SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

|X| Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 1998 or

|_| Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

NU SKIN ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-12421	87-0565309
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

75 West Center Street
Provo, Utah 84601
(Address of principal executive offices, including zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Class A Common Stock, $.001 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 |_|

Based on the closing sales price of the Class A Common Stock on the New York Stock Exchange on March 26, 1999, the aggregate market value of the voting stock (Class A and Class B Common Stock) held by non-affiliates of the Registrant was $704,691,842. For purposes of this calculation, voting stock held by officers, directors, and affiliates has been excluded.

As of March 25, 1999, 33,165,315 shares of the Registrant's Class A Common Stock, $.001 par value per share, and 54,606,905 shares of the Registrant's Class B Common Stock, $.001 par value per share, were outstanding.

Documents incorporated by reference. Portions of the Company's 1998 Annual Report to Stockholders to be furnished to the stockholders of the Company pursuant to Rule 14a-3(b) in connection with Registrant's 1999 Annual Meeting of Stockholders are attached hereto as Exhibit 13, and are incorporated herein by reference into Parts II and IV of this Form. Portions of the Company's definitive Proxy Statement for the Registrant's 1999 Annual Meeting of Stockholders to be filed with the Securities and Exchange commission within 120 days after the Registrant's fiscal year end are incorporated by reference in Part III of this report.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. |_|

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FORWARD LOOKING STATEMENTS

THIS ANNUAL REPORT ON FORM 10-K, IN PARTICULAR "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AND "ITEM 1. BUSINESS," INCLUDE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THESE STATEMENTS REPRESENT THE COMPANY'S EXPECTATIONS OR BELIEFS CONCERNING, AMONG OTHER THINGS, FUTURE REVENUE, EARNINGS, AND OTHER FINANCIAL RESULTS, PROPOSED ACQUISITIONS AND NEW PRODUCTS, ENTRY INTO NEW MARKETS, FUTURE OPERATIONS AND OPERATING RESULTS, FUTURE BUSINESS AND MARKET OPPORTUNITIES. THE COMPANY WISHES TO CAUTION AND ADVISE READERS THAT THESE STATEMENTS INVOLVE RISK AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE EXPECTATIONS AND BELIEFS CONTAINED HEREIN. FOR A SUMMARY OF CERTAIN RISKS RELATED TO THE COMPANY'S BUSINESS, SEE "ITEM 1. BUSINESS -- RISK FACTORS" BEGINNING ON PAGE 27.

THE COMPANY HAS ENTERED INTO A LETTER OF INTENT TO ACQUIRE BIG PLANET, INC. AND THE REMAINING PRIVATE AFFILIATES OPERATING IN NORTH AMERICA (OUTSIDE OF THE UNITED STATES). THIS FORM 10-K CONTAINS INFORMATION CONCERNING THE BUSINESS OF BIG PLANET, INC. AND THE PRIVATE AFFILIATES AND THE ANTICIPATED EFFECT OF SUCH PROPOSED ACQUISITIONS ON THE BUSINESS OF THE COMPANY. THE COMPANY IS IN THE PROCESS OF FINALIZING DEFINITIVE AGREEMENTS WITH RESPECT TO SUCH PROPOSED ACQUISITIONS. THE PROPOSED ACQUISITIONS ARE SUBJECT TO SEVERAL CONDITIONS INCLUDING COMPLETION OF DEFINITIVE DOCUMENTATION, RECEIPT OF NECESSARY REGULATORY AND THIRD-PARTY APPROVALS, COMPLETION OF THE COMPANY'S DUE DILIGENCE REVIEW, AND APPROVAL BY THE STOCKHOLDERS OF BIG PLANET AND THE PRIVATE AFFILIATES. THERE CAN BE NO ASSURANCE THAT THE PROPOSED ACQUISITIONS WILL BE COMPLETED AS PLANNED.

Unless the context requires otherwise, references to the Company are to Nu Skin Enterprises, Inc. and its subsidiaries. In this Annual Report on Form 10-K, references to "dollars" and "$" are to United States dollars. Nu Skin, Pharmanex, Interior Design Nutritionals, "6S Quality Process", and IDN are trademarks of the Company. Big Planet and InterNetworking are trademarks of Big Planet, Inc. The italicized product names used in this Annual Report on Form 10-K are product names and also, in certain cases, trademarks of the Company.

PART I

ITEM 1. BUSINESS

General

Nu Skin Enterprises, Inc. (the "Company") is a leading, global direct selling company that currently distributes premium quality personal care products and nutritional supplements. Upon completion of the planned acquisition of Big Planet, Inc. discussed below, the Company will also offer Internet connectivity, e-commerce, telecommunications, and other technology products and services to consumers in the United States. The Company currently operates in 27 countries throughout North Asia, Southeast Asia, North America, Europe, and South America and is reported to be one of the largest direct selling companies in the world.

The Company distributes its products exclusively through a network marketing system. The Company currently has a network of nearly 500,000 active distributors located throughout its 27 markets that purchase products for resale to consumers and for personal consumption. Nu Skin was among the first direct selling companies to compensate distributors in their home countries for product sales around the world. Under the Company's "Global Compensation Plan," distributors can develop a seamless network of downline distributors throughout the world and across divisions. The Company believes that its extensive distributor force and the Global Compensation Plan provide the Company with a competitive advantage in gaining quick access to new geographic markets and rapid market penetration of new products.

During the past twelve months the Company has taken significant actions to broaden the Company's business both geographically and across product lines and to gain greater control over its product and business opportunity offerings. These actions include:

* The acquisition of Pharmanex, Inc. ("Pharmanex"), a premier developer of nutritional supplements.

* The expansion of operations into five new markets--Brazil, Sweden, Denmark, Poland, and the Philippines.

* The acquisition of Nu Skin operations in the United States.

* The execution of a letter of intent to acquire Big Planet, Inc. ("Big Planet") and the Company's other private affiliates operating in Canada, Mexico, and Guatemala.

These initiatives were designed to leverage the Company's primary asset, its sales and distribution channel and related expertise, by strengthening existing product lines, providing the Company with greater control over product and business opportunity offerings, expanding the Company's geographic markets, establishing a technology division, fortifying the Company's support infrastructure, and positioning the Company for further growth.

The acquisition of the United States market and the planned acquisitions of Big Planet and the remaining private affiliates operating in North America should also simplify the Nu Skin corporate structure by consolidating all of Nu Skin's operations under the Company. This should allow the Company to transition from a geographic management focus to a strategic, product-based business model along three general product divisions. The divisions will offer the following three distinct business opportunities, each specifically designed for the network marketing distribution channel, and each managed and directed by dedicated, distinct management teams:

Nu Skin Personal Care. The Company's original product line and business opportunity, offering over 100 premium quality personal care products in several categories: facial care, body care, hair care, and color cosmetics, as well as specialty products such as sun protection, oral hygiene, and fragrance.

Pharmanex. A nutritional supplement division offering a variety of nutritional supplements in several categories: multi-vitamin and mineral products and supplements that are currently marketed under the IDN (Interior Design Nutritional) trademark including LIFEPAK, the Company's flagship nutritional supplement, five proprietary natural supplements and a broad line of standardized botanical supplements acquired in the acquisition of Pharmanex, and a line of sports nutritional and general health solutions.

Big Planet. A communications and technology products and services division that offers Internet access and related services, e-commerce, telecommunications, unified communications, and on-line and CD-ROM educational products.

