SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)
|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1999

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 001-12421

Nu Skin Enterprises, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	87-0565309
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
75 West Center Street, Provo, Utah	84601
(Address of Principal Executive Offices)	(Zip Code)

(801) 345-6100
(Registrant's telephone number, including area code)

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 X No ____

As of July 15, 1999, 33,017,563 shares of the Company's Class A Common Stock, $.001 par value per share, and 54,606,905 shares of the Company's Class B Common Stock, $.001 par value per share, were outstanding.

NU SKIN ENTERPRISES, INC.

1999 FORM 10-Q QUARTERLY REPORT - SECOND QUARTER

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Nu Skin Enterprises, Inc.
Consolidated Balance Sheets
(in thousands, except share amounts)

	(Unaudited) June 30, 1999	December 31, 1998
ASSETS		
Current assets		
Cash and cash equivalents	$ 146,793	$ 188,827
Accounts receivable	14,552	13,777
Related parties receivable	29,079	22,255
Inventories, net	71,028	79,463
Prepaid expenses and other	64,626	50,475
	326,078	354,797
Property and equipment, net	46,103	42,218
Other assets, net	213,910	209,418
Total assets	$ 586,091	$ 606,433
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 21,245	$ 17,903
Accrued expenses	119,191	132,723
Related parties payable	--	25,029
Current portion of long-term debt	52,323	14,545
	192,759	190,200
Long-term debt, less current portion	82,603	138,734
Other liabilities	22,857	22,857
Commitments and contingencies		
Stockholders' equity		
Preferred stock - 25,000,000 shares authorized, $.001 par value, no shares issued and outstanding	--	--
Class A common stock - 500,000,000 shares authorized, $.001 par value, 33,025,265 and 33,709,251 shares issued and outstanding	33	34
Class B common stock - 100,000,000 shares authorized, $.001 par value, 54,606,905 shares issued and outstanding	55	55
Additional paid-in capital	127,061	146,781
Retained earnings	210,907	158,064
Deferred compensation	(5,945)	(6,688)
Accumulated other comprehensive income	(44,239)	(43,604)
	287,872	254,642
Total liabilities and stockholders' equity	$ 586,091	$ 606,433

The accompanying notes are an integral part of these consolidated financial statements.

Nu Skin Enterprises, Inc.
Consolidated Statements of Income (Unaudited)
(in thousands, except per share amounts)

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Revenue	$ 211,286	$ 209,051	$ 445,037	$ 436,914
Cost of sales	36,019	44,602	77,036	90,291
Cost of sales - amortization of inventory step-up (Note 2)	--	12,960	--	12,960
Gross profit	175,267	151,489	368,001	333,663
Operating expenses				
Distributor incentives	81,640	75,271	169,289	158,398
Selling, general and administrative	61,220	46,630	119,225	94,701
Total operating expenses	142,860	121,901	288,514	253,099
Operating income	32,407	29,588	79,487	80,564
Other income (expense), net	1,980	5,309	3,844	7,494
Income before provision for income taxes and minority interest	34,387	34,897	83,331	88,058
Provision for income taxes	12,379	12,912	30,488	29,317
Minority interest	--	--	--	3,081
Net income	$ 22,008	$ 21,985	$ 52,843	$ 55,660
Net income per share (Note 6):				
Basic	$ .25	$ .26	$ .60	$ .67
Diluted	$ .25	$ .25	$ .60	$ .64
Weighted average common shares outstanding :				
Basic	87,158	83,842	87,466	82,928
Diluted	88,425	87,303	88,750	86,812
Pro forma data:				
Income before pro forma provision for income taxes and minority interest				$ 88,058
Pro forma provision for income taxes (Note 5)				32,475
Pro forma minority interest				1,947
Pro forma net income				$ 53,636
Pro forma net income per share (Note 6):				
Basic				$ .65
Diluted				$ .62

The accompanying notes are an integral part of these consolidated financial statements.

Nu Skin Enterprises, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Cash flows from operating activities:		
Net income	$ 52,843	$ 55,660
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,014	6,066
Amortization of deferred compensation	1,393	1,889
Amortization of inventory step-up	--	12,960
Income applicable to minority interest	--	3,081
Changes in operating assets and liabilities:		
Accounts receivable	(369)	882
Related parties receivable	(6,824)	2,815
Inventories, net	9,644	(2,484)
Prepaid expenses and other	(13,953)	(10,048)
Other assets	(5,093)	(9,170)
Accounts payable	3,342	(11,236)
Accrued expenses	(21,512)	(15,988)
Related parties payable	(29)	16,060
Net cash provided by operating activities	33,456	50,487
Cash flows from investing activities:		
Purchase of property and equipment	(11,699)	(12,127)
Payments for lease deposits	(1,274)	(1,634)
Receipt of refundable lease deposits	161	786
Net cash used in investing activities	(12,812)	(12,975)
Cash flows from financing activities:		
Repurchase of shares of common stock	(15,541)	--
Exercise of distributor and employee stock options	2,264	--
Termination of Nu Skin USA license fee	(10,000)	--
Payment to stockholders under the NSI Acquisition (Note 2)	(25,000)	--
Payments on long-term debt	(14,545)	(41,634)
Proceeds from long-term debt	--	181,538
Payment to stockholders for notes payable	--	(180,000)
Net cash used in financing activities	(62,822)	(40,096)
Effect of exchange rate changes on cash	144	(15,490)
Net decrease in cash and cash equivalents	(42,034)	(18,074)
Cash and cash equivalents, beginning of period	188,827	174,300
Cash and cash equivalents, end of period	$ 146,793	$ 156,226

The accompanying notes are an integral part of these consolidated financial statements.

1. THE COMPANY

Nu Skin Enterprises, Inc. (the "Company"), is a network marketing company involved in the distribution and sale of premium quality, innovative personal care and nutritional products. The Company distributes Nu Skin brand products in markets throughout the world. The Company's operations throughout the world are divided into three segments: North Asia, which consists of Japan and South Korea; Southeast Asia, which consists of Taiwan, Thailand, Hong Kong (including Macau), the Philippines, Australia, and New Zealand; and Other Markets, which consists of the United Kingdom, Austria, Belgium, Denmark, France, Germany, Iceland, Italy, Ireland, Poland, Portugal, Spain, Sweden, the Netherlands, Brazil, Canada, Mexico, Guatemala and the United States (the Company's subsidiaries operating in these countries are collectively referred to as the "Subsidiaries").

As discussed in Note 2, the Company completed the NSI Acquisition on March 26, 1998. Prior to the NSI Acquisition, each of the Subsidiaries elected to be treated as an S corporation. In connection with the NSI Acquisition, the Acquired Entities' S corporation status was terminated, and the Acquired Entities declared distributions to the stockholders that included all of the Acquired Entities' previously earned and undistributed taxable S corporation earnings totaling $87.1 million in 1997 and $37.6 million in 1998 (the "S Distribution Notes").

As discussed in Note 3, the Company completed the Pharmanex Acquisition on October 16, 1998, which enhanced the Company's involvement with the distribution and sale of nutritional products.

In February 1999, the Company announced its intent to acquire Big Planet, Inc. ("Big Planet"), an Internet-based company that offers Internet connectivity, e-commerce, telecommunications and other technology products and services to consumers in North America. As discussed in Note 12, this acquisition was completed following the end of the second quarter. As discussed in Note 4, in March 1999, Nu Skin International, a subsidiary of the Company, terminated its distribution license and various other license agreements and other intercompany agreements with Nu Skin USA, Inc. (Nu Skin USA"). Also, in March 1999, through a newly formed wholly-owned subsidiary, the Company acquired selected assets of Nu Skin USA. In May 1999, the Company acquired Nu Skin Canada, Inc., Nu Skin Mexico, Inc. and Nu Skin Guatemala, Inc. (collectively, the "North American Affiliates").

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of the Company's financial information as of June 30, 1999 and December 31, 1998 and for the three and six-month periods ended June 30, 1999 and 1998. The results of operations of any interim period are not necessarily indicative of the results of operations to be expected for the fiscal year. For further information, refer to the consolidated financial statements and accompanying footnotes included in the Company's annual report on Form 10-K for the year ended December 31, 1998.

2. ACQUISITION OF NU SKIN INTERNATIONAL, INC. AND CERTAIN AFFILIATES

On March 26, 1998, the Company completed the acquisition (the "NSI Acquisition") of the capital stock of Nu Skin International, Inc. ("NSI"), NSI affiliates operating in Europe, Australia and New Zealand and certain other NSI affiliates (the "Acquired Entities") for $70.0 million in preferred stock and long-term notes payable to the stockholders of the Acquired Entities (the "NSI Stockholders") totaling approximately $6.2 million. In addition, contingent upon NSI and the Company meeting specific earnings growth targets, the Company may pay up to $25.0 million in cash per year over a four-year period to the NSI Stockholders. A payment of $25.0 million was paid on April 1, 1999 to

the NSI Stockholders based on NSI and the Company meeting specific earnings growth targets for the year ended December 31, 1998. Also, as part of the NSI Acquisition, the Company assumed approximately $171.3 million in S Distribution Notes and incurred acquisition costs totaling $3.0 million. The net assets acquired totaling $90.4 million include net deferred tax liabilities totaling $7.4 million recorded upon the conversion of the Acquired Entities from S to C corporations. All contingent consideration paid will be accounted for as an adjustment to the purchase price and allocated to the Acquired Entities' assets and liabilities.

The NSI Acquisition was accounted for by the purchase method of accounting, except for that portion of the Acquired Entities under common control of a group of stockholders, which portion was accounted for in a manner similar to a pooling of interests. The common control group is comprised of the NSI Stockholders who are immediate family members. The minority interest, which represents the ownership interests of the NSI Stockholders who are not immediate family members, was acquired during the NSI Acquisition. Prior to the NSI Acquisition, a portion of the Acquired Entities' net income, capital contributions and distributions (including cash dividends and S Distribution Notes) had been allocated to the minority interest.

For the portion of the NSI Acquisition accounted for by the purchase method of accounting, the Company recorded inventory step-up of $21.6 million and intangible assets of $34.8 million. During 1998, the inventory step-up was fully amortized. For the three and six-month periods ended June 30, 1999, the Company recorded amortization of intangible assets relating to the NSI Acquisition of $0.6 million and $1.3 million, respectively, and for the three and six-month periods ended June 30, 1998, the Company recorded amortization of $0.5 million for those same intangible assets.

For the portion of the NSI Acquisition accounted for in a manner similar to a pooling of interests, the excess of purchase price paid over the book value of the net assets acquired was recorded as a reduction of stockholders' equity.

In connection with the presentation of the Company's consolidated financial statements for the first quarter of 1998, the portion of the NSI Acquisition and the resulting Preferred Stock issued to the common control group is reflected as if such stock had been issued on the date of the Company's incorporation on September 4, 1996. On May 5, 1998, the stockholders of the Company approved the automatic conversion of the Preferred Stock issued in the NSI Acquisition into 2,986,663 shares of Class A Common Stock. Under the terms of the NSI Acquisition, the 2,986,663 shares of Class A Common Stock were adjusted down by 8,504 shares in June 1998.

3. ACQUISITION OF PHARMANEX, INC.

On October 16, 1998, the Company completed the acquisition of privately-held Generation Health Holdings, Inc., the parent company of Pharmanex, Inc. ("Pharmanex"), for $77.6 million, which consisted of approximately 4.0 million shares of the Company's Class A Common Stock, including 261,008 shares issuable upon exercise of options assumed by the Company (the "Pharmanex Acquisition"). Contingent upon Pharmanex meeting specific revenue and other requirements, approximately 565,000 of the 4.0 million shares are being held in escrow and will be returned to the Company if such requirements are not met within one year from the date of the Pharmanex Acquisition. The contingent shares issued, if any, will be accounted for as an adjustment to the purchase price and allocated to the acquired assets and liabilities. Also, as part of the Pharmanex Acquisition, the Company assumed approximately $34.0 million in liabilities and incurred acquisition costs totaling $1.3 million. The net assets acquired totaling $3.6 million include net deferred tax assets totaling $0.8 million. In connection with the closing of the Pharmanex Acquisition, the Company paid approximately $29.0 million relating to the assumed liabilities.

The Pharmanex Acquisition was accounted for by the purchase method of accounting. The Company recorded inventory step-up of $3.7 million and intangible assets of $92.4 million. In addition, the Company allocated $13.6 million to purchased in-process research and development based on a discounted cash-flow method reflecting the stage of completion of the related projects. During 1998, the in-process research and development amount was fully written off. For the three and six-month periods ended June 30, 1999, the Company recorded amortization of intangible assets relating to the Pharmanex Acquisition of $1.7 million and $3.5 million and amortization of inventory step-up relating to the Pharmanex Acquisition of $0.9 million and $1.9 million, respectively.

Pro forma results as if the Pharmanex Acquisition had occurred at January 1, 1998 have not been presented because the results are not considered material.

4. ACQUISITION OF CERTAIN ASSETS OF NU SKIN USA, INC.

On March 8, 1999, NSI terminated its distribution license and various other license agreements and other intercompany agreements with Nu Skin USA, Inc. and paid Nu Skin USA a $10.0 million termination fee. Also, on that same date, through a newly formed wholly-owned subsidiary, the Company acquired selected assets of Nu Skin USA, including approximately 620,000 shares of Class A Common Stock of the Company, for $8.7 million and the assumption of approximately $8.0 million of Nu Skin USA liabilities.

The acquisition of the selected assets and assumption of liabilities and the termination of these agreements has been recorded for the consideration paid, except for the portion of Nu Skin USA which is under common control of a group of stockholders, which portion has been recorded at predecessor basis.

5. INCOME TAXES

As a result of the NSI Acquisition described in Note 2, the Acquired Entities are no longer treated as S corporations for U.S. Federal income tax purposes. The consolidated statements of income include a pro forma presentation for income taxes, including the effect on minority interest, which would have been recorded as if the Acquired Entities had been taxed as C corporations rather than as S corporations for the three-month period ended March 31, 1998.

6. NET INCOME PER SHARE

Net income per share and pro forma net income per share are computed based on the weighted average number of common shares outstanding during the periods presented. Additionally, diluted earnings per share data gives effect to all dilutive potential common shares that were outstanding during the periods presented.

7. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's Subsidiaries enter into significant transactions with each other and third parties which may not be denominated in the respective Subsidiaries' functional currencies. The Company seeks to reduce its exposure to fluctuations in foreign exchange rates by creating offsetting positions through the use of foreign currency exchange contracts and through certain intercompany loans of foreign currency. The Company does not use such derivative financial instruments for trading or speculative purposes. The Company regularly monitors its foreign currency risks and periodically takes measures to reduce the impact of foreign exchange fluctuations on the Company's operating results. Gains and losses on foreign currency forward contracts and certain intercompany loans of foreign currency are recorded as other income and expense in the consolidated statements of income.

At June 30, 1999 and December 31, 1998, the Company held foreign currency forward contracts with notional amounts totaling approximately $39.9 million and $46.3 million, respectively, to hedge foreign currency items. These contracts do not qualify as hedging transactions and, accordingly, have been marked to market. The net gains on foreign currency forward contracts were $0.1 million and $1.5 million for the three-month periods ended June 30, 1999 and 1998, respectively, and were $2.6 million and $3.4 million for the six-month periods ended June 30, 1999

and 1998, respectively. These contracts at June 30, 1999 have maturities through December 1999.

8.8 REPURCHASE OF COMMON STOCK

During the three and six-month periods ended June 30, 1999, the Company repurchased approximately 220,000 and 1,002,000 shares, respectively, of Class A common stock from Nu Skin USA as described in Note 4, open market repurchases and certain stockholders for approximately $3.7 million and $15.5 million, respectively.

9. COMPREHENSIVE INCOME

The components of comprehensive income, net of related tax, for the three and six-month periods ended June 30, 1999 and 1998, were as follows (in thousands):

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Net income	$ 22,008	$ 21,985	$ 52,843	$ 55,660
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	61	(9,114)	(635)	(13,567)
Comprehensive income	$ 22,069	$ 12,871	$ 52,208	$ 42,093

10. SEGMENT INFORMATION

During 1998, the Company adopted Statement of Financial Accounting Standards No. 131 ("SFAS 131"), Disclosures about Segments of an Enterprise and Related Information. As described in Note 1, the Company's operations throughout the world are divided into three reportable segments: North Asia, Southeast Asia and Other Markets. Segment data includes intersegment revenue, intersegment profit and operating expenses and intersegment receivables and payables. The Company evaluates the performance of its segments based on operating income. Information as to the operations of the Company in each of the three segments is set forth below (in thousands):

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Revenue				
North Asia	$ 143,356	$ 147,952	$ 316,404	$ 305,025
Southeast Asia	69,980	77,645	137,761	162,466
Other Markets	82,582	74,470	149,983	146,457
Eliminations	(84,632)	(91,016)	(159,111)	(177,034)
Totals	$ 211,286	$ 209,051	$ 445,037	$ 436,914
Operating Income				
North Asia	$ 22,516	$ 27,744	$ 50,636	$ 60,786
Southeast Asia	7,329	3,548	16,061	10,474
Other Markets	1,123	446	5,494	1,778
Eliminations	1,439	(2,150)	7,296	7,526

Totals	$ 32,407	$ 29,588	$ 79,487	$ 80,564

	As of June 30, 1999	As of December 31, 1998
Total Assets		
North Asia	$ 103,579	$ 167,867
Southeast Asia	118,223	110,518
Other Markets	468,048	500,299
Eliminations	(103,759)	(172,251)
Totals	$ 586,091	$ 606,433

Information as to the Company's operation in different geographical areas is set forth below (in thousands):

Revenue
Revenue from the Company's operations in Japan totaled $139,232 and $145,386 for the three-month periods ended June 30, 1999 and 1998, respectively, and totaled $308,862 and $299,959 for the six-month periods ended June 30, 1999 and 1998, respectively. Revenue from the Company's operations in Taiwan totaled $25,918 and $29,050 for the three-month periods ended June 30, 1999 and 1998, respectively, and totaled $53,925 and $63,587 for the six-month periods ended June 30, 1999 and 1998, respectively. Revenue from the Company's operations in the United States (which includes intercompany revenue) totaled $77,374 and $71,577 for the three-month periods ended June 30, 1999 and 1998, respectively, and totaled $140,517 and $140,721 for the six-month periods ended June 30, 1999 and 1998, respectively.

Long-lived assets
Long-lived assets in Japan were $26,454 and $20,242 as of June 30, 1999 and December 31, 1998, respectively. Long-lived assets in Taiwan were $2,476 and $2,466 as of June 30, 1999 and December 31, 1998, respectively. Long-lived assets in the United States were $213,611 and $213,856 as of June 30, 1999 and December 31, 1998, respectively.

11. NEW ACCOUNTING STANDARDS

Reporting on the Costs of Start-Up Activities
In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5 ("SOP 98-5"), Reporting on the Costs of Start-Up Activities. The statement is effective for fiscal years beginning after December 15, 1998. The statement requires costs of start-up activities and organization costs to be expensed as incurred. The Company has adopted SOP 98-5 for calendar year 1999. The adoption of SOP 98-5 did not materially affect the Company's consolidated financial statements.

Accounting for Derivative Instruments and Hedging Activities
In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), Accounting for Derivative Instruments and Hedging Activities. The statement requires companies to recognize all derivatives as either assets or liabilities, with the instruments measured at fair value. The accounting for changes in fair value, gains or losses, depends on the intended use of the derivative and its resulting designation. The statement is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The Company will adopt SFAS 133 by January 1, 2000. The Company is currently evaluating the impact the adoption of SFAS 133 will have on the Company's consolidated financial statements.

12. SUBSEQUENT EVENTS

On July 13, 1999, the Company completed the acquisition of Big Planet for approximately $37.0 million. The acquisition of Big Planet is expected to be accounted for by the purchase method of accounting.

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

1999 compared to 1998

Revenue increased 1.1% and 1.9% to $211.3 million and $445.0 million from $209.1 million and $436.9 million for the three and six-month periods ended June 30, 1999, compared with the same periods in 1998.

Revenue in North Asia, which consists of Japan and South Korea, decreased 3.1% to $143.3 million for the three-month period ended June 30, 1999, from $148.0 million for the same period in 1998. This decrease was primarily due to the revenue decrease in Japan of 4.2% for the three-month period ended June 30, 1999, compared with the same period in 1998. Revenue in North Asia for the six-month period ended June 30, 1999 increased 3.7% to $316.4 million from $305.0 million for the same period in 1998. This increase was due to the 9.7% increase in revenue in Japan for the first quarter of 1999 compared to the same period of 1998 which was largely due to a stronger Japanese yen during the period, and offset by the decrease in revenue in Japan during the second quarter of 1999. During the second quarter the Company experienced a 15.0% decrease in local currency revenue in Japan from the second quarter of the prior year. This decrease was somewhat offset by an 11.0% increase in the strength of the Japanese Yen during the same period. The local currency decline in revenue in Japan is largely due to delays in marketing several Pharmanex nutritional supplements, along with other challenges which included among other things, distributor uncertainty related to the global implementation of a new divisional business model with an enhanced compensation plan in connection with the integration of Pharmanex and Big Planet, and issues concerning the Company's compensation plan requirements, which became increasingly difficult for distributors to reach as consumer confidence continued to lag. Revenue in South Korea during the three and six-month periods ended June 30, 1999 increased 60.7% and 48.9%, respectively, compared to the same period in 1998 as a result of both a strengthening of the South Korean won and a 37.3% and 30.3% increase in local currency growth for the same periods following several quarters of extensive educational training programs and the launch of new nutritional products in that market.

Revenue in Southeast Asia, which consists of Taiwan, Thailand, Hong Kong (including Macau), the Philippines, Australia and New Zealand, totaled $34.8 million and $71.9 million for the three and six-month periods ended June 30, 1999, a decrease of 11.8% and 16.0% from revenue of $39.5 million and $85.6 million for the same periods in 1998, respectively. This decrease in revenue resulted primarily from a decline of 10.8% and 15.2% in revenue in Taiwan for the three and six-month periods ended June 30, 1999, compared to the same periods in 1998, respectively. The Company's operations in Taiwan have continued to suffer the impact of increased competition and the temporary ban on direct selling in the People's Republic of China (the "PRC"), where many Taiwanese distributors hoped to expand their businesses. In addition, the Company's operations in Thailand and Hong Kong have been impacted negatively by the region's economic recession. Revenue in the Philippines increased 24.5 % over the second quarter of 1998 and revenue in Australia and New Zealand remained constant with prior year second quarter revenue.

Revenue in the Company's other markets, which include the United Kingdom, Germany, Iceland, Italy, the Netherlands, France, Belgium, Spain, Portugal, Ireland, Austria, Poland, Denmark, Sweden, Brazil, Canada, Mexico, Guatemala and the United States, increased 53.2% and 22.6% to $33.1 million and $56.8 million for the three and six-month periods ended June 30, 1999, compared to $21.6 million and $46.3 million for the same periods in 1998, respectively. This increase in revenue was primarily due to the additional revenue stream from sales in the United States resulting from the termination of the Company's license agreement with Nu Skin USA, which occurred in March 1999.

Gross profit as a percentage of revenue was 83.0% and 82.7% for the three and six-month periods ended June 30, 1999, compared to 72.5% and 76.4% for the same periods in 1998. The increase in the gross profit as a percentage of revenue for the three and six-month periods ended June 30, 1999 resulted from the strengthening of the Japanese yen and other Asian currencies relative to the U.S. dollar, higher margin sales to distributors in the United States following the termination of the Company's license agreement with Nu Skin USA, local manufacturing efforts and reduced duty rates. In addition, in the second quarter of 1998, the Company recorded amortization of inventory step-up related to the NSI Acquisition of $13.0 million, which did not recur in 1999. The Company purchases a significant majority of goods in U.S. dollars and recognizes revenue in local currency and is consequently subjected to exchange rate risks in its gross margins.

Distributor incentives as a percentage of revenue increased to 38.6% and 38.0% for the three and six-month periods ended June 30, 1999 from 36.0% and 36.3% for the same periods in 1998. The primary reason for this increase in 1999 was due to the Company beginning to sell products to distributors in the United States and paying the requisite commissions related to those sales.

Selling, general and administrative expenses as a percentage of revenue increased to 29.0% and 26.8% for the three and six-month periods ended June 30, 1999 from 22.3% and 21.7% for the same periods in 1998. In dollar terms, selling, general and administrative expenses increased to $61.2 million and $119.2 million for the three and six-month periods ended June 30, 1999 from $46.6 million and $94.7 million for the same periods in 1998. This increase as a percentage of revenue and in dollar terms was due to stronger foreign currencies in 1999 which resulted in higher expenses in foreign markets, additional overhead expenses relating to the operations in the United States and an additional $7.1 million during the first six months of 1999 in amortization resulting from the Company's acquisitions of NSI and Pharmanex.

Operating income increased 9.5% to $32.4 million for the three-month period ended June 30, 1999 from $29.6 million for the same period in 1998 and operating margin increased to 15.3% from 14.2% for the same periods. Operating income decreased 1.3% to $79.5 million for the six-month period ended June 30, 1999 from $80.6 million for the same period in 1998 and operating margin decreased to 17.9% from 18.4% for the same periods. In general, operating income and margins have declined due to the increases in distributor incentives and selling, general and administrative expenses resulting from the NSI Acquisition and termination of the Company's license agreement with Nu Skin USA more than offsetting better gross margins. The increase in operating income and margin for the three-month period ended June 30, 1999 was due primarily to the $13.0 million amortization of inventory step-up charge in the second quarter of 1998, which did not recur in 1999.

Other income decreased 62.7% and 48.7% to $2.0 million and $3.8 million for the three and six-month periods ended June 30, 1999 from $5.3 million and $7.5 million for the same periods in 1998, respectively. This decrease was primarily due to the strong hedging gains recorded in the second quarter of 1998 from forward contracts and intercompany loans resulting from a weakened Japanese yen in relation to the U.S. dollar.

Provision for income taxes decreased 4.1% to $12.4 million for the three-month period ended June 30, 1999 from $12.9 million for the same period in 1998. This decrease is due to the reduced effective tax rate from 37.0% in the second quarter of 1998 to 36.0% in the second quarter of 1999. Provision for income taxes increased 4.0% to $30.5 million for the six-month period ended June 30, 1999 from $29.3 million for the same period in 1998. This increase is due to the lower tax rate in the first quarter of 1998 resulting from NSI and its affiliates being taxed as S corporations rather than as C corporations during the first quarter of 1998. The pro forma provision for income taxes presents income taxes as if NSI and its affiliates had been taxed as C corporations rather than as S corporations for the three-month period ended March 31, 1998.

Minority interest represents the ownership interest of NSI held by individuals who are not immediate family members. The minority interest was purchased as part of the NSI Acquisition on March 26, 1998.

Net income remained constant at $22.0 million for the three-month periods ended June 30, 1999 and 1998 and net income as a percentage of revenue remained nearly constant at 10.4% and 10.5% for the same periods. Net income decreased 5.1% to $52.8 million for the six-month period ended June 30, 1999 from $55.7 million for the same period in 1998 and net income as a percentage of revenue decreased to 11.9% from 12.7% for the same periods. Net income remained constant for the three-month periods ended June 30, 1999 and 1998 due to the improved gross margins that were offset by increased selling, general and administrative expenses and reduced other income. Net income decreased for the six-month period ended June 30, 1999 compared to the same period in 1998 due to the same factors as the three-month periods and the minority interest from the NSI Acquisition recorded in the first quarter of 1998.

Liquidity and Capital Resources

Historically, the Company's principal needs for funds have been for distributor incentives, working capital (principally inventory purchases), operating expenses, capital expenditures and the development of operations in new markets. The Company has generally relied entirely on cash flow from operations to meet its business objectives without incurring long-term debt to unrelated third parties to fund operating activities.

The Company generates significant cash flow from operations due to favorable gross margins and minimal capital requirements. Additionally, the Company does not generally extend credit to distributors but requires payment prior to shipping products. This process eliminates the need for significant accounts receivable from distributors. During the first quarter of each year, the Company pays significant accrued income taxes in many foreign jurisdictions including Japan. These large cash payments somewhat offset the significant cash generated in the first quarter. During the six-month period ended June 30, 1999, the Company generated $33.5 million from operations compared to $50.5 million generated during the six-month period ended June 30, 1998. This decrease in cash generated from operations primarily related to reduced net income in 1999 compared to 1998, excluding amortization from the NSI and Pharmanex acquisitions.

