528
Goodwill	111,331	118,768
Other intangible assets, net	71,756	67,572
Other assets	73,427	63,068
	<u>\$ 601,374</u>	<u>\$ 591,059</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 25,182	\$ 18,816
Accrued expenses	102,474	95,068
Current portion of long-term debt	18,540	17,915

	146,196	131,799
Long-term debt	132,701	147,488
Other liabilities	29,855	21,524
	<hr/>	<hr/>
Total liabilities	308,752	300,811
	<hr/>	<hr/>
Stockholders' equity:		
Class A common stock	91	91
Additional paid-in capital	161,566	148,636
Treasury stock, at cost	(273,721)	(216,847)
Accumulated other comprehensive loss	(71,606)	(70,849)
Retained earnings	477,912	431,615
Deferred compensation	(1,620)	(2,398)
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	292,622	290,248
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Total liabilities and stockholders' equity	\$ 601,374	\$ 591,059
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**NU SKIN ENTERPRISES, INC.**  
**Distributor Growth by Market**

	As of December 31, 2004		As of December 31, 2003		% Increase (Decrease)	
	Active*	Executive	Active*	Executive	Active*	Executive
North Asia	337,000	16,637	322,000	17,013	4.7%	(2.2%)
Greater China**	229,000	8,827	187,000	5,991	22.5%	47.3%
North America	134,000	3,099	113,000	2,861	18.6%	8.3%
South Asia/Pacific	74,000	2,076	69,000	2,175	7.2%	(4.6%)
Other Markets	46,000	1,377	34,000	1,091	35.3%	26.2%
	<hr/>	<hr/>	<hr/>	<hr/>		
Total	820,000	32,016	725,000	29,131	13.1%	9.9%
	<hr/>	<hr/>	<hr/>	<hr/>		

\* Active distributors include preferred customers and distributors purchasing products directly from the company during the quarter.

\*\* Following the opening of the company's retail business in Mainland China during 2003, active distributors include 147,000 and 117,000 preferred customers in Mainland China and executive distributors include 5,437 and 3,100 employed, full-time sales representatives for the years ended December 31, 2004 and 2003, respectively.

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NU SKIN ENTERPRISES, INC.

SERIES C SENIOR NOTE

No. C-1

**CURRENCY AND ORIGINAL PRINCIPAL AMOUNT:** 1,985,464,000 Japanese Yen  
**ORIGINAL ISSUE DATE:** February 7, 2005  
**INTEREST RATE:** 1.7225%  
**INTEREST PAYMENT DATES:** April 30 and October 31  
**FINAL MATURITY DATE:** April 30, 2014  
**PRINCIPAL PREPAYMENT DATES AND AMOUNTS:** 283,637,715 Japanese Yen on April 30 of 2008, 2009, 2010, 2011, 2012 and 2013

**FOR VALUE RECEIVED**, the undersigned, **NU SKIN ENTERPRISES, INC.** (herein called the “**Company**”), a corporation organized and existing under the laws of Delaware, hereby promises to pay to **THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**, or registered assigns, the principal sum of ONE BILLION NINE HUNDRED EIGHTY-FIVE MILLION FOUR HUNDRED SIXTY-FOUR THOUSAND Japanese Yen, payable on the Principal Payment Dates and in the amounts specified above, and on the Final Maturity Date as specified above in an amount equal to the unpaid balance of the principal hereof, with interest (computed on the basis of a 365-day year and actual days elapsed) (a) on the unpaid balance thereof at the Interest Rate per annum specified above, payable on each Interest Payment Date specified above and on the Final Maturity Date specified above, commencing with the Interest Payment Date next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of any Make-Whole Amount and any overdue payment of interest, payable on each Interest Payment Date as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate.

Payments of principal, Make-Whole Amount, if any, and interest are to be made at JPMorgan Chase Bank in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of Japan.