Recent Developments

Acquisition of Nu Skin International. At the beginning of 1998, the Company operated as the exclusive distribution vehicle for NSI in the countries of Japan, Taiwan, Hong Kong (including Macau), Thailand, and South Korea, and had the right to expand only into certain other Asian markets including the Philippines, the People's Republic of China, Vietnam, Singapore, Malaysia, and Indonesia. In February 1998, the Company commenced operations in the Philippines. In March 1998, the Company acquired NSI and certain other affiliated entities for $70.0 million in preferred stock, the issuance of long-term notes payable to the stockholders of the NSI totaling approximately $6.2 million, and the assumption of liabilities of approximately $173.8 million in notes that were distributed by NSI prior to the closing to the NSI stockholders as a distribution of all previously earned and undistributed "S" corporation earnings. The preferred stock was subsequently converted into 2,978,159 shares of

Class A Common Stock after giving effect to the cancellation of 8,504 shares following an adjustment in the purchase price based on the audited closing balance sheet of NSI. Through this acquisition, the Company obtained:

* Nu Skin's existing operations in New Zealand, Australia, and ten countries in Europe, and the right to all other future markets.

* Ownership of all rights to the Nu Skin distributor force, including all distributor agreements and the Global Compensation Plan, and all trade names, trademarks, product formulations, and other intellectual property rights and know how associated with the Nu Skin business and products, all of which were previously made available to the Company through a license from NSI.

* Greater control over product development, manufacturing, pricing, and the strategic development of the Nu Skin products and business offerings.

Acquisition of Pharmanex. In October 1998, the Company acquired Pharmanex, a research and development company and manufacturer of natural nutritional supplements, in exchange for the issuance of approximately 4.0 million shares of the Class A Common Stock of the Company and the assumption of approximately $34.0 million in liabilities. The Company believes that the acquisition of Pharmanex provides it with:

* Significant additional product research and development resources with a staff of more than 40 M.D.and/or Ph.D. scientists and laboratory facilities in China and the United States.

* Important clinical research and collaboration agreements and other relationships with several major universities in the United States and the People's Republic of China ("China") that the Company believes will enhance its ability to perform cost-effective clinical trials to help substantiate product claims.

* A line of existing proprietary nutritional and a broad line of botanical supplements including CHOLESTIN, a nutritional supplement shown to help maintain healthy cholesterol levels.

* Manufacturing capabilities with the acquisition of an extraction facility in China.

Acquisition of North American Affiliates. In March 1999, the Company acquired certain assets of its privately-held affiliate, Nu Skin USA, Inc., and terminated the exclusive license and distribution agreements it had entered into with such entity. Prior to this transaction, Nu Skin USA, Inc. had the exclusive right to sell the Company's products and services within the United States. In addition, the Company has also entered into a letter of intent to acquire its other private affiliates operating in Canada, Mexico, and Guatemala (such affiliates, together with Nu Skin USA, Inc., are hereinafter referred to as the "North American Affiliates"). The total consideration paid or to be paid in connection with such transactions includes cash payments of approximately $19.0 million and the assumption of certain liabilities (approximately $8.0 million in the Nu Skin USA transaction).

Acquisition of Big Planet. In addition, the Company has entered into a letter of intent to acquire Big Planet, Inc. The consideration will consist of a cash payment of approximately $14.5 million, the issuance of a three-year promissory note in the amount of approximately $14.5 million and the assumption of certain liabilities. In addition, prior to such acquisition, Big Planet will accelerate the employee stock awards and options of most Big Planet management personnel and employees and cash them out. Unvested shares and options which are not accelerated will be converted into shares of, and options to acquire shares of, the Class A Common Stock of the Company. The Company also will provide management personnel of Big Planet and certain key employees with certain equity and cash incentives, some of which will be issued or paid only if Big Planet achieves certain agreed

upon performance criteria. The acquisition of Big Planet is subject to the satisfaction of various conditions, including completion of definitive documentation, obtaining necessary regulatory and third-party approvals, the satisfactory completion of the Company's due diligence work, and approval by the shareholders of Big Planet. The proposed acquisition is expected to be completed by June 30, 1999. There can be no assurance, however, that all such conditions will be satisfied or that unanticipated factors will not arise which could cause the transaction to be delayed or not to be completed. See "Risk Factors - Risks Related to the Integration of Recent and Contemplated Acquisitions."

Business Divisions

Nu Skin Personal Care

Nu Skin Personal Care is the Company's original product line and business opportunity and currently consists of premium quality lines of over 100 personal care products in the areas of facial care, body care, hair care, skin whiteners, and color cosmetics, as well as specialty products such as sun protection, oral hygiene, and fragrances. According to the WWD Beauty Report International, at the end of 1997, the Company was the tenth largest cosmetic company in Asia.

Nu Skin Personal Care's strategy is to distribute high quality personal care products and treatments that utilize advanced formulas. For example, the Company was one of the first companies to market topical applications of various vitamins including Vitamins E, C and A. Other examples include the MHA REVITALIZING products, which utilize alpha and beta hydroxy acids to fight the signs of aging, and CELLTREX, a concentrated solution of aloe vera and other ingredients, designed to improve the skin's moisture content. The Company recently entered into a nine-year contract with Stanford University for directed research on skin care products and established the Nu Skin Center for Dermatological Research at Stanford University's School of Medicine. Nu Skin Personal Care also seeks to take advantage of the Company's highly educated distributor force to provide consumers with a high level of information and instruction about the products and guidelines for using them effectively.

Pharmanex

Following the acquisition of Pharmanex, the Company merged its previously existing Interior Design Nutritional products division ("IDN") with Pharmanex. The Company believes that combining Pharmanex's research and development engine and its proprietary nutritional and botanical supplements with IDN's existing product development resources and vitamin and mineral products, including IDN's flagship product, LIFEPAK, helps position the Company to further penetrate the growing nutritional supplement market. The combined Pharmanex/IDN division offers over 60 nutritional supplements and nutri-food products.

The Company believes that the nutritional supplement market is expanding throughout the world because of changing dietary patterns, an increasingly health-conscious population, and a growing amount of scientific evidence supporting the benefits of using vitamin and natural self-care products and supplements. The Company believes that its nutritional supplements are particularly well suited to network marketing because the average consumer is often uneducated about nutritional supplements. The Company believes that direct selling is a more effective method than traditional retailing channels in educating consumers regarding the benefits of nutritional supplements and differentiating the quality and benefits of its products from those offered by competitors. Because there are numerous providers of nutritional supplements of varying degrees of quality, the Company believes that individual attention and testimonials by distributors provide information and comfort to a potential consumer. In January 1999, the Company discontinued selling Pharmanex nutritional supplements in traditional retail channels where they had been distributed by Pharmanex prior to its acquisition by the Company. Pharmanex products are now available exclusively through the Company's distributor force, which the Company believes can more effectively educate consumers about these products on a person-to-person basis. Consistent with this personal selling approach, Pharmanex will allow independent pharmacies to be distributors of its

products because these smaller pharmacies tend to provide more personalized service and accommodate the flow of information to consumers on a person-to-person basis.

Pharmanex utilizes available scientific literature, existing research and clinical studies, and its own research work and clinical studies, including placebo controlled, double blind studies, in the evaluation and development of its products and in connection with confirming the efficacy of its products. Two of the Company's premier products, LIFEPAK, an advanced, uniquely formulated multivitamin/mineral supplement, and CHOLESTIN, a proprietary nutritional supplement that promotes healthy cholesterol levels, have been the subject of recent independent clinical studies that have demonstrated the efficacy of these products. The Company has also supported the creation of two research centers for nutritional supplements: the UCLA Center for Human Nutrition/Pharmanex Phytochemical Laboratory and the Pharmanex Institute for Cardiovascular Health and Sports Nutrition. The Company believes that the proprietary supplements and the broad line of botanical supplements acquired in the Pharmanex acquisition complement the Company's multivitamin and nutritional products and provide the Company with a strong portfolio of products for both the herbal and non-herbal segments of the nutritional supplement market.