As of June 30, 1999, working capital was $133.3 million compared to $164.6 million as of December 31, 1998. This decrease is primarily due to the increase at June 30, 1999 in the current portion of long-term debt. Cash and cash equivalents at June 30, 1999 and December 31, 1998 were $146.8 million and $188.8 million, respectively.

Capital expenditures, primarily for equipment, computer systems and software, office furniture and leasehold improvements, were $11.7 million for the six-month period ended June 30, 1999. In addition, the Company anticipates additional capital expenditures in 1999 of approximately $20.0 million to further enhance its infrastructure, including enhancements to computer systems and software and call-center facilities in order to accommodate anticipated future growth.

In March 1998, the Company completed the NSI Acquisition. Pursuant to the terms of the NSI Acquisition, NSI and the Company met earnings growth targets in 1998 resulting in a contingent payment payable to the NSI stockholders of $25.0 million as of December 31, 1998. Contingent upon NSI and the Company meeting earnings growth targets over the next three years, the Company may pay up to $25.0 million in cash in each of the next three years to the NSI stockholders. The contingent consideration of $25.0 million earned in 1998 was paid in the second quarter of 1999 and has been accounted for as an adjustment to the purchase price and allocated to the assets and liabilities of NSI and its previously private affiliates. Any additional contingent consideration paid over the next three years, if any, will be accounted for in a similar manner.

In May 1998, the Company and its Japanese subsidiary Nu Skin Japan entered into a $180.0 million credit facility with a syndicate of financial institutions for which ABN-AMRO, N.V. acted as agent. This credit facility was used to satisfy liabilities which were assumed as part of the NSI Acquisition. The Company borrowed $110.0 million and Nu Skin Japan borrowed the Japanese yen equivalent of $70.0 million denominated in local currency. Payments totaling $41.6 million were made during the second quarter of 1998 and payments totaling $14.5 million were made during the first quarter of 1999 relating to the $180.0 million credit facility. As of June 30, 1999, the balance relating to the $180.0 million credit facility totaled $134.9 million of which approximately $52.3 million is due in 2000 and approximately $82.6 million will be due in 2001. The U.S. portion of the credit facility bears interest at either a base rate as specified in the credit facility plus an applicable margin or the London Inter-Bank Offer Rate plus an applicable margin, in the borrower's discretion. The Japanese portion of the credit facility bears interest at the applicable Tokyo Inter-Bank Offer Rate plus an applicable margin. The maturity date for the credit facility is three years from the borrowing date, with a possible extension of the maturity date upon approval of the lenders. The credit facility provides that the amounts borrowed are to be used for general corporate purposes. The Company is currently in compliance with all financial and other covenants under the credit facility. During 1998, the Company entered into a $10.0 million revolving credit agreement with ABN-AMRO, N.V. which was extended for an additional year in May 1999. Advances are available under the agreement through May 18, 2000 with a possible extension upon approval of the lender. There were no outstanding balances under this credit facility at June 30, 1999.

During 1998, the board of directors authorized the Company to repurchase up to $20.0 million of the Company's outstanding shares of Class A common stock. As of June 30, 1999, the Company had repurchased 1,298,354 shares for an aggregate price of approximately $17.3 million. In addition, in March 1999, the board of directors separately authorized and the Company completed the purchase of

approximately 700,000 shares of the Company's Class A common stock from Nu Skin USA and certain stockholders for approximately $10.0 million as part of the asset purchase agreement.

As part of the Pharmanex Acquisition, the Company assumed approximately $34.0 million in liabilities and incurred acquisition costs totaling $1.3 million. The net assets acquired totaling $3.6 million include net deferred tax assets totaling $0.8 million. In connection with the closing of the Pharmanex Acquisition, the Company paid approximately $29.0 million relating to the assumed liabilities.

In March 1999, NSI terminated its distribution license and various other license agreements and other intercompany agreements with Nu Skin USA and paid Nu Skin USA a $10.0 million termination fee. The Company also, through a newly formed wholly-owned subsidiary, acquired selected assets of Nu Skin USA and assumed approximately $8.0 million of Nu Skin USA's liabilities in March 1999. In May 1999, the Company completed the acquisition of its private affiliates Nu Skin Canada, Nu Skin Mexico and Nu Skin Guatemala for approximately $2.0 million in cash (inclusive of cash distributed by the acquired entities prior to closing) and assumed net liabilities of up to $4.0 million.

In July 1999, the Company completed the acquisition of its affiliate Big Planet for an aggregate of approximately $37.0 million, of which approximately $14.5 million is payable in the form of a promissory note and approximately $22.5 million is payable in cash. In addition, the Company loaned Big Planet approximately $9.4 million to fund Big Planet operations through the closing of the acquisition. Big Planet incurred operating losses of approximately $22.0 million in 1998 and the Company anticipates Big Planet will continue to incur operating losses in the foreseeable future.

The Company had related party payables of $25.0 million at December 31, 1998. The Company had no related party payables at June 30, 1999. In addition, the Company had related party receivables of $29.1 million and $22.3 million at June 30, 1999 and December 31, 1998, respectively. Related party balances outstanding in excess of 60 days bear interest at a rate of 2% above the U.S. prime rate. As of June 30, 1999, no material related party payables or receivables had been outstanding for more than 60 days.

Management considers the Company to be liquid and able to meet its obligations on both a short and long-term basis. The Company currently believes existing cash balances together with future cash flows from operations will be adequate to fund cash needs relating to the implementation of its strategic plans.

Year 2000

The Company has developed a comprehensive plan to address Year 2000 issues. In connection with this plan, the Company has established a committee that is responsible for assessing and testing its systems to identify Year 2000 issues, and overseeing the upgrade or remediation of non-compliant Year 2000 systems. This committee reports on a regular basis to the Company's executive management team and the audit committee of the board of directors on the progress and status of the plan and the Year 2000 issues affecting the Company.

To date, the Company has completed a broad scope assessment and audit of its information technology systems and non-information technology systems to identify and prioritize potential Year 2000 issues. The Company is nearing completion of a micro-based assessment designed to identify specific Year 2000 issues at the hardware, software and processing levels. Through this process, the Company has identified potential Year 2000 issues in its information systems, and is in the process of addressing these issues through upgrades and other remediation. The Company has completed the micro-based assessment and remediation of substantially all of its significant in-house corporate systems and is in the process of performing integration tests of the remediated systems. The Company recently completed the testing of its most significant in-house system and expects to complete the integration testing of its other systems by the beginning of the fourth quarter. The Company is also continuing its micro-based assessment and remediation of systems in its foreign offices and of its desktop applications and computers. The Company is in the process of evaluating the Year 2000 readiness of recently-acquired Big Planet, Inc. and the actions taken to date by Big Planet to assess and remediate any Year 2000 issues. The Company currently estimates that the cost of all upgrades related to Year 2000 issues, including scheduled upgrades intended primarily to increase efficiencies within the Company and also address Year 2000 issues, is anticipated to be approximately $8.0 million through the remainder of 1999, which the Company anticipates will be funded by cash from operations. To date, the Company has spent approximately $5.0 million.

Through the remainder of 1999, the Company will continue to run broad scope tests of its in-house systems to confirm that the Company has adequately identified and addressed all Year 2000 issues and continue its work on the systems of the Company's foreign offices and Big Planet.

As part of the Year 2000 plan, the Company is also assessing and monitoring its vendors and suppliers and other third parties for Year 2000 readiness. The committee has sent questionnaires to these third parties seeking their assessment and evaluation of their own Year 2000 readiness and has received responses back from a substantial majority of these third parties. Members of the committee have also visited in person the Company's key vendors and suppliers to assess the Year 2000 readiness of such suppliers and vendors and to share Year 2000 information and plans for contingencies. The Company will continue the follow-up with third party vendors throughout the remainder of 1999.

Based on the Company's evaluation of the Year 2000 issues affecting the Company, management believes that Year 2000 readiness of the Company's vendors and suppliers and related contingency plans, which is beyond the Company's control, is currently the most significant area of risk, particularly in its foreign markets. Management does not believe it is possible at this time to quantify or estimate the most reasonable worst case Year 2000 scenario. However, the Company has begun to formulate contingency plans to limit, to the extent possible, interruption of the Company's operations arising from the failure of third parties to be Year 2000 compliant as the Company moves forward in the implementation of its Year 2000 plan. The Company will continue to work with third parties as indicated above to further evaluate and quantify this risk and will continue the development of contingency plans throughout the remainder of 1999 as this process moves forward. There can be no assurance, however, that the Company will be able to successfully identify and remedy all Year 2000 issues or develop contingency plans for all Year 2000 issues that could, directly or indirectly, harm its operations, some of which are beyond the Company's control. In particular, the Company cannot predict or evaluate domestic and foreign governments' and utility companies' preparation for the Year 2000 or the readiness of other third parties (domestic and foreign) that do not have relationships with the Company, and the resulting impact that the failure of such parties to be Year 2000 compliant may have on the economy in general and on its business.

The foregoing discussion of the Year 2000 issues contains forward-looking statements that represent the Company's current expectations or beliefs. These forward-looking statements are subject to risks and uncertainties that could cause outcomes to be different from those currently anticipated including those risks identified under the heading "Note Regarding Forward-looking Statements."

Currency Risk and Exchange Rate Information

A majority of the Company's revenue and many of its expenses are recognized primarily outside of the United States except for inventory purchases which are primarily transacted in U.S. dollars from vendors in the United States. Each subsidiary's local currency is considered the functional currency. All revenue and expenses are translated at weighted average exchange rates for the periods reported. Therefore, the Company's reported sales and earnings will be positively impacted by a weakening of the U.S. dollar and will be negatively impacted by a strengthening of the U.S. dollar.

Given the uncertainty of exchange rate fluctuations, the Company cannot estimate the effect of these fluctuations on its future business, product pricing, results of operations or financial condition. However, because a majority of the Company's revenue is realized in local currencies and the majority of its cost of sales is denominated in U.S. dollars, the Company's gross profits will be positively affected by a weakening in the U.S. dollar and will be negatively affected by a strengthening in the U.S. dollar. The Company seeks to reduce its exposure to fluctuations in foreign exchange rates by creating offsetting positions through the use of foreign currency exchange contracts and through intercompany loans of foreign currency. The Company does not use such derivative financial instruments for trading or speculative purposes. The Company regularly monitors its foreign currency risks and periodically take measures to reduce the impact of foreign exchange fluctuations on its operating results.

The Company's foreign currency derivatives are comprised of over-the-counter forward contracts with major international financial institutions. As of June 30, 1999, the primary currency for which the Company had net underlying foreign currency exchange rate exposure was the Japanese yen. Based on the Company's foreign exchange contracts at June 30, 1999 as discussed in Note 7 of the notes to the Consolidated Financial Statements, the impact of a

10% appreciation or 10% depreciation of the U.S. dollar against the Japanese yen would not result in significant other income or expense recorded in the Consolidated Statements of Income.

Outlook

Management believes that the acquisitions of Pharmanex, Big Planet and Nu Skin operations in the United States should positively impact the Company's long-term revenue and earnings growth rates. However, over the next few quarters, management believes that while modest sequential revenue increases are possible, earnings will be relatively constant on a sequential basis. Management currently anticipates gross margins to stabilize on a sequential basis during the remainder of 1999 as the Company continues selling products directly to U.S. distributors rather than recognizing lower margin intercompany revenue, as well as continued local manufacturing efforts and the resulting reduced duty rates. Management also anticipates that distributor incentives as a percentage of revenue will continue to be higher in 1999 due to paying commissions to U.S. based distributors. Selling, general and administrative expenses will generally be higher throughout 1999 as compared to 1998 due to increased amortization of intangible assets acquired in the acquisitions of Pharmanex and NSI, as well as stronger foreign currencies. In addition, overhead related to the acquired U.S. operations as well as Big Planet will increase the Company's selling, general and administrative expenses.

The foregoing outlook section contains forward-looking statements that represent the Company's current expectations or beliefs concerning future operating results. These forward-looking statements are subject to risks and uncertainties that could cause outcomes to be different from those currently anticipated including those risks identified below under the heading "Note Regarding Forward-looking Statements."

Note Regarding Forward-Looking Statements

Certain statements made above, in particular in the Liquidity and Capital Resources section, the Year 2000 section, the Outlook section and Note 12 to the Consolidated Financial Statements included herein, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). In addition, when used in this report, the words or phrases, "will likely result," "expects," "anticipates," "will" "intends," "plans," "believes," "the Company [or management] believes," and similar expressions are intended to identify forward looking statements. These forward-looking statements involve risks and uncertainties and are based on certain assumptions that may not be realized. Actual results and outcomes may differ materially from those discussed or anticipated. The forward-looking statements and associated risks described in this filing relate to, among other things, (i) the Company's expectation that it will be able to rely entirely on cash flow from operations to fund its business objectives without incurring long-term debt to unrelated third parties, (ii) the Company's expectations concerning its ability to identify and remediate or address any Year 2000 related issues, including with third parties, as more fully described under the Year 2000 section above, (iii) the Company's expectation concerning its ability to develop viable contingency or back up plans in the event any of its systems or the systems of its vendors or suppliers are not Year 2000 compliant, (iv) the Company's expectation that it will be able to fund its Year 2000 program from cash from operations, (v) management's belief that the Company is liquid and able to meet its obligations both on a short and long-term basis, (vi) the anticipation that long term revenue and earnings will be positively impacted by recent acquisitions, (vii) management's belief that earnings will remain relatively constant on a sequential basis during the next few quarters, (viii) management's anticipation that gross margins will stabilize and that distributor incentives, selling, general and administrative expenses will generally be higher , and (ix) the Company's plan to implement forward contracts and other hedging strategies to manage foreign currency risks.