This Note is one of a series of Senior Notes (herein called the “**Notes**”) issued pursuant to a Private Shelf Agreement, dated as of August 26, 2003 (as from time to time amended, herein called the “**Agreement**”), between Nu Skin Enterprises, Inc. (the “**Company**”) and each Issuer Subsidiary which becomes party thereto, on the one hand, and Prudential Investment Management, Inc. and each Prudential Affiliate which becomes party thereto, on the other hand, and is entitled to the benefits thereof. Capitalized terms used and not otherwise defined herein shall have the meanings provided in the Agreement. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the

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Agreement, and (ii) to have made the representations set forth in Section 6 of the Agreement. This Note is secured by the Collateral Documents and is guaranteed by the Subsidiary Guarantors pursuant to the Subsidiary Guaranty.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement.

This Note is a registered Note and, as provided in the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof of such holder’s attorney duly authorized in writing, a new Note for the then outstanding principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

In case an Event of Default shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount), and with the effect provided in the Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State (other than Section 5-1401 of the New York General Obligations Law) that would require the application of the laws of a jurisdiction other than such State.

**NU SKIN ENTERPRISES, INC**

By: /s/ Ritch N. Wood  
Name: Ritch N. Wood  
Title: Chief Financial Officer

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**NU SKIN ENTERPRISES, INC.**

**SERIES C SENIOR NOTE**

No. C-2

**CURRENCY AND ORIGINAL PRINCIPAL AMOUNT:** 1,134,536,000 Japanese Yen  
**ORIGINAL ISSUE DATE:** February 7, 2005  
**INTEREST RATE:** 1.7225%  
**INTEREST PAYMENT DATES:** April 30 and October 31  
**FINAL MATURITY DATE:** April 30, 2014  
**PRINCIPAL PREPAYMENT DATES AND AMOUNTS:** 162,076,572 Japanese Yen on April 30 of 2008, 2009, 2010, 2011, 2012 and 2013

**FOR VALUE RECEIVED**, the undersigned, **NU SKIN ENTERPRISES, INC.** (herein called the “**Company**”), a corporation organized and existing under the laws of Delaware, hereby promises to pay to **PRU & CO**, or registered assigns, the principal sum of ONE BILLION ONE HUNDRED THIRTY-FOUR MILLION FIVE HUNDRED THIRTY-SIX THOUSAND Japanese Yen, payable on the Principal Payment Dates and in the amounts specified above, and on the Final Maturity Date as specified above in an amount equal to the unpaid balance of the principal hereof, with interest (computed on the basis of a 365-day year and actual days elapsed) (a) on the unpaid balance thereof at the Interest Rate per annum specified above, payable on each Interest Payment Date specified above and on the Final Maturity Date specified above, commencing with the Interest Payment Date next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of any Make-Whole Amount and any overdue payment of interest, payable on each Interest Payment Date as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate.

Payments of principal, Make-Whole Amount, if any, and interest are to be made at JPMorgan Chase Bank in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of Japan.

This Note is one of a series of Senior Notes (herein called the “**Notes**”) issued pursuant to a Private Shelf Agreement, dated as of August 26, 2003 (as from time to time amended, herein called the “**Agreement**”), between Nu Skin Enterprises, Inc. (the “**Company**”) and each Issuer Subsidiary which becomes party thereto, on the one hand, and Prudential Investment Management, Inc. and each Prudential Affiliate which becomes party thereto, on the other hand, and is entitled to the benefits thereof. Capitalized terms used and not otherwise defined herein shall have the meanings provided in the Agreement. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Agreement, and (ii) to have made the representations set forth in Section 6 of the

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Agreement. This Note is secured by the Collateral Documents and is guaranteed by the Subsidiary Guarantors pursuant to the Subsidiary Guaranty.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement.

This Note is a registered Note and, as provided in the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof of such holder’s attorney duly authorized in writing, a new Note for the then outstanding principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

In case an Event of Default shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount), and with the effect provided in the Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State (other than Section 5-1401 of the New York General Obligations Law) that would require the application of the laws of a jurisdiction other than such State.

**NU SKIN ENTERPRISES, INC**

By: /s/ Ritch N. Wood  
Name: Ritch N. Wood  
Title: Chief Financial Officer

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