Big Planet

The Internet is rapidly emerging as a global medium for communications, sharing information, and electronic commerce. An industry analyst, International Data Corporation, estimates that the number of Web users will grow from approximately 100 million in 1998 to over 200 million by 2001. The recent growth of the Internet and electronic commerce is effecting significant changes in information delivery and product purchasing. In addition, deregulation of telecommunications and the growth in wireless communications have resulted in changes and opportunities in the telecommunications markets. Big Planet was founded for the purpose of providing a new business opportunity involving technology products and services that attempts to:

* Take advantage of the opportunities provided by the rapid growth of the technology and communication markets;

* Appeal to a new demographic of customers and distributors; and

* Utilize the strength and competitive advantages of the Company's distribution system to reach new market segments of the marketplace.

The core strategy of Big Planet is to be an "InterNetworking" company that combines the global Internet revolution with the power of one-to-one relationships to improve the way people "learn, communicate, work, shop, and play.(TM)" The Company believes that there is a high degree of compatibility between technology products and the Company's distribution system. Big Planet seeks to leverage the direct selling expertise of the Company's distributor force to assist the large number of consumers who want to take advantage of technology's latest offerings but do not know how or are intimidated by technology's constant innovations. Big Planet's representatives are trained to provide the assistance and training necessary to help customers understand and take advantage of the latest products. The Company believes that the combination of its distribution system, a highly motivated sales force, and the proper training of its Big Planet distributors will provide the Company with an opportunity to help take technology to the masses.

Big Planet's product strategy is to offer an integrated suite of products and services for education, telecommunications, Internet access, and electronic commerce. Big Planet believes that multiple connections to the home enhances customer retention by providing a broad range of integrated services. Big Planet's communication and technology products and services are designed specifically for consumers and small businesses who desire a responsive, single-source provider of Internet connectivity, communications and on-line purchasing via e-commerce. Big Planet currently generates revenue from providing Internet access, telecommunications

products and services including long distance and paging, from sales of a wide selection of products through its e-commerce store and from sales of various CD-ROM and on-line educational products.

Product Summary

In 1998, the Company offered products in two distinct categories: personal care products, mainly marketed under the trademark "Nu Skin," and nutritional supplements, mainly marketed under the trademark "IDN." The Company is committed to building its brand name and distributor and customer loyalty by selling personal care products with advanced formulas and nutritional products that are backed by science and appeal to broad markets. The Company's product philosophy is to combine the best of science and nature and include in each of its products high quality ingredients which provide desired benefits to the consumer.

The Company does not distribute all of its personal care products and nutritional products in each market. When commencing operations in a country, the Company selects a group of initial products to be distributed in such market and adds additional products as the market matures and develops. The Company determines which products will be marketed in a specific country based on the likelihood of the particular product's success in the market as well as applicable regulatory approvals and requirements. In certain of the Company's markets, the Company has reformulated products to satisfy certain regulatory requirements with respect to product ingredients and/or preservatives and to meet the preferences of consumers in those markets. See "Government Regulation Regulation of Personal Care Products and Nutritional Supplements." In addition, the Company will also develop products designed for a particular market when appropriate. Following the completion of the acquisition of Big Planet, the Company will also offer Internet and telecommunication products and services. See "Recent Developments."

Presented below are the dollar amount and percentage of revenue of each of the two product categories and other sales aid revenue for each of the years ended December 31, 1996, 1997, and 1998. This table should be read in connection with the information presented under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the Company's Annual Report to Stockholders, which is incorporated by reference into this Form 10-K and which discusses the costs associated with generating the aggregate revenue presented.

Revenue by Product Category
(Dollar Amounts in Thousands)

	Year Ended December 31, 1996		Year Ended December 31, 1997		Year Ended December 31, 1998	
Product Category	$	%	$	%	$	%
Nu Skin Personal Care.....	$554,974	72.9%	$604,078	63.4%	$531,915	58.2%
Pharmanex/IDN (Nutritional Supplements)	160,288	21.0	297,300	31.2	334,257	36.6
Sales Aids	46,376	6.1	52,044	5.4	47,322	5.2
Total.....	$761,638	100.0%	$953,422	100.0%	$913,494	100.0%

Nu Skin Personal Care Products

The Company's current personal care products are divided into the following lines: facial care, body care, hair care, color cosmetics, sun protection, oral hygiene, fragrances, and certain speciality products. The Nu Skin Personal Care product line consists of over 100 products. The Company also offers product sets that includea variety of products in each product line as well as small, sample-size packages to facilitate product sampling by potential consumers. The product sets are especially popular during the opening phase of a new country, when distributors and consumers are anxious to purchase a variety of products, and during holiday and gift giving seasons in each market.

The following is a brief description of each line within the Nu Skin Personal Care division offered by the Company as of December 31, 1998:

Facial Care. The facial care line is the premier line of the Company's personal care products and consists of 20 different specialized treatment, cleanser, and moisturizer products. The specialized treatment products utilize advanced formulas and ingredients designed for specific skin care conditions. These special treatment products include: MHA REVITALIZING products, which utilize alpha and beta hydroxy acids to help fight the signs of aging; SKIN BRIGHTENING COMPLEX, designed to diminish the appearance of discoloration caused by sun exposure; FACE LIFT WITH ACTIVATOR, a product designed to stimulate and firm skin; and CLARIFEX PH MUD ACNE TREATMENT.

The goal of the facial care line of cleansers and moisturizers is to allow users to cleanse thoroughly without causing dryness and to moisturize with effective humectants that allow the skin to attract and retain vital water. These products include CELLTREX, a concentrated solution of aloe vera and other ingredients, designed to improve the skin's moisture content, and REJUVENATING CREAM, one the Company's most popular personal care products. Other facial care products include CLEANSING LOTION, FACIAL SCRUB, EXFOLIANT SCRUB, FACIAL CLEANSING BAR, CLAY PACK, PH BALANCE FACIAL TONER, NAPCA MOISTURIZER, INTENSIVE EYE COMPLEX, HPX HYDRATING GEL, CLARIFEX CLEANSING SCRUB, CLARIFEX MUD, and ALPHA EXTRA FACE.

Body Care. The Company's line of body care products relies on premium quality ingredients to cleanse and condition skin. The cleansers are formulated without soap, and the moisturizers contain light but effective humectants and emollients. The body care line includes DERMATIC EFFECTS, a body contouring lotion containing extracts of hibiscus and malvaceae that has been clinically demonstrated to aid in preventing the appearance of cellulite and aging skin. The Company's body care line currently consists of 11 other products: ANTIBACTERIAL BODY CLEANSING GEL, LIQUID BODY LUFRA, BODY SMOOTHER, HAND LOTION, NAPCA MOISTURE MIST, BODY BAR, BODY CLEANSING GEL, ENHANCER, JUNGAMALS CRAZY CROCODILE CLEANER, ALPHA EXTRA BODY, and MHA REVITALIZING BODY LOTION.

Hair Care. The Company's hair care line, HAIRFITNESS, is designed to meet the needs of people with all types of hair and hair problems. Focusing on the condition of the scalp and its impact on hair quality, the Company's hair care products use water-soluble conditioners like panthenol to reduce build-up on the scalp and to promote healthy hair. HAIRFITNESS includes 12 products featuring ceregen, a revolutionary wheat hydrocolloid complex of conditioning molecules, designed to enhance hair repair and moisture control aspects: 3 IN 1 SHAMPOO, MOISTURIZING SHAMPOO, BALANCING SHAMPOO, VITAL SHAMPOO, DEEP CLARIFYING SHAMPOO, GLACIAL THERAPY, WEIGHTLESS CONDITIONER, LUXURIOUS CONDITIONER, CONDITIONING DETANGLER SPRAY, STYLING GEL, HOLDING SPRAY, and MOUSSE (Styling Foam). The Company also carries DERMANATOR SHAMPOO, an anti-dandruff shampoo, and JUNGAMALS TIGER TANGLE TAMER SHAMPOO, a shampoo for children. In 1999, the Company also plans to introduce a hair care line, KANURE, specifically designed and formulated for the Brazilian market to address the natural properties of severely dry and curly hair.