Important factors and risks that might cause actual results to differ from those anticipated include, but are not limited to: (a) lower than expected revenue, revenue growth, earnings, cash flow from operations and gross margins because of adverse economic, business or political conditions, increased competition, adverse publicity in the Company's markets, particularly Japan and Taiwan, or the Company's inability, for any reason, to open new markets, introduce new products, implement its marketing and local sourcing initiatives and other strategic plans as well as the potential negative effect of distributor actions such as decreased selling efforts or increased turnover; (b) continued difficulties in integrating the business of Pharmanex and Big Planet with the Company's operations and the related shift to product-based divisions, (c) variations in operating results including revenue, gross margin and earnings caused by renewed or sustained weakness of Asian economies, particularly Japan, fluctuation in foreign currencies particularly the yen, and any reductions in number or productivity of distributors; (d) the risk that the Company's new business opportunities and new product offerings, including Pharmanex and Big Planet, will not gain market acceptance or meet the Company's expectations; (e) the Company's inability to favorably implement forward contracts and other hedging strategies to manage foreign currency risk; (f) delays in introducing Pharmanex and Big Planet products as a result of unanticipated problems and the significant laws and regulations applicable to nutritional supplements and the products and services offered by Big Planet, which could delay or prevent the Company from introducing certain of such products into its markets; (g) the inability of the Company to gain market acceptance of new products; (h) increased expenditures required to address the Year 2000 issue if the Company's technology requirements change or unforseen problems are discovered; (i) risks that the Company's and its vendors' plans to remedy Year 2000 issues may be inadequate which could result in disruptions of the Company's business; (j) increased government regulation of direct selling activities and products in existing and future markets such as the PRC's restrictions on direct selling; (k) management's inability to effectively manage the Company's growth; (l) the risk that the Tenth Circuit Court of Appeals could overturn the recent federal district court ruling allowing the Company to sell Cholestin as a dietary supplement, which ruling has been appealed by the Food and Drug Administration; (m) risks inherent in the importation, regulation and sale of personal care and nutritional products in the Company's markets including product liability issues; (n) the Company's reliance on and the concentration of outside manufacturers; (o) taxation and transfer pricing issues, including the Company's inability to fully use its foreign tax credits; and (p) unanticipated increases in the costs of supplies of products and overhead expenses. For a more detailed discussion of risks and uncertainties related to the Company's business, please refer to the Company's Form 10-K for the year ended December 31, 1998, and any amendments thereto, the Company's most recent Registration Statement on Form S-3 and other documents filed by the Company with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by Item 3 of Part I of Form 10-Q is incorporated herein by reference from the section entitled "Currency Risk and Exchange Rate Information" in "Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part I and also in Note 7 to the Financial Statements contained in Item 1 of Part I.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the Company's Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for information concerning the legal proceedings. There have been no material developments in these proceedings since the date of the filing of the Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

The Company's Annual Meeting of Stockholders was held on May 4, 1999. At the Annual Meeting, Blake M. Roney, Steven J. Lund, Sandra N. Tillotson, Keith R. Halls, Brooke B. Roney, Max L. Pinegar, E.J. "Jake" Garn, Paula Hawkins and Daniel W. Campbell were elected to serve as directors of the Company until the next annual meeting of stockholders or until their successors are duly elected. Each director was elected by a plurality of votes in accordance with the Delaware General Corporation Law. There was no solicitation in opposition to management's director nominees. The following chart reflects the vote tabulation with respect to each director nominee. The figures reported reflect votes cast by holders of the Company's Class A Common Stock and Class B Common Stock. Each share of Class A Common Stock entitles its holder to one vote, and each share of Class B Common Stock entitles its holder to ten votes.

Name of Director Nominee	Votes For	Votes Withheld
Blake M. Roney	494,304,673	46,898
Steven J. Lund	494,304,673	46,898
Sandra N. Tillotson	494,304,673	46,898
Keith R. Halls	494,304,673	46,898
Brooke B. Roney	494,304,673	46,898
Max L. Pinegar	493,104,673	1,246,898
E.J. "Jake" Garn	494,304,673	46,898
Paula Hawkins	494,304,673	46,898
Daniel W. Campbell	494,304,673	46,898

The stockholders also approved the Company's Second Amended and Restated 1996 Stock Incentive Plan with 475,477,489 votes voted in favor of the amendment, 1,850,242 votes cast against, 13,133,968 abstentions and 3,889,872 broker non-votes. The stockholders also ratified the appointment of PricewaterhouseCoopers LLP as the Company's independent public accountants, with 491,1138,548 votes being cast for, 9,504 votes being cast against, as well as 3,228,519 abstentions.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Regulation S-K Number	Description
2.1	Agreement and Plan of Merger and Reorganization dated May 3, 1999 between and among Nu Skin Enterprises, Inc., Big Planet Holdings, Inc., Big Planet, Inc., Nu Skin USA, Inc., Richard W. King, Kevin V. Doman and Nathan W. Ricks. (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on July 28, 1999).
2.2	First Amendment to Agreement and Plan of Merger and Reorganization dated July 2, 1999 between and among Nu Skin Enterprises, Inc., Big Planet Holdings, Inc., Big Planet, Inc., Maple Hills Investment, Inc. (formerly Nu Skin USA, Inc.), Richard W. King, Kevin V. Doman and Nathan W. Ricks. (Incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed on July 28, 1999).
10.1	Note and Pledge Agreement with William McGlashan Jr.
10.2	Employment Agreement between Pharmanex and William McGlashan Jr.
10.3	Agreement and Plan of Merger dated as of May 3, 1999 by and among Nu Skin Enterprises, Inc., NSC Sub, Inc., NSG Sub, Inc., NSM Sub, Inc., NFB Sub, Inc., Nu Skin Canada, Inc., Nu Skin Guatemala, Inc., Nu Skin Guatemala, S.A., Nu Skin Mexico, Inc., Nu Skin Mexico, S.A. de C.V., Nu Family Benefits Insurance Brokerage, Inc. and certain stockholders. (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 25, 1999).
10.4	First Amendment to Indemnification Limitation Agreement dated as of May 3, 1999 between Nu Skin Enterprises, Inc., Nu Skin USA, Inc., and the Stockholders of the acquired entities identified therein (incorporated by reference to exhibit 10.1 to the Company's Current Report on Form 8- K filed on July 28, 1999).
27.1	Financial Data Schedule - Six Months Ended June 30, 1999

(b) Reports on Form 8-K. The Company filed an Amendment No. 1 to a Current Report on Form 8-K/A dated April 16, 1999 to amend an earlier Current Report on Form 8-K related to the acquisition of Generation Health Holdings, Inc. in October 1998. The Company also filed a Current Report on Form 8-K on June 25, 1999 reporting the acquisition of the North American Affiliates.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on this 2nd day of August, 1999.

NU SKIN ENTERPRISES, INC.

By: /s/ Corey B. Lindley
Corey B. Lindley
Its: Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

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27.1 Financial Data Schedule - Six Months Ended June 30, 1999

PROMISSORY NOTE

$1,500,000 June 23, 1999

FOR VALUE RECEIVED, the undersigned, William E. McGlashan, Jr., an individual residing at 627 Marina Boulevard, San Francisco, CA 94123 agrees to pay to the order of NU SKIN ENTERPRISES, INC., a Delaware corporation, at 75 West Center Street, Provo, Utah 84601, or at such other place as the holder (the "Holder") of this Note may from time to time designate in writing, without setoff, in lawful money of the United States of America, the principal sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS ($1,500,000) together with interest on such principal sum and any other amounts due under this Note.

1. Interest. Commencing on the date of this Note and continuing until all principal and interest due under this Note are paid in full, the outstanding principal balance of this Note shall bear interest at the rate of 5.8% percent per annum. Interest shall accrue daily and be calculated on the basis of a three hundred sixty (360) day year and the actual number of days elapsed in any partial calendar month.

2. Payment. Accrued interest shall be due and payable in semi-annual installements due on the 15th day of April and October each year, commencing on October 15, 1999. The entire principal balance of this Note, together with any accrued and unpaid interest thereon and any other fees, costs or expenses payable hereunder, shall be due and payable on the earlier to occur of the following: (i) June 15, 2004, (ii) the 180th day following the date of the undersigned's voluntary termination of employment with the Pharmanex, Inc., (iii) the one year anniversary of the date of the termination of the employment of the undersigned by Pharmanex, Inc. if Pharmanex terminates such employment other than for "cause" (as defined in the undersigned's employment agreement), and (iv) the 30th day following the date of the termination of the employment of the undersigned by Pharmanex, Inc. if Pharmanex terminates such employment for "cause" (as defined in the undersigned's employment agreement); provided, in the event of a "change in control" (as defined in Schedule A), this Note shall in no event become due and payable prior to the third annual anniversary of the date of such change in control. In addition, in the event the Loan to Value Ratio (as defined in the Pledge Agreement) of the shares of Class A Common Stock securing this Note ever exceeds the Applicable Limit as set forth below, then the undersigned shall repay within 15 days of written notice from the Holder such amount of principal and interest as may be necessary to lower the Loan to Value Ratio to the Applicable Limit or less. For purposes hereof, the Applicable Limit shall mean .83; provided, however the Applicable Limit shall be reduced to .50 if at any time the undersigned sells any shares of Class A Common Stock and does not use 100% of such proceeds to reduce the principal amount of this Note. Unless the Holder shall otherwise elect, each payment made under this Note shall be applied first to costs and expenses incurred in connection with the enforcement of this Note and interest due under this Note, and any balance shall be applied to reduce the principal balance of this Note.

3. Late or Partial Payments. Any payment required under this Note, under the "Pledge Agreement" as defined in Paragraph 5, or under any other agreement entered into in connection with this Note that is not made when due, shall bear interest payable on demand, both before and after judgment, at the rate of fifteen percent (15.0%) per annum (the "Default Rate"). The acceptance by the Holder of any payment that is less than the entire amount then due under this Note shall be on account only and shall not constitute a waiver of the obligation of the undersigned to pay such entire amount. The failure of the undersigned to pay the entire amount then due under this Note shall be and continue to be an event of

default under this Note, notwithstanding the acceptance by the Holder of less than such entire amount on account, and the Holder shall thereafter, until such entire amount is paid (and notwithstanding acceptance by the Holder thereafter of further sums on account or otherwise), be entitled to exercise all rights and remedies provided for in this Note, the Pledge Agreement and the Mortgage on the occurrence of an event of default under this Note. The acceptance by the Holder of any amount due under this Note after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due under this Note or to declare that an event of default has occurred under this Note with respect to any other amount not paid when due.

4. Default. If any payment required under this Note is not made when due, if an event of default occurs under the Pledge Agreement or Mortgage, the undesigned fails to promptly grant a valid mortgage or trust deed on the residential property to be purchased by the undersigned, if it is purchased by

the undersigned, or a material breach under any other agreement entered into in connection with this Note occurs, the entire unpaid principal balance of this Note, together with all accrued but unpaid interest and any late charges due under this Note, shall, at the option of the Holder, become due and payable without presentment, demand, protest or notice of any kind, all of which are expressly waived by the undersigned and all endorsers, guarantors, sureties, accommodation parties and other persons at any time liable for all or any portion of the indebtedness evidenced by this Note, and shall thereafter earn interest, both before and after judgment, at the Default Rate, provided, however, that the Default Rate shall not apply until notice of an event of default has been given by the Holder to the undersigned in the manner set forth in the Pledge Agreement. Any forbearance, failure or delay by the Holder in exercising any right or remedy under this Note or otherwise available to the Holder shall not be deemed to be a waiver of such right or remedy, nor shall any single or partial exercise of any right or remedy preclude the further exercise of such right or remedy. The undersigned shall pay all reasonable costs and expenses incurred by the Holder in connection with the enforcement of this Note (regardless of the particular nature of such costs and expenses and whether incurred before or after the initiation of suit or before or after judgment), including, without limitation, court costs and attorneys' fees and costs.

5. Security. This Note is secured as provided in the Pledge Agreement (the "Pledge Agreement"), dated of even date with this Note, executed by the undersigned. In addition, this Note shall be secured by a mortgage or trust deed (the "Mortgage") on any residential property owned by the undersigned or hereafter acquired, and the undersigned agrees to execute a trust deed or mortgage on such property in a form acceptable to the Holder. The Holder agrees that Mortgage shall be subordinate to the trust deed or mortgage securing the primary loan used to finance the purchase of such residential property.

6. Miscellaneous. The undersigned and all endorsers, guarantors, sureties, accommodation parties and other persons at any time liable for all or any portion of the indebtedness evidenced by this Note consent to all extensions of time, renewals, waivers or modifications that may be granted by the Holder with respect to the payment or other provisions of this Note, the release of all or any portion of any security given in connection with this Note, with or without substitution, and the release of any party liable under this Note. If this Note is executed by more than one person, each of such persons shall be jointly and severally liable for all of the obligations evidenced by this Note. Time is of the essence with respect to all obligations of the undersigned under this Note. The unenforceability or invalidity of any provision of this Note shall not affect the enforceability or validity of any other provision of this Note. The terms of this Note shall bind the undersigned and inure to the benefit of the Holder and its respective heirs, successors, assigns and legal representatives. The Holder may, in its sole discretion, assign part or all of its interest

under this Note at any time or from time to time. This Note shall be governed by Utah law. This Note, the Pledge Agreement and any other written agreement entered into in connection with this Note are a final expression of the agreement between the Holder and the undersigned and may not be contradicted by evidence of any alleged oral agreement.

THE UNDERSIGNED has executed and delivered this Note on the date set forth below, to be effective as of the date first set forth above.

WILLIAM E. MCGLASHAN, JR.

Date: June ____, 1999

William E. McGlashan, Jr.

Schedule A

For purposes of this Note, a change in control shall mean any of the following events that occur during the term of this Note:

(1) An acquisition (other than directly from Nu Skin Enterprises, Inc. (hereinafter the "Company")) of any voting securities of the Company (the "Voting Securities") by any "Person" (as the term person is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) immediately after which such Person has 'Beneficial Ownership' (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% of the combined voting power of the Company's then outstanding Voting Securities; provided, however, in determining whether a Change in Control has occurred, Voting Securities which are acquired in a "Non-Control Acquisition" (as defined below) shall not constitute an acquisition which would cause a Change in Control. A "Non-Control Acquisition" shall mean an acquisition by (A) an employee benefit plan (or a trust forming a part thereof) maintained by (i) the Company or (ii) any corporation or other Person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company (a "Company Subsidiary"), (B) the Company or any Company Subsidiary, (C) any Person in connection with a "Non-Control Transaction" (as defined below), or (D) any holder of the Class B Common Stock of the Company;

(2) Approval by stockholders of the Company of:

(A) A merger, consolidation or reorganization involving the Company, unless

(i) the stockholders of the Company immediately before such merger, consolidation or reorganization own, directly or indirectly, immediately following such merger, consolidation or reorganization, at least fifty percent (50%) of the combined voting power of the outstanding voting securities of the corporation resulting from merger or consolidation or reorganization (the "Surviving Corporation") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization; or

(ii) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least two-thirds of the members of the board of directors of the Surviving Corporation; or

(iii) one or more holders of the Class B Common Stock own in the aggregate at least 50% of the combined voting power of the outstanding voting securities of the Surviving Corporation.