Color Cosmetics. The Company's color cosmetic line, NU COLOUR, consists of 13 products with over 150 SKU's including MOISTURESHADE LIQUID FINISH, MOISTURESHADE PRESSED POWDER, BLUSH, EYE SHADOW, MASCARA,

EYELINER, LIP LINER, LIPSTICK, DRAMATTEICS LIP PENCILS, LIP GLOSS, CREME CONCEALER, FINISHING POWDER, and BROW PENCIL. Nu Skin Personal Care intends to relaunch the NU COLOUR line in the second quarter of 1999 with new packaging and new shades.

Sunscreen. The Company's line of SUNRIGHT products is designed to provide a variety of sun screen protection with non-irritating and non-greasy products. The sun protection line includes a sun preparation product that prepares the skin for the drying impact of the sun, five sun screen alternatives with various levels of SPF, and a sun screen lip balm.

Oral Hygiene. AP-24, a line of oral health care products which incorporates anti-plaque technology designed to help prevent plaque build-up 24 hours a day, is exclusively licensed to the Company, together with the associated trademark, for sale in the direct selling channel under the trademark AP-24. This product line includes AP-24 ANTI-PLAQUE TOOTHPASTE, AP-24 ANTI-PLAQUE MOUTHWASH, AP-24 TRIPLE ACTION DENTAL FLOSS, AP-24 ANTI-PLAQUE BREATH SPRAY, and AP-24 WHITENING FLUORIDE TOOTHPASTE. The AP-24 oral health care products for children are designed to make oral care fun for children and include JUNGAMAL'S TOUGH TUSK TOOTHPASTE and JUNGAMAL'S FLUFFY FLAMINGO FLOSS.

Fragrances. The Company offers a men's and a women's fragrance under the trademark SAFIRO. In 1998, the Company also introduced BELIEVE, a new women's fragrance developed with Christie Brinkley.

Specialty Products. Epoch is a unique line of ethnobotanical personal care products created in cooperation with well known ethnobotanists. These products, which unite natural compounds used by indigenous cultures with advanced scientific ingredients, include AVA PUHI SHAMPOO, GLACIAL MARINE MUD, DEODORANT WITH CITRISOMES, POLISHING BAR, EVERGLIDE FOAMING SHAVE GEL, DESERT BREEZE AFTERSHAVE, POST SHAVE LOTION FOR WOMEN, and FIREWALKER FOOT CREAM. The Company also offers a nail care kit.

NUTRIOL, a line of products licensed to the Company for sale in the direct selling channel and manufactured in Europe, consists of five products: NUTRIOL HAIR FITNESS PREPARATION, NUTRIOL SHAMPOO, NUTRIOL MASCARA, NUTRIOL NAIL, and NUTRIOL EYELASH. NUTRIOL represents a product designed to replenish the hair's vital minerals and elements. Each NUTRIOL product uses mucopolysaccharide, a patented ingredient.

SCION, is a moderately-priced line of facial care, skin care, and hair care products that was created for less-developed markets to address the economic factors in such markets. This line was introduced in several of the Company's markets in 1998.

Product Sets. The Company currently offers product sets that provide samples of products from a given product line. These product sets are intended to encourage increased product trials.

Pharmanex Products

The Company's nutritional supplements are currently distributed under the brand names Pharmanex and IDN. As the Company integrates Pharmanex with its existing nutritional supplement business offerings around the world, the Company anticipates that certain products currently distributed under the IDN brand may be distributed under the Pharmanex brand name. Such a determination will be made on a market-by-market basis as the Company transitions to its new divisional structure.

The Company's nutritional supplements currently are comprised of its LIFEPAK line of multi-vitamin and mineral nutritional supplements, five proprietary natural nutritional supplements, a broad-line of botanical supplements, and additional nutritional products in the following lines: general wellness, weight-management, nutritious foods and snacks, sports and fitness products, health solutions for people with special needs, and a water filtration system. The Company's nutritional products are designed to promote healthy, active lifestyles

and general well-being through proper diet, exercise, and nutrition. In Taiwan and South Korea, LIFEPAK is the official nutritional supplement of the Taiwan and South Korea Olympic Committee, respectively.

Nutritional products generally require reformulation to satisfy the strict regulatory requirements of many of the Company's different markets. While each product's concept and positioning are generally the same, regulatory differences between markets result in some product ingredient differences. In addition, certain markets, such as Japan, have preferences and regulations that favor tablets instead of capsules, which are typically used in the United States. Regulatory requirements in certain markets may restrict the ability of the Company to introduce certain products into such markets. See "Government Regulation - Regulation of Personal Care Products and Nutritional Supplements."

The Company's herbal supplements are standardized, which allows consumers to obtain a specific, consistent level of the recommended dosage of the important components of the supplement. Recent studies have found that many popular herbal supplements are not standardized and vary enormously in content, which correspondingly varies the effectiveness of the product. Pharmanex uses its "6S Quality Process" (Selection, Sourcing, Structure, Standardization, Safety, and Substantiation) to standardize its botanical supplements to at least one relevant active compound and to formulate its non-herbal products with key ingredients in amounts designed to enhance the nutritional benefits. The Company believes that this 6S Quality Process furthers the ability of the Company to provide the consumer with safe, effective, and consistent products. See "Product Development - Pharmanex."

The following is a brief description of each of the nutritional product lines within the combined Pharmanex and IDN division:

General Wellness Multivitamin/Mineral Supplements. The LIFEPAK family of products, the core IDN nutritional supplement, is designed to provide an optimum mix of nutrients including vitamins, minerals, antioxidants, and phytonutrients (natural chemical extracts from plants). The introduction of LIFEPAK in 1994 resulted in a significant increase in revenue. LIFEPAK is currently sold in 12 of the Company's markets, including the United States, Japan, and Taiwan. LIFEPAK is offered in different formulations to meet the unique needs of women, older adults, and pregnant women.

Additional General Wellness supplements include: VITOX, which incorporates beta carotene and other important vitamins for overall health; and IMAGE HNS, an all-around vitamin and antioxidant supplement. THE IDN MASTERS WELLNESS SUPPLEMENT provides nutrition specifically for an aging generation. JUNGAMALS LIFEPAK FOR KIDS chewables combine natural flavors and colors and contain a blend of antioxidants, chelated minerals, and vitamins specifically tailored for children. The Company also offers LIFE ESSENTIALS, a lower cost, more general nutritional supplement.

Pharmanex Proprietary Supplements. Pharmanex currently offers five proprietary natural nutritional supplements: CHOLESTIN; CORDYMAX CS4; TEGREEN 97; ST. JOHNS'; and BIO GINKGO 27/7. CHOLESTIN is a proprietary nutritional supplement derived from a proprietary strain of red yeast rice. A recent double-blind, placebo-controlled study conducted at the UCLA Center for Human Nutrition and published in the February 1999 issue of the American Journal of Clinical Nutrition demonstrated the effectiveness of CHOLESTIN in helping to maintain healthy cholesterol levels. In February 1999, a Federal District Court judge ruled that CHOLESTIN could be legally sold as a nutritional supplement under the Dietary Supplement Health and Education Act of 1994 ("DSHEA"). The Food and Drug Administration ("FDA") had previously challenged the status of CHOLESTIN as a dietary supplement, claiming it was a drug and could not be marketed without FDA approval. There can be no assurance, however, that the FDA will not appeal the decision, and, in the event of an appeal, that the Company would be successful in any such appeal. See "Government Regulation -- Regulation of Personal Care Products and Nutritional Supplements."

CORDYMAX CS-4 is a proprietary nutritional supplement designed to help reduce fatigue. Several clinical trials have been conducted on this product which have demonstrated that CORDYMAX can help promote vitality and stamina. CORDYMAX CS-4 is offered as a stand-alone product and in a combination product with ST. JOHN'S WORT distributed under the trademark BIO ST. JOHNS, which is designed to promote positive mood and outlook as well as vitality levels. In addition, the Company also offers BIO GINKGO 27/7, a proprietary ginkgo biloba extract that promotes blood circulation to the brain, arms, and legs, and TEGREEN 97, a nutritional supplement that contains a concentrated level of decaffeinated green tea polyphenols that offer high levels of antioxidant benefits naturally.

Pharmanex Broadline Botanicals. Pharmanex also currently offers a line of ten standardized botanical supplements including GINSENG, KAVA KAVA, ECHINACEA, GARLIC, and HAWTHORN. Botanicals can exhibit substantial differences in content depending on various factors such as season, climate, soil, method of harvest, storage, and processing. As a result, botanical products can vary dramatically in quality and content. Pharmanex's botanical supplements are standardized to provide consumers with a product that contains a specific, consistent level of the desired dosage of the important components of the supplement. In addition, Pharmanex implements quality control processes designed to enhance the ability of the Company to keep its products pure and free from insecticides, heavy metals, and other harmful contaminants.

Nutritious and Healthy Snacks. As part of the Company's mission to promote a healthy lifestyle and long-term wellness, Pharmanex's NUTRI-FOODS line of products includes FIBERRY FAT-FREE SNACK BARS, and APPEAL, a nutritional drink containing chelated minerals and vitamins. In addition, the Company offers a number of other nutritional drinks. SPLASH C with aloe vera is a healthy beverage providing significant doses of Vitamins C and E as well as calcium in each serving. Real fruit juice crystals are added to create orange or lemon flavor. ALOE-MX, a nutritional aloe vera beverage drink, was specifically produced for the Japanese and other Asian markets.

Sports and Fitness Products. Pharmanex's SPORTRITION line of sports and fitness products caters to health conscious individuals with active lifestyles. The line includes the SPORTS NUTRITION SYSTEM, a packaged group of nutritional supplements offering a comprehensive, flexible program for individuals who desire to optimize performance. The system includes: LIFEPAK; OVERDRIVE, a sports supplement that features antioxidants, B vitamins, and chromium chelate; GLYCOBAR energy bars; and SPORTALYTE, a performance drink formulated to help supply the necessary carbohydrates, electrolytes, and chelated minerals to optimize performance. Other products in this line include AMINO BUILD, a low-fat, high-protein drink mix that is designed to replace nutrients before and after workouts, and PROGRAM-16 protein bars, a product designed to provide nutritional support for individuals involved in strenuous exercise.

Health Solutions. Pharmanex products include customized supplementation addressing the specialized interests of health conscious individuals. These supplements include: CARTILAGE FORMULA, which contains an advanced blend of glucosamine to help maintain normal structure and function of healthy joints; EYE FORMULA, which contains significant levels of beta-carotene and Vitamins C and E to help maintain the normal structure and function of healthy eyes; OPTIMUM OMEGA, a pure source of omega 3 fatty acids; NIGHTIME COMPLEX WITH MELATONIN, to promote normal sleep; FIBRENET and FIBRENET PLUS, fiber supplements; and NUTRIFI, a product that contains four grams of soluble and insoluble fibers per serving in a powder that can be added to liquids and foods to supplement the recommended daily amounts of fiber.

HealthTrim 2000. The HEALTHTRIM 2000 weight management program includes a line of nutritional products designed to provide nutritional support to weight conscious individuals marketed under the following product names: APPEAL LITE HT, APPSIGNAL, APPCHOCOLATES, LIFEPAK TRIM, TRIMPAK, METABOTRIM, and BOTANAME.

Specialty Products. In the fourth quarter of 1998, the Company introduced a high-performance home water filtration system in Japan. The FOUNTAIN FRESH filtration system was designed by and is being manufactured exclusively for the Company by CUNO Incorporated, a worldwide manufacturer of home and industrial filtration systems.

Big Planet Products

Upon completion of the proposed Big Planet acquisition, the Company will add technology and communication products and services to its product offering. Big Planet currently provides technology and communication products and services in both standalone and packaged bundles designed specifically for consumers and small businesses who desire a responsive, single-source provider of Internet connectivity, communications, and the ability to purchase on-line through e-commerce. Big Planet was launched in the United States in April 1998.

In connection with its products and service offerings, Big Planet has invested significantly in its Internet facilities and operation support facilities. Big Planet also has entered into contractual relationships with several industry-leading technology companies, including Qwest Communications, UUNet, SkyTel, IBM, Sun Microsystems and other key vendors, to provide simple, convenient, and reliable technology products and services through one-to-one relationships provided by the Company's network of distributors. Big Planet's sales representatives receive commissions based on Big Planet's gross margin on each sale of products or services, or based on the commission received by Big Planet with respect to products sold directly by third-party vendors to Big Planet's customers. Big Planet's products and services are built around the following core areas: Internet services; telecommunications; unified communications; e-commerce; and education.

Big Planet's strategy has been to combine the benefits of a direct marketing approach together with the emerging Internet opportunity to form an "InterNetworking" company that is committed to improving the way people "learn, communicate, work, shop, and play.(TM)" The following summarizes Big Planet's current product and service offerings:

Internet Services. Big Planet provides dial-up Internet services to its customers through three separate access plans designed to cover the needs of a broad demographic group of consumers. Big Planet outsources Internet access through a nationwide telecommunications network of over 1,600 dial up access sites, or "POPS," in cities throughout the United States. Big Planet provides easy to use, reliable, and competitively priced Internet access, electronic mail, and content filtration for its sales representatives and consumers. In October 1998, Big Planet introduced two Internet devices; the IPHONE, an innovative telephone that provides simple and convenient Internet access via a phone set; and the APLIOPHONE, a device that connects to the phone and allows the user to route long-distance calls over the Internet.

Telecommunications. Big Planet currently offers domestic and international long distance, prepaid calling cards, paging products and services, and personal 800 numbers. Big Planet offers both residential and business long distance services through its relationship with Qwest Communications. Big Planet also plans to offer wireless telecommunication services in the near future through a contract with a wireless service provider. Big Planet also has a business relationship with SkyTel which allows Big Planet to sell SkyTel's prepaid paging products, including SkyTel's BEEPWEARPRO pager watch.

Unified Communications. Big Planet currently offers a DYNAMIC WEB PAGE BUILDER that provides a powerful, yet easy to use tool for creating and maintaining sophisticated Web sites. DYNAMIC WEB PAGE BUILDER is designed for small businesses or for a distributor/representative's personal use. Big Planet is also exploring the possibility and feasibility of potential products that would integrate the Internet and voice-based messaging.

E-commerce and Computing. The Big Planet on-line store (www.bpstore.com) provides an on-line shopping environment to Big Planet sales representatives and their customers. The Big Planet store was initially opened in September 1998 and currently offers access to a wide selection of products and services from numerous different vendors in addition to Nu Skin Personal Care and Pharmanex products. A key focus of the store is on computing products, including Internet appliances like the IPHONE and the APLIOPHONE. Big Planet has several relationships with other parties which links the Big Planet on-line store to Web sites such as OnlineOfficeSupplies.com and the FlowerCompany.com. Representatives earn commissions on purchases by their customers through the store.