A transaction described in clauses (i), (ii) or (iii) shall herein be referred to as a "Non-Control Transaction;"

(B) A complete liquidation or dissolution of the Company; or

(C) An agreement for the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a Company Subsidiary) or to a Company controlled by one or more holders of the Class B Common Stock.

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the outstanding voting securities as a result of the acquisition of voting securities by the Company which, by reducing the number of voting securities outstanding, increases the proportional number of shares beneficially owned by the Subject Person; provided, however, that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional voting securities which increases the percentage of the then outstanding voting securities beneficially owned by the Subject Person, then a Change in Control shall occur.

STOCK PLEDGE AGREEMENT

THIS STOCK PLEDGE AGREEMENT (the "Pledge Agreement") is entered into as of this 21st day of June, 1999, by and between Nu Skin Enterprises, Inc., a Delaware corporation, and any of its successors, assigns, transferees, conveyees or purchasers (the "Secured Party"), and William E. McGlashan, Jr. (the "Pledgor").

RECITALS

WHEREAS, the Secured Party has agreed to make a loan to the Pledgor of One Million Five Hundred Thousand Dollars ($1,500,000.00) (the "Loan"), and the Pledgor has agreed to deliver to the Secured Party a promissory note, substantially in the form attached hereto as Exhibit "A", in the amount of One Million Five Hundred Thousand Dollars ($1,500,000.00) (the "Promissory Note");

WHEREAS, the Secured Party is willing to make the Loan only upon receiving adequate security therefor, including, but not limited to, a pledge of shares of the Secured Party's Class A common stock, par value $.001 per share (the "Class A Common Stock"), by the Pledgor to the Secured Party as collateral to secure the Pledgor's obligations under the Promissory Note; and

WHEREAS, in consideration of the Loan, the Pledgor desires to pledge shares of Class A Common Stock owned by him as security for his obligations under the Promissory Note.

NOW, THEREFORE, in consideration of the premises set forth above, the mutual covenants and agreements set forth hereinbelow, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. GRANT OF SECURITY INTEREST. The Pledgor hereby pledges to the Secured Party and hereby grants to the Secured Party a security interest (the "Security Interest") in all of the Pledgor's right, title and interest in and to the following collateral (collectively, the "Collateral"):

(a) the One Hundred Sixty-Five Thousand Eight Hundred Five (165,805) shares of Class A Common Stock that are evidenced by or included in the stock certificates described on Exhibit "B" attached hereto or which are held in the name of LaSalle National Bank, as escrow agent under the terms of that certain Escrow Agreement dated October 16, 1999 to the extent of Plegor's interest in such escrow shares, together with any substitutes therefor (the "Pledged Shares");

(b) all dividends, cash, options, warrants, rights, instruments and other property, or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any and all of the Pledged Shares; and

(c) all proceeds, products, rents and profits of or from any and all of the foregoing.

2. SECURITY FOR PROMISSORY NOTE. This Pledge Agreement secures, and the Collateral is collateral security for, the prompt payment of all obligations under the Promissory Note when due or otherwise payable and the performance in full of all obligations of the Pledgor as set forth in such Promissory Note and this Agreement (collectively, the "Pledgor's Obligations").

3. DELIVERY OF PLEDGED SHARES. Upon execution of this Pledge Agreement, the Pledgor shall promptly deliver and transfer possession of the original certificate(s) representing the Pledged Shares (the "Certificates") to the Secured Party to be held by the Secured Party, or its appointed agent for and on behalf of the Secured Party, until termination of this Pledge Agreement or disposition of the Collateral as provided herein. The Secured Party acknowledges that a portion of the securities are being held in escrow pursuant to the terms of the Agreement and Plan of Merger and Reorganization by and among Secured Party, Sage Acquisition Corporation and Generation Health Holdings, Inc. Pledgor agrees to instruct the escrow agent to deliver any shares released from such escrow accounts directly to Secured Party. The Certificates shall be accompanied by duly executed assignments on stock powers in blank, substantially in the form attached hereto as Exhibit "C". The Pledgor shall perform all acts as the Secured Party may reasonably request so as to perfect and maintain a valid security interest for the Secured Party in the Collateral including executing any necessary UCC filings.

4. NO ASSUMPTION. Notwithstanding any of the foregoing provisions, this Pledge Agreement shall not in any way be deemed to obligate the Secured Party, any purchaser at any foreclosure sale under this Pledge Agreement, or any other person or entity to assume any of the Pledgor's Obligations or any other liability or obligation under this Pledge Agreement or the Promissory Note unless the Secured Party, such purchaser or such other person or entity otherwise expressly agrees in writing to assume any or all of the Pledgor's Obligations or any such other liability or obligation. In the event of foreclosure by the Secured Party, the Pledgor shall remain bound and obligated to perform the Pledgor's Obligations and all other obligations of the Pledgor under this Pledge Agreement and the Promissory Note, and neither the Secured Party nor any other person or entity shall be deemed to have assumed any of the Pledgor's Obligations or any such other obligation, except as provided in this Section 4.

5. VOTING OF PLEDGED SHARES. Unless an Event of Default (as that term is defined in Section 11 below) has occurred and is continuing:

(a) The Pledgor shall be entitled to exercise any and all voting and other rights pertaining to all or any part of the Pledged Shares for any purpose not inconsistent with the terms of this Pledge Agreement.

(b) The Secured Party or any agent of the Secured Party shall execute and deliver, or cause to be executed and delivered, to the Pledgor all proxies and other instruments reasonably requested by the Pledgor in writing for the purpose of enabling the Pledgor to exercise the voting and other rights that he is entitled to exercise pursuant to this Section 5.

6. REPRESENTATIONS AND WARRANTIES. The Pledgor represents and warrants that:

(a) The Pledgor is the owner of the Pledged Shares and, with respect to any Collateral to be acquired by the Pledgor on the Pledged Shares, will be the owner of such Collateral, in each case free and clear of any liens or encumbrances, except for the liens created by this Pledge Agreement and the lien created by the Merger Agreement and the related escrow arrangement pursuant to which a portion of the Pledged Shares are held. No effective financing statement or other document or instrument similar in effect covering all or any part of the Collateral is on file in any recording or filing office, except such as may have been recorded or filed in favor of the Secured Party relating to this Pledge Agreement.

(b) The execution and delivery of this Pledge Agreement and the delivery of the Certificates to the Secured Party create a valid and perfected first priority lien on and security interest in the Collateral, enforceable against all third parties and securing the performance of the Pledgor's Obligations, and all filings and other actions necessary or desirable to perfect and protect such liens and security interests have been duly made or taken by the Pledgor.

(c) Except as otherwise expressly contemplated by this Pledge Agreement, all of the Certificates, instruments and other documents constituting, evidencing or representing Collateral shall be promptly delivered to the Secured Party upon execution of this Pledge Agreement.

(d) The Pledged Shares are duly authorized, validly issued, fully paid and non-assessable.

(e) Other than the Stockholders Letter dated as of October 6, 1998 by and among Secured Party and Pledgor, there is no agreement or arrangement restricting the transfer of the Pledged Shares or the transfer of any other Collateral, except as provided in this Pledge Agreement.

(f) There is no suit, proceeding or other legal action or proceeding against the Pledgor or the Certificates that involves or affects, or that may involve or affect, any of the Collateral.

7. COVENANTS OF PLEDGOR.

(a) Affirmative Covenants. So long as any of the Pledgor's Obligations shall remain unpaid or unperformed, the Pledgor shall do the following at the Pledgor's own cost and expense:

(i) deliver to the Secured Party promptly upon receipt all proceeds of the Pledged Shares or other Collateral including all notes, certificates, instruments and other documents constituting, evidencing or representing any of the Collateral, duly endorsed or accompanied by instruments of transfer or assignment on stock powers duly executed in blank, in each case with signatures guaranteed and otherwise in form and substance satisfactory to the Secured Party;

(ii) execute and file such financing or continuation statements, and such amendments to those statements, and such other documents, instruments or notices, as may be necessary or desirable, or as the Secured Party may request, in order to perfect and preserve the pledges, liens and the Security Interest granted or purported to be granted to the Secured Party by this Pledge Agreement;

(iii) promptly notify the Secured Party in writing of any lien or claim made or asserted against any of the Collateral and take all steps necessary or proper, or, in the judgment of the Secured Party, advisable, to preserve all of the Secured Party's rights in the Collateral;

(iv) advise the Secured Party promptly, in sufficient written detail of the occurrence of any event that could materially and adversely affect the value of the Collateral or the validity or priority of the liens and the Security Interest granted to the Secured Party by this Pledge Agreement;

(v) comply with all rules and regulations of each governmental body or agency and all decisions, rulings, orders and awards of each arbitrator applicable to the Collateral or any part of the Collateral or to the Pledgor;

(vi) promptly pay and discharge before they become delinquent, all taxes assessed, levied or imposed upon or relating to, and all claims against the Collateral (or any part of the Collateral) or the Pledgor, if the failure to so pay could adversely affect the value of the Collateral or the validity or priority of the liens or the Security Interest granted to the Secured Party by this Pledge Agreement, except those contested in good faith and for which adequate reserves are maintained;

(vii) give the Secured Party fifteen (15) days prior written notice of any change in the Pledgor's chief place of business, chief executive office or residence, or the office where the Pledgor keeps his records regarding the Collateral;

(viii)Pledgor agrees that in the event any amounts are paid by Pledgor to the Secured Party pursuant to this Pledge Agreement or the Promissory Note, Pledgor's liability hereunder and thereunder shall continue in full force and effect in the event that all or any part of any such payment is thereafter recovered as a preference or fraudulent transfer under any applicable bankruptcy or insolvency law; and

(ix) Pledgor agrees that in the event the Loan to Value Ratio as defined in Section 7(b) below ever exceeds the Applicable Limit, Pledgor shall within 15 days of written notice from Secured Party repay such amount of accrued interest and principal as may be necessary to cause the Loan to Value Ratio to decrease to the Applicable Limit or less, or provide Secured Party with additional Collateral that is acceptable to Secured Party in its sole discretion and that provides sufficient additional security to secure the Pledgor's Obligations, as determined by Secured Party in its sole discretion. For purposes of this Agreement the "Applicable Limit" shall be .833; provided, however, in the event the Pledgor sells any shares of Class A Common Stock and does not use 100% of the proceeds to reduce the amount of principal and interest payable under the Promissory Note, whether due or not, then the Applicable Limit shall be reduced to .50.

(b) Negative Covenants. So long as any of the Pledgor's Obligations shall remain unpaid or unperformed, the Pledgor shall not do any of the following without the prior written approval of the Secured Party:

(i) transfer any of the Collateral, whether by operation of law or otherwise; provided, however, the Pledgor may sell and transfer shares of the Class A Common Stock in the event (a) that the Loan to Value Ratio (as defined below) is less than .50, after giving effect to the proposed transfer or sale of shares, or (b) such transfer is a bona fide sale of such shares for fair market value to an unaffiliated purchaser, the Loan to Value Ratio remains below .83, and 100% of the proceeds from such sale are used to reduce the principal and interest payable under the Promissory Note, whether due or not. Provided the above Loan to Value Ratio requirements are met, Pledgor may request the release of pledged shares to Pledgor for sale, and the shares shall be released promptly, provided that Secured Party is satisfied with the mechanism in place to deliver any required proceeds of a sale to Secured Party.

(ii) create, incur, assume or suffer to exist any lien on or in respect of any of the Collateral, except pursuant to this Pledge Agreement or the Promissory Note;

(iii) use, store or keep any of the Collateral or records relating to the Collateral in any location other than those expressly permitted by this Pledge Agreement; or

(iv) take any action in connection with any of the Collateral that could materially and adversely affect the value of the Collateral (or any part thereof) or the validity or priority of the liens or the Security Interest granted to the Secured Party by this Pledge Agreement.

(v) Pledgor shall not challenge or institute any proceedings, or allow the institution of any proceedings, to challenge the validity, binding effect or enforceability of this Pledge Agreement.

For purposes of this Agreement, Loan to Value Ratio shall mean the quotient of (A) the aggregate amount of the Pledgor's Obligations outstanding as of the date of the determination, including any and all accrued interest, fees, costs and expenses, divided by (B) the product of the average closing sales price of the Class A Common Stock for the twenty consecutive trading days immediately preceding the date of the determination as reported on the New York Stock Exchange, multiplied by the number of shares of Class A Common Stock held as collateral hereunder as of the date of the determination of the Loan to Value Ratio (after giving effect to any proposed transfer or sale of shares).

8. GRANT OF POWER OF ATTORNEY. The Pledgor and his respective successors and assigns hereby irrevocably constitute and appoint each of M. Truman Hunt and Corey B. Lindley, and their respective successors, as the Pledgor's true and lawful attorney-in-fact, to act in the name, place and stead of the Pledgor, with full power of substitution, to take any action and to make, execute, convert to, swear to, acknowledge, record and file any financing statements, certificates, documents or instruments of any character or nature that the Secured Party may deem necessary or desirable fully to carry out the provisions of this Pledge Agreement, including, without limitation:

(a) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for monies due and to become due under or in respect of the Collateral;

(b) to receive, endorse and collect all documents or instruments made payable to the Pledgor representing any payment of profits, dividends or any other distribution in respect of the Collateral;

(c) to file any claims or take any action or institute any proceedings that the Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Party with respect to any of the Collateral;

(d) to execute and file any financing statements that the Secured Party deems necessary or appropriate;

(e) to do, at the Secured Party's option and the Pledgor's sole cost and expense, at any time or from time to time, all acts and things that the Secured Party deems reasonably necessary or convenient to protect, preserve or realize upon the Collateral (or any part thereof) and the Secured Party's liens or security interest therein in order to effect the intent of this Pledge Agreement, all as fully and effectively as Pledgor might do; and

(f) to transfer the Collateral and related stock certificates to the Secured Party and transfer the Collateral on the stock records of the Secured Party to the Secured Party.