Education and Training. Big Planet offers a variety of educational and training products for Big Planet independent sales representatives and their customers via a combination of the Internet and CD ROM packages. These products include LEARNING UNIVERSITY, KIDS EDUCATION EXCHANGE, children multi-media education products, the INTERACTIVE ACHIEVEMENT CENTER, the WORLD BOOK ENCYCLOPEDIA, and the LEARNING CENTER. Sales Aids

The Company provides an assortment of sales aids to facilitate the sales of its products. Sales aids include videotapes, promotional clothing, pens, stationery, business cards, brushes, combs, cotton pads, tissues, and other miscellaneous items to help create consumer awareness of the Company and its products. Sales aids are priced at the Company's approximate cost, and distributors do not receive commissions on purchases of sales aids.

Product Guarantees

The Company believes that it is among the most consumer-protective companies in the direct selling industry. For 30 days from the date of purchase, the Company's product return policy allows a retail purchaser to return any product to the distributor through whom the product was purchased for a full refund. After 30 days from the date of purchase, the return privilege is in the discretion of the distributor. Because distributors may return unused and resalable products to the Company for a refund of 90% of the purchase price for one year, they are encouraged to provide consumer refunds beyond 30 days. In addition, the product return policy is a material aspect of the success of distributors in developing a retail customer base. The Company's experience with actual product returns has averaged less than 3.5% of annual revenue through 1998. Because many of Big Planet's products and services are provided directly to consumers by third-party vendors, the same 30-day return privilege does not apply to products purchased by consumers from such vendors unless such vendors otherwise agree.

Distribution System

Overview of Distribution System. The foundation of the Company's sales philosophy and distribution system is network marketing. Under most network marketing systems, distributors purchase products for resale to consumers and for personal consumption. Pursuant to the Company's Global Compensation Plan, products are sold exclusively to or through independent distributors who are not employees of the Company. Because of the nature of the products and services provided by Big Planet, Big Planet distributors do not buy products for resale but act as independent sales representatives of Big Planet. Under most network marketing systems, independent distributors purchase products for resale and for personal consumption.

Network marketing is an effective vehicle to distribute the Company's products because:

* A consumer can be educated about a product in person by a distributor, which the Company believes is more effective than using television and print advertisements;

* Direct sales allow for actual product testing by a potential consumer;

* The impact of distributor and consumer testimonials is enhanced; and

* As compared to other distribution methods, distributors can give customers higher levels of service and attention, by, among other things, delivering products directly to a consumer and following up on sales to ensure proper product usage and customer satisfaction, and to encourage repeat purchases.

Direct selling as a distribution channel has been enhanced in the past decade due to advancements in communications, including telecommunications and Internet connectivity, and the proliferation of the use of videos and fax machines. Direct selling companies rely on telecommunications, the Internet, and videos to project a

desired image for such companies and their product lines. The Company believes that high quality sales aids play an important role in the success of distributor efforts. For this reason, the Company maintains an in-house staff of video production personnel and video and audio cassette duplication equipment for timely and cost-effective production of sales materials. In addition, the Company intends to leverage the expertise of Big Planet management following the completion of the proposed Big Planet acquisition to implement effective Internet strategies in each of the Company's product divisions. The Company believes that the Internet will become an increasingly important business factor as more and more consumers purchase products over the Internet as opposed to traditional retail and direct sales channels. As a result, the Company expects that direct sellers will need to adapt their business models to integrate the Internet into their operations to remain successful. Management is committed to fully utilizing current and future technological advances to continue enhancing the effectiveness of direct selling. See "Risk Factors -- "Risks Related to Potential Changes in Business Model."

The Company's network marketing program differs from many other network marketing programs in several respects. First, the Company was among the first to develop the ability for distributors to be compensated in their home countries for sales across the globe. The Company's Global Compensation Plan allows Company distributors to develop a seamless global network of downline distributors. Second, the Company's order and fulfillment systems eliminate the need for distributors to carry significant levels of inventory. Third, the Global Compensation Plan is among the most financially rewarding plans offered to distributors by network marketing companies, and can result in commissions to distributors aggregating up to 58% of a product's wholesale price. On a global basis, commissions have averaged approximately 39 to 41% of revenue from commissionable sales over the last eight years. Big Planet does not pay commissions on the wholesale price but on the gross margins from sales of services and products. If products and services are purchased directly by distributors or customers from third parties with contractual relationships with Big Planet, the commission is based on the total commission that Big Planet receives from such third parties with respect to such sales. Accordingly, commissions paid with respect to Big Planet products and services would be less as a percentage of revenue than the Company's historic commission levels.

In connection with the proposed acquisition of Big Planet and the Company's decision to shift to a divisional structure, the Global Compensation Plan will be re-engineered to allow distributors to develop a seamless global network of downline distributors across any or all of the Company's divisions. Currently, distributors can be compensated to some degree for sales in other divisions. The Company, however, intends to modify the Global Compensation Plan to simplify this process and increase the ability of distributors to develop a network of downline distributors across divisions. The Company believes this will benefit the Company by allowing distributors to focus on one division while still being eligible to be compensated for sales generated by their downline distributors in other divisions. By developing a compensation plan and structure that does not penalize a distributor for focusing on one division, distributors will be better able to develop expertise in an area of interest to them, which should allow them to provide a greater level of service. This structure should also promote cross-selling by distributors across divisions as they recruit downline members with differing interests because they will still be compensated for sales generated by such downline members. The re-engineered Global Compensation Plan will be the same essentially as the existing plan to avoid confusion, but the structure for commissions on the front-end of the plan (i.e., sales by distributors to its direct customers) may be modified for a particular product division.

The Company's revenue depends directly upon the efforts of distributors. Growth in sales volume requires an increase in the productivity of distributors and/or growth in the total number of distributors. There can be no assurance that the productivity or number of distributors will be sustained at current levels or increased in the future. See "Risk Factors -- Reliance upon Independent Distributors." Furthermore, the Company estimates that, as of December 31, 1998, approximately 300 distributorships worldwide comprised Hawaiian Blue Diamond and Blue Diamond executive distributor levels, which are the Company's two highest executive distributor levels and, together with their extensive downline networks, account for substantially all of the Company's revenue. Consequently, the loss of such a high-level distributor or another key distributor, together

with a group of leading distributors in such distributor's downline network, or the loss of a significant number of distributors for any reason, could adversely affect the Company's results of operations.

Sponsoring. The Company relies on its distributors to sponsor new distributors. While the Company provides, at cost, product samples, brochures, magazines, and other sales materials, distributors are primarily responsible for educating new distributors with respect to products, the Global Compensation Plan, and how to build a successful distributorship. See "Risk Factors - Reliance upon Independent Distributors."

The sponsoring of new distributors creates multiple levels in the network marketing structure. Persons whom a distributor sponsors are referred to as "downline" or "sponsored" distributors. If downline distributors also sponsor new distributors, they create additional levels in the structure, but their downline distributors remain in the same downline network as their original sponsoring distributor.

Sponsoring activities are not required of distributors. However, because of the financial incentives provided to those who succeed in building a distributor network that consumes and resells products, the Company believes that most of its distributors attempt, with varying degrees of effort and success, to sponsor additional distributors. Generally, distributors invite friends, family members, and acquaintances to sales meetings in which Company products are presented and the Global Compensation Plan is explained. People are often attracted to become distributors after using Company products and becoming regular retail customers. Once a person becomes a distributor, he or she is able to purchase products directly from the Company at wholesale prices for resale to consumers or for personal consumption. The distributor is also entitled to sponsor other distributors in order to build a network of distributors and product users.