The power of attorney granted herein is coupled with an interest and is irrevocable.

9. SECURED PARTY MAY PERFORM. If the Pledgor fails to perform any agreement contained herein, the Secured Party may itself perform, or cause the performance of, such agreement, and all costs and expenses of the Secured Party incurred in connection therewith shall promptly be payable to the Secured Party by the Pledgor under Section 12 below.

10. STANDARD OF CARE.

(a) The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of the Collateral in its possession, meeting its obligations under Section 5 above, and the accounting for any monies actually received by it hereunder, the Secured Party shall have no duty as to the Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to the Collateral. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equal to that accorded by the Secured Party to its own property of a similar nature.

(b) Whenever this Pledge Agreement or any other document, instrument or agreement contemplated hereby provides that the Secured Party is permitted or required to make a decision in the "discretion" or the "sole discretion" (or other similar terms) of the Secured Party, the Secured Party shall be entitled to consider only such interests and factors as it desires, and the Secured Party shall have no duty or obligation to give any consideration to any interest of or factors affecting the Pledgor or any other person or entity.

11. REMEDIES.

(a) In the event of

(i) an "Event of Default" as defined in the Promissory Note, or

(ii) any breach of any representation, warranty, covenant or obligation set forth in this Pledge Agreement that is not cured within 20 days after written notice from the Secured Party (each of the events set forth in (i) and (ii) is hereinafter referred to as an "Event of Default"),

then, in the sole discretion of the Secured Party, without demand or notice, all or any part of any indebtedness evidenced by the Promissory Note shall become immediately due and payable. Upon the occurrence of an Event of Default, the Secured Party may exercise all rights to which it is entitled under this Pledge Agreement or which are otherwise available to it and exercise all the rights and remedies of a secured party upon default under the Uniform Commercial Code as in effect in any relevant jurisdiction (the "UCC") (whether or not the UCC applies to the affected Collateral). Without limiting the generality of the foregoing, the Secured Party may immediately transfer into or register in its name instruments, certificates or documents evidencing or constituting all or part of the Collateral without notice to the Pledgor and immediately apply the Collateral against the Pledgor's Obligations and the Secured Party's costs of collection using a value equal to 80% of the average per share closing sale price of the Class A Common Stock as reported on the New York Stock Exchange for the twenty consecutive trading days ending the trading day immediately prior to such transfer until the Pledger's Obligations and the Secured Party's costs of collection are satisfied in full, notwithstanding any rights Pledgor may have under the UCC, all of which the Pledgor hereby waives. The Pledgor hereby irrevocably consents to any such transfer. Without limiting any of the foregoing, the Secured Party may in its sole discretion, without notice, demand for performance or other demand, or advertisement (all of each such notices, demands or advertisement are hereby expressly waived) collect, receive, appropriate and realize upon the Collateral and/or sell, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at or on any exchange or broker's board or at any of the Secured Party's offices or elsewhere, for cash, on credit or for future delivery without assumption of credit risk, free of any claims or rights, at such time or times and at such price or prices and upon such other terms and conditions as the Secured Party may deem commercially reasonable, irrespective of the impact of any such sales on the market price of the Collateral. The Secured Party may be the purchaser of any or all of the Collateral at any such sale at a price equal to 80% of the average per share closing sale price of the Class A Common Stock as reported on the New York Stock Exchange for the twenty consecutive trading days ending the trading day immediately prior to the date of such sale and the Secured Party, for itself or on behalf of any other person or entity, shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any part of the Collateral sold at any such sale, to use and apply any of the Pledgor's Obligations at a price equal to 80% of the average per share closing sale price of the Class A Common Stock as reported on the New York Stock Exchange for the twenty consecutive trading days ending the trading day immediately prior to the date of such sale as a credit on account of the purchase price for any Collateral payable by the Secured Party at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of the Pledgor, and the Pledgor hereby waives all rights of redemption, stay and appraisal that the Pledgor now has or may at any time in the future have under any rule of equity, law or statute now existing or hereafter enacted. The Pledgor agrees that, to the extent notice of sale shall be required by applicable law, at least ten (10) days notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of the Collateral regardless of whether notice of sale has been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor in the notice thereof, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Pledgor hereby waives any and all rights and claims against the Secured Party arising because of the value of 80% of the average per share closing sale price of the Class A Common Stock as reported on the New York Stock Exchange for the twenty consecutive trading days ending the trading day immediately prior to such transfer being used by the Secured Party in applying the Collateral against the Pledgor's Obligations and related costs of collection or because the price at which any of the Collateral may have been sold at a private sale was less than the price that might have been obtained at a public sale, even if the Secured Party accepts the first offer received and does not offer such Collateral to more than one offeree. Without limiting the generality of the foregoing, the Secured Party may at any time appropriate and apply (directly or by way of set-off) to the payment of the Pledgor's Obligations all amounts representing dividends or distributions then or thereafter in the possession of the Secured Party.

(b) The Pledgor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws, rules and regulations, the Secured Party may be compelled, with respect to any sale of all or any part of the Collateral conducted without prior registration or qualification of such Collateral under the Securities Act and such state securities laws, rules and regulations, to limit purchases to those persons or entities who will agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor acknowledges that any such private sales may be at prices and on terms and conditions less favorable than those obtainable through a public sale without such restrictions (including, without limitation, a public offering made pursuant to a registration statement filed under the Securities Act) and, notwithstanding such circumstances, the Pledgor agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Secured Party shall have no obligation to engage in public sales and shall have no obligation to delay the sale of any of the Collateral for the period of time necessary to permit the Pledgor to register any of the Pledged Shares that constitute a portion of the Collateral or any other item of Collateral for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, rules and regulations, even if the Pledgor would, or should, agree to so register those Pledged Shares or other items of Collateral.

12. APPLICATION OF PROCEEDS. Except as expressly provided elsewhere in this Pledge Agreement, all proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the sole discretion of the Secured Party, be held by the Secured Party as Collateral for, or then, or at any other time thereafter, be applied in full or in part by the Secured Party against, the Pledgor's Obligations in the following order of priority:

(a) to pay or reimburse in full the costs and expenses of such sale, collection or other realization, including, without limitation, reasonable compensation to the Secured Party and its agents and counsel, and all other costs, expenses, obligations and other liabilities incurred or paid by the Secured Party in connection therewith, and all amounts for which the Secured Party is entitled to indemnification hereunder and all advances made by the Secured Party hereunder for the account of the Pledgor, and to the payment of all costs and expenses paid or incurred by the Secured Party in connection with the exercise of any right or remedy hereunder, all in accordance with this Section 12;

(b) to pay the Pledgor's Obligations; and

(c) to pay to or upon the order of the Pledgor, or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct, the balance of the proceeds.

13. INDEMNITY AND EXPENSES.

(a) The Pledgor shall indemnify the Secured Party and its Related Persons (as that term is defined below) (individually, an "Indemnified Person" and, collectively, the "Indemnified Persons") against all losses, costs, expenses (including attorneys' fees and expenses), judgments, fines, amounts paid in settlement and other liabilities incurred, suffered or paid by the Indemnified Persons (collectively, "Indemnified Expenses") in connection with any threatened, pending or completed claim, action, suit, complaint, investigation, inquiry or other proceeding, whether civil, criminal, administrative or investigative, that is or was brought or threatened against any Indemnified Person by reason of or in connection with actions taken or omitted to be taken by one or more Indemnified Persons in the performance of the exercise of the rights and powers or performance of the obligations of the Secured Party under this Pledge Agreement or otherwise in connection with this Pledge Agreement, except that the Pledgor shall have no liability under this Section 13 with respect to any Indemnified Expenses to the extent the liability results from the fraud or willful misconduct of the Indemnified Person, as determined by a final judgment or final adjudication. For purposes of this Pledge Agreement, the term "Related Persons" means, with respect to any person, any other person that directly or indirectly controls or is controlled by or is under common control with the specified person and the direct or indirect controlling persons, principals, partners, trustees, stockholders, officers, directors, employees, independent contractors and agents for or of any of the foregoing and the attorneys-in-fact referenced in Section 8 hereof.

(b) To the fullest extent permitted by applicable law, the Pledgor shall, from time to time, advance Indemnified Expenses to an Indemnified Person prior to the final disposition of the action upon receipt by the Pledgor of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified as authorized in this Section 13.

(c) The Pledgor shall pay to the Secured Party upon demand the amount of any and all costs and expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Secured Party may incur in connection with (i) the administration of this Pledge Agreement or the Promissory Note after a default, (ii) the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Secured Party hereunder or under the Promissory Note, or (iv) the failure by the Pledgor to perform or observe any of the provisions hereof or of the Promissory Note.

14. WAIVERS BY PLEDGOR, ETC.

(a) The Pledgor agrees that the Pledgor's Obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance that constitutes a legal or equitable discharge of a guarantor or surety other than indefeasible payment in full of the Pledgor's Obligations. In furtherance of the foregoing and without limiting the generality thereof, the Pledgor agrees as follows:

(i) The Secured Party, for itself or on behalf of any other person or entity, may from time to time, without notice or demand and without affecting the validity or enforceability of this Pledge Agreement and without giving rise to any limitation, impairment or discharge of the Pledgor's liability or obligations hereunder, (A) create, increase, renew, extend, accelerate or otherwise change the time, place, manner or terms of payment of the Pledgor's Obligations, (B) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Pledgor's Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligation, (C) request and accept guaranties of any of the Pledgor's Obligations and take and hold other security for the payment of the Pledgor's Obligations, (D) release, exchange, compromise, subordinate or modify, with or without consideration, any other security for payment of the Pledgor's Obligations, any guaranties of the Pledgor's Obligations, or any other obligation of any person or entity with respect to the Pledgor's Obligations, (E) enforce and apply any other security now or hereafter held by or for the benefit of the Secured Party or any other person or entity in respect of the Pledgor's Obligations and direct the order or manner of sale thereof, or the exercise of any other right or remedy that the Secured Party or any other person or entity, may have against any such security, as the Secured Party in its sole discretion may determine consistent with the terms of any applicable security agreement, including, without limitation, application of the Collateral against and in satisfaction the Pledgor's Obligations valuing the Collateral at a price equal to 80% of the average per share closing sale price of the Class A Common Stock as reported on the New York Stock Exchange for the twenty consecutive trading days ending the trading day immediately prior to the date of the applicable event, foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Pledgor against another party or any other security for the Pledgor's Obligations (and the Pledgor expressly acknowledges that such exercise of a right or remedy that impairs or extinguishes the Pledgor's right of reimbursement or subrogation would create a possible defense by the Pledgor against any liability hereunder, but the Pledgor expressly and knowingly waives any such defense), and (F) exercise any other rights available to the Secured Party or any other person or entity under the Promissory Note, at law or in equity; and

(ii) this Pledge Agreement and the obligations of the Pledgor hereunder shall be valid and enforceable and shall not be subject to any limitation, impairment or discharge for any reason (other than indefeasible payment and performance in full of the Pledgor's Obligations), including, without limitation, the occurrence of any of the following, whether or not the Pledgor shall have had notice or knowledge of any of them: (A) any failure to assert or enforce or any agreement not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Pledgor's Obligations or any agreement relating thereto, or with respect to any guaranty of or other security for the payment of the Pledgor's Obligations, (B) any waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including, without limitation, provisions relating to events of default) of the Promissory Note, this Pledge Agreement or any agreement, document or instrument executed pursuant hereto or thereto, or of any guaranty or other security for the Pledgor's Obligations, (C) the Pledgor's Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect, (D) the application of payments received from any source to the payment of indebtedness other than the Pledgor's Obligations, even though the Secured Party or any other person or entity might have elected to apply such payment to any part or all of the Pledgor's Obligations, (E) any failure to perfect or continue perfection of a security interest in any other collateral that secures any of the Pledgor's Obligations, (F) any defenses, set-offs or counterclaims that the related obligor may allege or assert against the Secured Party in respect of the Pledgor's Obligations, including, without limitation, failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction, and usury, and (G) any other act, thing or omission, or delay to do any other act or thing, that may or might in any manner or to any extent vary the risk of the Pledgor obligors in respect of the Pledgor's Obligations.

(b) The Pledgor hereby waives for the benefit of the Secured Party:

(i) any right to require the Secured Party, as a condition of payment or performance by the Pledgor, to (A) proceed against any guarantor of the Pledgor or any other person or entity, (B) proceed against or exhaust any other security held from any guarantor of the Pledgor's Obligations or any other person or entity, (C) proceed against or have resort to any balance of any deposit account or credit on the books of the Secured Party or any other person or entity, or (D) pursue any other remedy in the power of the Secured Party or any other person or entity whatsoever;

(ii) any defense arising by reason of the incapacity, lack of authority or any disability or other defense, including, without limitation, any defense based on or arising out of the lack of validity or the unenforceability of the Pledgor's Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability;

(iii) any defense based upon any statute or rule of law that provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal;

(iv) any defense based upon the errors or omissions of the Secured Party or any other person or entity in the administration of the Pledgor's Obligations, except behavior that amounts to fraud or wilful misconduct;

(v) (A) any principles or provisions of law, statutory or otherwise, that are or might be in conflict with the terms of this Pledge Agreement and any legal or equitable discharge of the Pledgor's Obligations hereunder, (B) the benefit of any statute of limitations affecting the Pledgor's liability hereunder or the enforcement hereof, (C) any rights to set-offs, recoupments and counterclaims, and (D) promptness, diligence and any requirement that the Secured Party or any other person or entity protect, secure, perfect or insure any other lien or security interest or any property subject thereto;

(vi) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, notices of default under the Promissory Note or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Pledgor's Obligations or any agreement related thereto, notices of any extension of credit to the Pledgor and notices of any of the matters referred to in Section 14(b)(v) above and any right to consent to any thereof; and

(vii) to the fullest extent permitted by applicable law, any defenses or benefits that may be derived from or afforded by law that limit the liability of or exonerate guarantors or sureties in general, or that may conflict with the terms of this Pledge Agreement.

15. CONTINUING SECURITY INTEREST; TRANSFER OF OBLIGATIONS.

(a) This Pledge Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the indefeasible payment and performance in full of the Pledgor's Obligations, (ii) be binding upon the Pledgor and his successors and assigns, and (iii) inure, together with the rights and remedies of the Secured Party hereunder, to the benefit of the Secured Party and its successors, assigns, transferees, conveyees and purchasers. Without limiting the generality of the foregoing clause (iii), the Secured Party may assign or otherwise transfer totally to another person or entity all or any part of the Secured Party's right, title and interest in the Pledgor's Obligations, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to the Secured Party herein or otherwise.