A potential distributor must enter into a standard distributor agreement with the Company which obligates the distributor to abide by the Company's policies and procedures. Additionally, in all countries except Japan, a new distributor is required to enter into a product purchase agreement with the Company's local subsidiary, which governs product purchases. In certain of the Company's markets, distributors are also required to purchase a starter kit, which includes the Company's policies and procedures and are sold for the approximate cost of producing the starter kit.

Global Compensation Plan. Management believes that one of the Company's key competitive advantages is the Global Compensation Plan. Distributors receive higher levels of commissions as they advance under the Global Compensation Plan. The Global Compensation Plan is seamlessly integrated across all markets in which the Company's personal care products, nutritional supplements, and upon completion of the proposed acquisition of Big Planet, Big Planet's products and services, are sold, allowing distributors to receive commissions for global product sales, rather than merely local product sales. This seamless integration means that the Company's distributor base has global reach and that the knowledge and experience of current distributors can be used to build distributor leadership in new markets. The Global Compensation Plan will be modified in connection with the Company's shift to a divisional structure to seamlessly integrate it across all divisions.

Allowing distributors to receive commissions at the same rate for sales in foreign countries as for sales in their respective home countries and across each division is a significant benefit to distributors. Distributors benefit from this because they are not required to establish new distributorships or requalify for higher levels of commissions within each new country in which they begin to operate or in each new division, which is frequently the case under the compensation plans of the Company's major competitors. Under the modified Global Compensation Plan, a distributor will be paid consolidated monthly commissions in the distributor's home country, in local currency, for product sales in that distributor's global downline distributor network across all divisions.

High Level of Distributor Incentives. Based upon its knowledge of distributor compensation plans, the Company believes that the Global Compensation Plan is among the most financially rewarding plans offered to distributors by network marketing companies. There are two fundamental ways in which distributors can earn

money: (i) through retail markups, for which the Company recommends a range from 43% to 60%; and (ii) through a series of commissions on product sales, which can result in commissions to distributors aggregating up to 58% of a product's wholesale price. On a global basis, however, commissions have averaged approximately 39 to 41% of revenue from commissionable sales over the last eight years. Because Big Planet pays commissions on the gross margins from sales of services and products, or on commissions received by Big Planet from third parties with respect to sales from such third parties, as opposed to the wholesale price, the commissions paid with respect to Big Planet products and services would be less as a percentage of revenue than the Company's historic commission levels.

Each product carries a specified number of sales volume points. Commissions are based on total personal and group sales volume points per month. Sales volume points are essentially based upon a product's wholesale cost, net of any point-of-sale taxes. As a distributor's retail business expands and as he or she successfully sponsors other distributors into the business who in turn expand their own businesses, he or she receives a higher percentage of commissions.

Once a distributor becomes an executive, the distributor can begin to take full advantage of the benefits of commission payments on personal and group sales volume. To achieve executive status, a distributor must submit a qualifying letter of intent and achieve specified personal and group sales volumes for a four-month period of time. To maintain executive status, a distributor must generally also maintain specified personal and group sales volumes for a two-to-four month period. An executive's commissions increase substantially as multiple downline distributors achieve executive status. In determining commissions, the number of levels of downline distributors that can be included in an executive's group increases as the number of executive distributorship directly below the executive increases.

As of the dates indicated below, the Company had the following number of executive distributors.

Total Number of Executive Distributors

	As of December 31,				
Executive Distributors	1994	1995	1996	1997	1998
North Asia	3,613	4,017	14,844	16,654	17,311
Southeast Asia	2,778	4,129	6,199	5,642	5,091
Other Markets	--	27	436	393	379
Total	6,391	8,173	21,479	22,689	22,781

On a monthly basis, the Company evaluates requests for exceptions to the Global Compensation Plan. While the general policy is to discourage exceptions, management believes that the flexibility to grant such exceptions is critical in retaining distributor loyalty and dedication. In each market, distributor services personnel evaluate each such instance and make appropriate recommendations to the Company.

Distributor Support. The Company is committed to providing high-level support services tailored to the needs of its distributors in each market. The Company meets the needs and builds the loyalty of its distributors with personalized distributor service, a support staff that assists distributors as they build networks of downline distributors, and a liberal product return policy. Because many distributors have only a limited number of hours each week to concentrate on their Nu Skin business, management believes that maximizing a distributor's efforts through effective support of each distributor has been and will continue to be important to the success of the Company.

Through training meetings, annual conventions, distributor focus groups, regular telephone conference calls, and personal contacts with distributors, the Company seeks to understand and satisfy the needs of each distributor. The Company provides walk-in, telephonic, and computerized product fulfillment and tracking services that result in user-friendly, timely product distribution. In addition, the Company is committed to evaluating new ideas in technology and services, such as automatic product reordering, that the Company can provide to distributors. The Company currently utilizes voicemail, teleconferencing, and fax services. Global Internet access (including Company and product information, ordering abilities, and group and personal sales volume inquiries) is anticipated to be provided to distributors in the future. Each walk-in center maintains meeting rooms which distributors may utilize in training and sponsoring activities.

Rules Affecting Distributors. The Company's standard distributor agreement, policies and procedures, and compensation plan contained in every starter and/or introductory kit outline the scope of permissible distributor marketing activities. The Company's distributor rules and guidelines are designed to provide distributors with maximum flexibility and opportunity within the bounds of governmental regulations regarding network marketing and prudent business policies and procedures. Distributors are independent contractors and are thus prohibited from representing themselves as agents or employees of the Company. Distributors are obligated to present the Company's products and business opportunity ethically and professionally. Distributors agree that the presentation of the Company's business opportunity must be consistent with, and limited to, the product claims and representations made in literature distributed by the Company. Under most regulations governing nutritional supplements, no medical claims may be made regarding the products, nor may distributors prescribe any particular product as suitable for any specific ailment. Even though sponsoring activities can be conducted in many countries, distributors are prohibited from conducting marketing activities outside of countries in which the Company conducts business and are not allowed to export products from one country to another. See "Risk Factors -- Reliance upon Independent Distributors."

Distributors must represent that the receipt of commissions is based on retail sales and substantial efforts. Exhibiting commission statements or checks is prohibited. Sales aids such as videotapes, promotional clothing, pens, stationery, and other miscellaneous items must be produced or pre-approved by the Company.

Distributors may not use any form of media advertising to promote products. Products may be promoted only by personal contact or by literature produced or approved by the Company. Generic business opportunity advertisements (without using the Company name) may be placed in accordance with certain guidelines in some countries. The Company's logos and names may not be permanently displayed on physical premises. Distributors may not use the Company's trademarks or other intellectual property without the Company's consent.

Products generally may not be sold, and the business opportunity may not be promoted, in traditional retail environments. Pharmanex has made an exception to this rule for its nutritional supplements and has allowed such products to be sold in independently-owned pharmacies and drug stores meeting certain requirements. Additionally, distributors may not sell at conventions, trade shows, flea markets, swap meets, and similar events. Distributors who own or are employed by a service-related business such as a doctor's office, hair salon, or health club, may make products available to regular customers as long as products are not displayed visibly to the general public in such a way as to attract the general public into the establishment to purchase products.

Generally, a distributor can receive commission bonuses only if, on a monthly basis, (i) the distributor achieves at least 100 points (approximately $100) in personal sales volume, (ii) the distributor documents retail sales to at least five retail customers, (iii) the distributor sells and/or consumes at least 80% of personal sales volume, and (iv) the distributor is not in default of any material policies or procedures.