(b) Upon the indefeasible payment and performance in full of the Pledgor's Obligations, the liens and the Security Interest granted hereby shall terminate and all rights to the Collateral shall revert to the Pledgor. Upon any such termination, the Secured Party shall, at the Pledgor's expense, execute and deliver to the Pledgor such documents and instruments as the Pledgor shall reasonably request to evidence such termination.

16. FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE. No failure or delay on the part of the Secured Party in the exercise of any power, right or privilege hereunder shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Pledge Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

17. COSTS AND EXPENSES. The Pledgor shall pay all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred by or on behalf of the Secured Party in the enforcement of this Pledge Agreement and the Promissory Note.

18. NOTICES. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given two (2) business days after being sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

- If to the Pledgor:

  William E. McGlashan, Jr.
  627 Marina Blvd.
  San Francisco, CA 94123
  Telephone: (415) 931-8836
  Facsimile: (415) 931-8839

- If to the Secured Party:

  Nu Skin Enterprises, Inc.
  75 West Center Street
  Provo, Utah 84601
  Attention: M. Truman Hunt
  Telephone: (801) 345-5060
  Facsimile: (801) 345-3099

Any party may send any notice, request, demand, claim or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail or electronic mail). Any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

19. NO WAIVERS; REMEDIES; SPECIFIC PERFORMANCE.

(a) No failure or delay by any party in exercising any right, power or privilege under this Pledge Agreement shall operate as a waiver of the right, power or privilege. A single or partial exercise of any right, power or privilege shall not preclude any other or further exercise of the right, power or privilege or the exercise of any other right, power or privilege hereunder. The rights and remedies provided in this Pledge Agreement shall be cumulative and not exclusive of any rights or remedies provided by applicable law.

(b) In view of the uniqueness of the transactions contemplated hereby, the parties agree that the Secured Party would not have an adequate remedy at law for money damages in the event that this Pledge Agreement is not performed by the Pledgor in accordance with its terms, and therefore the parties agree that the Secured Party shall be entitled to specific enforcement of the terms of this Pledge Agreement in addition to any other remedy to which it may be entitled, at law or in equity.

20. AMENDMENTS, ETC. No amendment, modification, termination or waiver of any provision of this Pledge Agreement, and no consent to any departure by a party to this Pledge Agreement from any provision hereof, shall be effective unless it shall be in writing and signed and delivered by the other parties to this Pledge Agreement, and then it shall be effective only in the specific instance and for the specific purpose for which it is given.

21. SUCCESSORS AND ASSIGNS.

(a) As further provided in Section 15, the Secured Party may assign or transfer its rights and delegate its obligations under this Pledge Agreement; such assignee or transferee shall accept those rights and assume those obligations for the benefit of the Secured Party in writing in form reasonably satisfactory to the Pledgor. Thereafter, without any further action by any person or entity, all references in this Pledge Agreement to "Secured Party", and all comparable references, shall be deemed to be references to the assignee or transferee, but the Pledgor shall not be released from any obligation or liability under this Pledge Agreement.

(b) Except as provided in Section 21(a) above, no party may assign or transfer its rights under this Pledge Agreement. Any delegation in contravention of this Section 21(b) shall be void ab initio and shall not relieve the delegating party of any duty or obligation under this Pledge Agreement.

(c) The provisions of this Pledge Agreement shall be binding upon and inure to the benefit of the parties to this Pledge Agreement and their respective successors and permitted assigns, transferees, conveyees and purchasers.

22. GOVERNING LAW. This Pledge Agreement shall be governed by and construed in accordance with the internal laws of the State of Utah. All rights and obligations of the parties hereto shall be in addition to and not in limitation of those provided by applicable law.

23. COUNTERPARTS; EFFECTIVENESS. This Pledge Agreement may be signed in any number of counterparts, each of which shall be deemed to be an original, with the same effect as if all signatures were on the same instrument.

24. SEVERABILITY OF PROVISIONS. Any provision of this Pledge Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Pledge Agreement

or affecting the validity or enforceability of the prohibited or unenforceable provision in any other jurisdiction.

25. HEADINGS AND REFERENCES. Section headings in this Pledge Agreement are included herein for convenience of reference only and do not constitute a part of this Pledge Agreement for any other purpose. References to parties and Sections in this Pledge Agreement are references to the parties to or the Sections of this Pledge Agreement, as the case may be, unless the context shall require otherwise.

26. ENTIRE AGREEMENT. Except as otherwise specifically provided in this Section 26, this Pledge Agreement and the documents and instruments referenced herein embody the entire agreement and understanding of the respective parties and supersedes all prior agreements and understandings with respect to the subject matter of those documents. The Pledgor and the Secured Party shall remain subject to the Promissory Note in accordance with the terms thereof.

27. SURVIVAL. Except as otherwise specifically provided in this Pledge Agreement, each representation, warranty or covenant contained herein or made pursuant to this Pledge Agreement shall survive the execution of this Pledge Agreement and shall remain in full force and effect, notwithstanding any investigation or notice to the contrary or any waiver by any other party of a related condition precedent to the performance by such other party of an obligation under this Pledge Agreement.

28. EXCLUSIVE JURISDICTION. Each of the Pledgor and the Secured Party (a) agrees that any legal action with respect to this Pledge Agreement shall be brought exclusively in the courts of the State of Utah or in the United States District Court for the District of Utah, (b) accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of those courts, and (c) irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, that it may now or hereafter have to the bringing of any legal action in those jurisdictions; provided, however, that each of the Pledgor and the Secured Party may assert in a legal action in any other jurisdiction or venue each mandatory defense, third party claim or similar claim that, if not so asserted in such action, may not be asserted in an original legal action in the courts referred to in clause (a) of this Section 28.

29. WAIVER OF JURY TRIAL. Each party waives any right to a trial by jury in any action to enforce or defend any right under this Pledge Agreement or any amendment, instrument, document or agreement delivered, or that in the future may be delivered, in connection with this Pledge Agreement, and agrees that any action shall be tried before a court and not before a jury.

30. NON RECOURSE AGAINST SECURED PARTY CONTROLLING PERSONS. No recourse under this Pledge Agreement shall be had against any "controlling person" (within the meaning of Section 20 of the Exchange Act) of the Secured Party or the shareholders, directors, officers, employees, agents and affiliates of the Secured Party or such controlling persons, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any rule or regulation, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by such controlling person, shareholder, director, officer, employee, agent or affiliate, as such, for any obligations of the Secured Party under this Pledge Agreement or the Promissory Note or for any claim based on, in respect of or by reason of, such obligations or their creation.

31. SPOUSAL CONSENT. The Pledgor's spouse shall execute and deliver the Spousal Consent form substantially in the form attached hereto as Exhibit "D". Such executed form shall be delivered to the Secured Party on the date hereof.

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IN WITNESS WHEREOF, the undersigned have executed this Pledge Agreement as of the date first above written.

THE PLEDGOR:	THE SECURED PARTY:
WILLIAM E. MCGLASHAN, JR.	NU SKIN ENTERPRISES, INC.
_________________________________	By:__________________________
	Its:_________________________

AMENDED AND RESTATED
WILLIAM MCGLASHAN, JR.
EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the "Agreement") dated as of June 21, 1999, between PHARMANEX, INC., a Delaware corporation ("Company"), and WILLIAM MCGLASHAN, JR. ("Executive").

WHEREAS, the Company is a wholly owned subsidiary of Generation Health Holdings, Inc.;

WHEREAS, in connection with the transactions contemplated by that certain Agreement and Plan of Merger and Reorganization between Generation Health Acquisitions, Corp., Nu Skin Enterprises, Inc. ("Parent") and Generation Health Holdings, Inc., dated as of October 5, 1998 ("Merger Agreement"), the Company became an indirect wholly owned subsidiary of the Parent;

WHEREAS, following the transactions contemplated by the Merger Agreement, the Company wished to have the Executive continue to provide services under the terms of an Employment Agreement dated October 5, 1999 (the " Original Employment Agreement").

WHEREAS, the Company and Executive wish to amend and restate the terms of the Original Employment Agreement,

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. EFFECTIVENESS OF AGREEMENT

1.1. General. This Agreement shall become effective as of the date hereof and shall replace in its entirety the Original Employment Agreement, recognizing the effectiveness of the Original Employment Agreement from the date of its execution until the date hereof.

2. EMPLOYMENT AND DUTIES

2.1. General. The Company hereby employs the Executive, and the Executive agrees to serve, as President of the Company, upon the terms and conditions herein contained. In such capacity, Executive shall report directly to the Chief Executive Officer of the Parent. The Executive shall perform such other duties and services for the Company and the Parent as may be reasonably designated from time to time by the Parent and as are consistent with Executive's title. The Executive agrees to serve the Company faithfully and to the best of his ability under the direction of the Parent.

2.2. Exclusive Services. Except as may otherwise be approved in advance by the Board of Directors of the Company ("Board"), and except during vacation periods and reasonable periods of absence due to sickness, personal injury or other disability, the Executive shall devote his full working time throughout the Employment Term (as defined below) to the services required of him hereunder. The Executive shall render his services exclusively to the Company during the Employment Term, and shall use his best efforts, judgment and energy to improve and advance the business and interests of the Company in a manner consistent with the duties of his position. Executive may participate in charitable and philanthropic activities so long as they don't interfere with his duties hereunder.

2.3. Term of Employment. The Executive's employment under this Agreement shall commence as of the Effective Time (as defined in the Merger Agreement) and shall terminate on the earlier of (a) December 31, 2001, or (b) the termination of the Executive's employment pursuant to this Agreement. The period commencing as of the Effective Time and ending on December 31, 2001 or such earlier date on which Executive's employment with the Company terminates, is hereinafter referred to as the "Employment Term". Executive may terminate his employment with the Company at any time and for any reason upon twelve (12) months prior written notice to the Company.

2.4. Reimbursement of Expenses. The Company shall reimburse the Executive for reasonable travel and other business expenses incurred by him in the fulfillment of his duties hereunder upon presentation by the Executive of an itemized account of such expenditures, in accordance with the Parent's policies and procedures.

2.5. Termination of Prior Agreements. Executive agrees and acknowledges that, upon the Effective Time, all prior employment agreement, compensation and incentive arrangements and rights to acquire equity of the Company (except as provided expressly herein and except for options expressly assumed by Parent in the Merger Agreement and except for the Indemnity Agreement between Executive and Generation Health Holdings, Inc. (unless Executive and the Company enter into a replacement Indemnification Agreement in form and substance satisfactory to Executive)) are cancelled in their entirety and are of no further force or effect.

3. SALARY

3.1. Base Salary. From the date hereof, the Executive shall be entitled to receive a base salary ("Base Salary") at a rate of $260,000 per annum, payable twice monthly in arrears in equal installments in accordance with the Parent's payroll practices.

3.2. Annual Review. The Executive's Base Salary shall be reviewed for potential increase by the Parent, based upon the Executive's performance, not less often than annually. Any positive adjustments in Base Salary effected as a result of such review shall be made by the Parent in its sole discretion; provided, however, that during the three year period of the Employment Term only, the Executive shall receive a minimum increase of ten percent (10%) per annum.

3.3. Bonus. During his employment under this Agreement, the Executive shall be entitled to participate in Parent's Cash Incentive Plan ("Bonus Plan"), under which the Executive shall be entitled to participate at the highest level available to executives of the Parent and to receive bonuses of up to 190% of his Base Salary annually, based on his level of achievement of the applicable performance criteria. During the Employment Term, however, Executive's semi-annual bonuses shall not be less than $80,500, provided that any bonus paid in September 1999 shall not be less than $54,000. Any bonus will be paid in cash in accordance with of the terms and conditions of the Bonus Plan. If Executive would have been entitled to a bonus under this Section for any bonus period (January 1 to June 30, and July 1 to December 31) but for the fact that he is no longer employed by the Company on a bonus payment date (March 15 or September 15), as opposed to during a bonus period, other than as a result of a termination for Cause or Executive's resignation, then Executive shall nonetheless be entitled to and be paid the applicable bonus.

4. LONG-TERM INCENTIVE COMPENSATION.

The Company will provide the Executive with the following long-term incentive compensation arrangement in accordance with the terms of Parent's 1996 Incentive Stock Option Plan ("Stock Option Plan").

(a) As soon as practicable after the date hereof, Parent will grant the Executive nonqualified stock options ("Options") to acquire 450,000 shares of Parent common stock ("Shares"); 120,000 of the Options will be designated Series A Options ("Series A Options"), 150,000 of the Options will be designated Series B Options ("Series B Options") and 180,000 of the Options will be designated Series C Options ("Series C Options"), in each case with an exercise price equal to $17.00 per share.

(b) For each of the three fiscal years of the Company beginning with fiscal year 1999 ("Performance Period"), one-third of each of the Series A, Series B and Series C Options will vest (and become exercisable) at the end of each fiscal year if the following conditions are satisfied: (i) the Pharmanex/IDN Gross Profit objectives for such fiscal year for such series and set forth on Appendix A (which may be equitably adjusted from time to time, in the sole determination of Parent's Board of Directors acting reasonably and in good faith, to reflect significant changes and developments in the Company's operations resulting from acquisitions or dispositions of other companies or business) ("Gross Profit") are met or exceeded,and (ii) the Executive is employed by the Company or an affiliate continuously until the last day of such fiscal year. For purposes of this Agreement, Gross Profit of the Company shall be calculated by the Parent=s independent certified public accountants in accordance with generally accepted accounting principles. In the event that Parent's Board of Directors determines that an increase in the Gross Profit objectives is warranted in accordance with the foregoing, such objectives shall be adjusted upward by an amount equal to the annualized gross profit results for the acquired company in the year of acquisition, plus the lesser of (i) 10% ten percent per annum to reflect a modest anticipated growth rate, or (ii) the average historical growth rate in gross profit of the acquired company during the acquired company's prior three fiscal years.

Moreover, if any one-third installment of such Options have not become exercisable in accordance with the immediately preceding paragraph, such Options shall become vested and exercisable at the earlier to occur, if any, of the following dates or events:

(i) the end of any subsequent fiscal year in the Performance Period if the cumulative Gross Profit objectives for the period ending with the end of such fiscal year as set forth on Appendix A are met or exceeded; provided that the Executive is employed by the Company continuously until the last day of such fiscal year; or

(ii) the date which is seven years after the Effective Time; provided the Executive is employed by the Company continuously until such date.

Notwithstanding the foregoing, upon the occurrence of a change of control of the Parent (as defined in the Stock Option Plan), all unvested Options will become immediately vested and exercisable; provided the Executive is employed by the Company or an affiliate on such date.

(c) Unless the Company determines otherwise, the Executive shall forfeit all Options, whether or not vested, if the Executive's employment with the Company or any of its affiliates is terminated for Cause or, if following termination of the Executive's employment with the Company or any of its affiliates for any other reason, the Company determines that, during the period of the Executive's employment, circumstances existed which would have entitled the Company or any such affiliate to terminate the Executive's employment for Cause and the Company notifies Executive of such determination in writing no later than ninety (90) days after termination of Executive's employment with the Company.

(d) In connection with the grant of the Options, the Company and the Executive shall enter into an award document which shall set forth the term of the Options, the procedures for exercising the Options and such other terms as the Company may determine, in its reasonable discretion, are necessary and appropriate; provided, however, that notwithstanding the foregoing the Options shall have the longest term permissible under the Stock Option Plan.

5. EMPLOYEE BENEFITS

The Executive shall, during his employment under this Agreement, be included to the extent eligible thereunder in all employee benefit plans, programs or arrangements (including, without limitation, any plans, programs or arrangements providing for retirement benefits, profit sharing, disability benefits, health and life insurance, or vacation and paid holidays) that shall be established or adopted by the Company or the Parent for, or made available to, the Company's or the Parent's senior executives. In addition, the Company shall furnish the Executive with the following benefits during his employment under this Agreement:

(a) reimburse up to $6,500 per annum for expenses with respect to his participation in the Young President=s Organization ("YPO"). In addition, every year Executive shall be entitled to attend one YPO University one week session and receive reimbursement therefor; and

(b) the payment of Executive's reasonable relocation expenses incurred in connection with any move of the Company's principal headquarters at any time during the term of this Agreement in accordance with the policies of the Parent; and

(c) Four (4) weeks vacation per annum; and

(d) at the Company's expense, maintain an executive quality apartment or condominium in Provo, Utah for use in connection with Company business.

6. TERMINATION OF EMPLOYMENT

6.1. Termination Without Cause.

6.1.1. General. Subject to the provisions of Sections 6.1.3 and 6.1.4, if, prior to the expiration of the Employment Term, the Executive's employment is terminated by the Company without Cause (as defined below), the Company shall continue to pay the Executive the Base Salary (at the rate in effect on the date of such termination) for twelve (12) months (such period being referred to hereinafter as the "Severance Period"), at such intervals as the same would have been paid had the Executive remained in the active service of the Company. The Executive shall have no further right to receive any other compensation or benefits after such termination or resignation of employment, except as determined in accordance with the terms of the employee benefit plans or programs of the Company or as provided in this Agreement. In addition, the Executive may, but only within twelve (12) months after he ceases to be an employee, exercise his Options to the extent they have vested. To the extent that the Executive is not otherwise entitled to exercise the Options at the date of such termination, or if he fails to exercise the Options within the time specified in the preceding sentence, such Options will terminate.

6.1.2 To the extent that any of the Options would have vested at the end of the fiscal year in which Executive is terminated under Section 4 of this Agreement but for the termination of the Executive without Cause, then notwithstanding Section 6.1.1 hereof, such Options shall vest when the necessary calculations under Section 4 have been completed, and Executive shall have twelve (12) months from such determination date to exercise the Options. The Company shall notify Executive within ten days after the necessary calculations under Section 4 have been completed (which calculations shall be made no later than ninety (90) days after the fiscal year in question) as to whether any of the Options have vested. This provision shall survive termination of the Agreement.

6.1.3. Conditions Applicable to the Severance Period. If, during the Severance Period, the Executive breaches any of his obligations under Section 8, the Company may, upon written notice to the Executive, terminate the Severance Period and cease to make any further payments or provide any benefits described in Section 6.1.1.

6.1.4. Death During Severance Period. In the event of the Executive's death during the Severance Period, payments of Base Salary under Section 6.1.1 shall continue to be made during the remainder of the Severance Period to the beneficiary designated in writing for this purpose by the Executive or, if no such beneficiary is specifically designated, to the Executive's estate.

6.1.5. Date of Termination. The date of termination of employment without Cause shall be the date specified in a written notice of termination to the Executive as the last day of the Executive's employment.

6.1.6. Constructive Termination. The term "Constructive Termination" means:

(a) the continued assignment to Executive of any duties or the continued material reduction in Executive's duties, either of which is materially inconsistent with Executive's position with the Company, for thirty (30) calendar days after Executive's delivery of written notice to the Company objecting to such assignment or reduction; or

(b) the relocation of the principal place for the rendering of Executive's services hereunder to a location more than twenty (20) miles from Los Angeles or the Company's initial business offices in the San Francisco Area; or

(c) a material reduction in compensation and benefits under this Agreement, which remains in effect for thirty (30) calendar days after Executive delivers written notice to the company of such material reduction.

None of the foregoing will constitute a Constructive Termination to the extent mutually agreed upon in advance of the occurrence thereof by the Executive and the Company. A Constructive Termination will be treated as a termination of the Executive by the Company without Cause.

6.2. Termination for Cause; Resignation.

6.2.1. General. If, prior to the expiration of the Employment Term, the Executive's employment is terminated by the Company for Cause, or the Executive resigns from his employment hereunder, the Executive shall be entitled only to payment of his Base Salary as then in effect through and including the date of termination or resignation. In the event the Executive resigns Executive may, but only within twelve (12) months after he ceases to be an employee, exercise his Options to the extent they have vested. The Executive shall have no further right to receive any other compensation or benefits after such termination or resignation of employment, except as determined in accordance with the terms of the employee benefit plans or programs of the Company or as provided in this Agreement.

6.2.2. Date of Termination. The date of termination for Cause shall be the date specified in a written notice of termination to the Executive as the last day of the Executive's employment. The date of resignation shall be the date specified in the written notice of resignation from the Executive to the Company as the last day of the Executive's employment, or if no date is specified therein, twelve (12) months after receipt by the Company of written notice of resignation from the Executive.

6.3. Cause. Termination for "Cause" shall mean termination of the Executive's employment because of:

(a) any act or omission that constitutes a material breach by the Executive of any of his obligations under this Agreement, which breach is materially injurious to the Company;

(b) the willful and continued failure or refusal of the Executive to substantially perform the duties required of him in his position with the Company, which failure is not cured within twenty (20) days following written notice of such failure;

(c) any willful violation by the Executive of any material law or regulation applicable to the business of the Company or any of its subsidiaries or affiliates, or the Executive's conviction of, or a plea of nolo contendre to, a felony, or any willful perpetration by the Executive of a common law fraud; or

(d) any other willful misconduct by the Executive that is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company or any of its subsidiaries or affiliates.

7. DEATH OR DISABILITY

In the event of termination of employment by reason of death or Disability (as hereinafter defined), the Executive (or his estate, as applicable) shall be entitled to Base Salary through the date of termination. Other benefits shall be determined in accordance with the terms of the benefit plans maintained by the Company, and the Company shall have no further obligation hereunder. In addition, the Executive (or his estate or the person or persons to whom the Options may have been transferred by will or by the laws of decent and distribution, as applicable) may, but only within twelve months after Executive ceases to be an employee, exercise Executive's Options to the extent Executive was entitled to exercise such Options on the date of his death or on the date he is terminated by the Company by reason of Disability (all of which shall be terminations without Cause). To the extent that the Executive was not otherwise entitled to exercise the Options on such date, or if he (or his estate or the person or persons to whom the Options may have been transferred by will or by the laws of decent and distribution, as applicable) fails to exercise the Options within the time specified in the preceding sentence, such Options will terminate. For purposes of this Agreement, "Disability" means a physical or mental disability or infirmity of the Executive, as determined by a physician of recognized standing selected by the Company, that prevents (or, in the opinion of such physician, is reasonably expected to prevent) the normal performance of his duties as an employee of the Company for any continuous period of 180 days, or for 180 days during any one 12-month period.

8. CONFIDENTIALITY; NONCOMPETITION; NONSOLICITATION

8.1. Key-Employee Covenants. The Executive agrees to perform his obligations and duties and to be bound by the terms of the Key-Employee Covenants attached hereto as Appendix B which are incorporated by reference and which shall be in force unless otherwise expressly modified by this Agreement.

(a) Executive agrees that the period of non-competition set forth in Section 8 of the Key-Employee Covenants is lengthened from six months to one year. The Company, or the Parent may extend the period of non-competition set forth in Section 8 of the Key-Employee Covenants for up to an additional two (2) years thereafter, provided that (i) where Executive has either voluntarily resigned his employment with the Company or his employment is terminated for Cause, within thirty (30) days of the termination of the applicable non-competition period the Company or the Parent notifies the Executive in writing that it wishes to so extend the period of non-competition for an additional one-year period, (ii) where Executive's employment with the Company is terminated without Cause or as a result of the expiration of the term of this Agreement (where Executive does not continue in the employ of the Company), the Company notifies the Executive in writing within sixty (60) days of the termination of Executive's employment hereunder, that it wishes to so extend the period of non-competition and specifies therein whether such extension shall be for a one (1) or two (2) year period, and (iii) the Company pays Executive for each year that it decides to extend the period of non-competition an amount equal to fifty percent (50%) of Executive's most recent Base Salary, which amount shall be payable by the Company twice monthly over the period in question.

8.2. Certain Remedies. Without intending to limit the remedies available to the Company, the Executive agrees that a breach of any of the covenants contained in the Key-Employee Covenants may result in material and irreparable injury to the Company or its subsidiaries or affiliates for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining the Executive from engaging in activities prohibited by the Key-Employee Covenants or such other relief as may be required specifically to enforce any of the covenants in the Key-Employee Covenants. Such injunctive relief in any court shall be available to the Company in lieu of, or prior to or pending determination in, any arbitration proceeding.

9. ARBITRATION

Any dispute or controversy arising under or in connection with this Agreement that cannot be mutually resolved by the parties hereto shall be settled exclusively by arbitration pursuant to the rules of the American Arbitration Association in Salt Lake City, Utah before three arbitrators of exemplary qualifications and stature. Each party hereto shall choose an independent arbitrator meeting such qualifications within ten (10) business days after demand for arbitration is made and such independent arbitrators shall mutually agree as to the third arbitrator meeting such qualifications within twenty (20) business days after demand for arbitration is made. If such arbitrators cannot come to an agreement as to the third arbitrator by such date, the American Arbitration Association shall appoint the third arbitrator in accordance with its rules and the qualification requirements set forth in this section. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The parties hereby agree that the arbitrators shall be empowered to enter an equitable decree mandating specific enforcement of the terms of this Agreement. The party that prevails in any arbitration hereunder shall be reimbursed by the other party hereto for any reasonable legal fees and out-of-pocket expenses directly attributable to such arbitration, and such other party shall bear all expenses of the arbitrators. Upon the request of a party, the arbitration award shall specify the factual and legal basis for the award.

10. MISCELLANEOUS

10.1. Communications. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or on the fifth business day after mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested) to the party at the following addresses (or at such other address for a party as shall be specified by like notice, except that notices of changes of address shall be effective upon receipt):

(a) if to the Company:

c/o Nu Skin Enterprises, Inc.
75 West Center Street
Provo, Utah 84601
Tel: (801) 345-6100
Fax: (801) 345-3099
Attention: Truman Hunt, Esq.

with copies to:

Shearman & Sterling
555 California Street, Suite 2000
San Francisco, CA 94104
Attention: Kevin Kennedy, Esq.
Telephone: (415) 616-1100
Facsimile: (415) 616-1199

(b) if to the Executive:

627 Marina Boulevard
San Francisco, CA 94109
Tel: (415) 931-8836
Fax: (415) 931-8839

10.2. Waiver of Breach; Severability.

(a) The waiver by the Executive or the Company of a breach of any provision of this Agreement by the other party hereto shall not operate or be construed as a waiver or any subsequent breach by either party.

(b) The parties hereto recognize that the laws and public policies of various jurisdictions may differ as to the validity and enforceability of covenants similar to those set forth herein. It is the intention of the parties that the provisions hereof be enforced to the fullest extent permissible under the laws and policies of each jurisdiction in which enforcement may be sought, and that the unenforceability (or the modification to conform to such laws or policies) of any provisions hereof shall not render unenforceable, or impair, the remainder of the provisions hereof. Accordingly, if at the time of enforcement of any provision hereof, a court of competent jurisdiction holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope, or geographic area reasonable under such circumstances will be substituted for the stated period, scope or geographical area and that such court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and geographical area permitted by law.

10.3. Assignment; Successors. No right, benefit or interest hereunder shall be assigned, encumbered, charged, pledged, hypothecated or be subject to any setoff or recoupment by the Executive. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company; provided, however that the Company may not assign this Agreement without Executive's consent.

10.4. Entire Agreement. This Agreement and the Appendices attached hereto, which are incorporated herein by this reference, contain the entire agreement of the parties with respect to the subject matter hereof, and on and after the Effective Time, and except as otherwise set forth herein, supersedes all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral, with respect to the subject matter hereof.

10.5. Cancellation of Options. As consideration for entering into this Agreement, the Executive agrees to cancel and waive all rights and interest that he may have to the options described in Appendix C effective as of the Effective Time.

10.6. Withholding. The payment of any amount pursuant to this Agreement shall be subject to applicable withholding and payroll taxes, and such other deductions as may be required under the Company's employee benefit plans, if any.

10.7. Governing Law. This Agreement shall be governed by, and construed with, the law of the
State of Utah.

10.8. Headings. The headings in this Agreement are for convenience only and shall not be used to interpret or construe any of its provisions.

10.9. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed, the Parent has agreed and accepted terms hereof, and the Executive has hereunto set his hand, as of the day and year first above written.

PHARMANEX, INC.

By:
Name:
Title:

Agreed and accepted as to its duties pursuant to this Agreement:

NU SKIN ENTERPRISES, INC.

By:
Name:
Title:

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JUN-30-1999
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