The Company systematically reviews alleged reports of distributor misbehavior. If the Company determines that a distributor has violated any of the distributor policies or procedures, it may either terminate the distributor's rights completely or impose sanctions such as warnings, probation, withdrawal or denial of an award, suspension of privileges of a distributorship, fines or penalties, withholding commissions until specified conditions

are satisfied, or other appropriate injunctive relief. Distributor terminations based on violations of the Company's policies and procedures have aggregated less than 1.0% of the Company's distributor force since inception. A distributor may voluntarily terminate his/her distributorship at any time.

Payment. Distributors generally pay for products prior to shipment. Accordingly, the Company carries minimal accounts receivable. Distributors typically pay for products in cash, by wire transfer, and by credit cards. Cash, which represents a significant portion of all payments, is received by order takers in the distribution centers when orders are personally picked up by a distributor.

Product Development

The Company is committed to building its brand name and distributor and customer loyalty by selling premium quality, innovative personal care products and nutritional supplements that appeal to broad markets. The Company's product philosophy is to combine the best of science and nature and to include in each of its products the highest quality ingredients with the greatest amount of benefit to the consumer. Independent distributors need to have confidence that they are distributing the best products available that are distinguishable from "off the shelf" products. The Company is committed to developing and providing quality products that can be sold at attractive retail prices and allow the Company to maintain reasonable profit margins.

The Company believes that timely and strategic product introductions are critical to maintaining the growth of independent distribution channels. Distributors become enthusiastic about new products and are generally excited to share new products with their customer base. An expanding product line helps to attract new distributors and generate additional revenues.

Nu Skin Personal Care. The development philosophy of the Company with respect to its personal care products is represented by its personal care products slogan "All of the Good and None of the Bad." Nu Skin personal care products do not contain soaps and other harsh cleansers that can dry and irritate skin, undesirable oils such as lanolin, elements known to be irritating and pore clogging, and conditioning agents that leave heavy residues. The Company is also committed to constantly improving its evolving personal care product formulations to incorporate innovative and proven ingredients into its product line. Whereas many consumer product companies develop a formula and stay with that formula for years, and sometimes decades, the Company believes that it must stay current with product and ingredient evolution to maintain its reputation for innovation to retain distributor and consumer attention and enthusiasm. For this reason, the Company continuously evaluates its entire line of products for possible enhancements and improvements.

Nu Skin Personal Care maintains a laboratory and a staff of approximately 40 individuals involved in personal care product development. The Company also relies on an advisory board comprised of recognized authorities in various disciplines. The Company recently entered into a nine-year directed-research agreement to form the Nu Skin Center for Dermatological Research with Stanford University Medical Center's Department of Dermatology pursuant to which the Company will direct research and clinical trials of Nu Skin products or materials. The Company also evaluates a significant number of product ideas that are presented by distributors, vendors, and other outside sources. The Company believes that strategic relationships with certain vendors provides important access to innovative product concepts. The Company intends to continue to develop products tailored to appeal to the particular needs of the Company's markets.

Pharmanex. From the date it first decided to begin offering nutritional products, the Company has been committed to providing high quality nutritional supplements, as typified by the Company's best selling nutritional product, LIFEPAK. This philosophy has led to the Company's commitment to avoid stimulants and any ingredients that are reported to have any long-term addictive or harmful effects, even if the short-term effects may be desirable. Through the acquisition of Pharmanex, the Company believes that its increased research and development capabilities will solidify the Company as one of the industry leaders in developing and distributing high-grade, clinically-substantiated nutritional supplements. The Company believes that it is one of the few

nutritional supplement companies in the United States that has a research and development department patterned after the pharmaceutical industry and believes that this research and development capability will provide the Company with an important competitive advantage in this industry. Moreover, because a substantial portion of its research and development activities are conducted in China, the Company believes that it should be able to conduct quality research and development work as well as initial clinical trials at costs that are less than would be incurred if conducting comparable work in the United States.

In its development of natural and botanical supplements, the Company's primary research and development goal is to selectively develop proprietary technologies for the purification and standardization of efficacious "single-species" herbal products. Selection of a botanical/natural or nutritional product for development is based on available scientific data concerning safety and efficacy and consumer need. The Company utilizes its "6S Quality Process" (Selection, Sourcing, Structure, Standardization, Safety, and Substantiation) in its development and sourcing activities, which are designed to provide a precise, standardized, recommended dosage of each beneficial natural ingredient in every capsule. The "6S Quality Process" generally involves the following actions:

* Selection. Conducting a scientific review of research and databases in connection with the selection of potential products and ingredients, and determining the authenticity, usefulness, and safety standards for such potential products and ingredients.

* Sourcing. Investigating potential sources, evaluating the quality of such sources, and performing botanical and chemical evaluations where appropriate.

* Structure. Determining the structural analyses of natural compounds and active ingredients.

* Standardization. Standardizing the product to at least one relative active ingredient.

* Safety. Assessing safety from available research, and, where necessary, performing additional tests such as microbial tests and chemical, toxin, and heavy metal analyses.

* Substantiation. Reviewing documented pre-clinical and clinical trials, and where necessary and appropriate, initiating studies and clinical trials sponsored by the Company.

The Company employs approximately 50 M.D. and Ph.D.-level scientists at its dedicated research and development center in Shanghai, China, and at its Provo, Utah and San Francisco, California offices. The Company also relies on an advisory board comprised of recognized authorities in various related disciplines. In addition, the Company evaluates a significant number of product ideas that are presented by distributors and other outside sources. The Company believes that strategic relationships with certain vendors also provide important access to innovative product concepts. The Company has established collaborative agreements with four established universities and research institutions in China: Shanghai Medical University, Beijing Medical University, Institute of Materia Medica, and National Laboratory of Contraceptive and Devices Research. The staff of each institution includes scientists with expertise in natural product chemistry, biochemistry, pharmacology, and clinical studies. Collaborative efforts with these institutions are coordinated with and validated by the Company's Research and Development Center in Shanghai. The Company also currently has collaborative research and clinical study programs with several major university research centers in the United States, including UCLA, Tufts University, Columbia University, Kansas University, and the Scripps Institute.

Big Planet. To date, Big Planet's product development has focused on developing its Internet facilities and operational systems in order to develop operational and support platforms necessary to ensure consistent introduction of new products and services, which Big Planet believes is necessary to maintain excitement among sales representatives. Big Planet seeks to identify and secure contractual relationships with various vendors and suppliers that will enable Big Planet to sell competitively-priced technology products and services through its distribution channel. In addition, Big Planet is committed to identifying and securing contractual relationships with various vendors and suppliers for a wide selection of products for sale through its on-line store.

Substantially all of the Company's products and services are currently contracted from third parties. See "Sourcing and Production - Big Planet."

Sourcing and Production

Virtually all of the Company's personal care and nutritional products are currently produced by manufacturers unaffiliated with the Company in accordance with specifications provided by the Company or developed by such manufacturers for the Company. The Company's profit margins, and its ability to deliver its existing products on a timely basis, are dependent upon the ability of these outside manufacturers to continue to supply products in a timely and cost-efficient manner. Furthermore, the Company's ability to enter new markets and sustain satisfactory levels of sales in each market depends in part upon the ability of suitable outside manufacturers to reformulate existing products, if necessary to comply with local regulations or market environments, for introduction into such markets. Finally, the development of additional new products in the future will likewise depend in part on the services of suitable outside manufacturers. The Company has been shifting some of its manufacturing of products to its foreign markets in order to protect its gross margins during fluctuations in currency exchange rates. For example, in 1998 the Company contracted to have LIFEPAK (for Taiwan) manufactured locally in the Taiwanese market.

Nu Skin Personal Care. The Company currently acquires products or ingredients for its personal care products from sole suppliers or suppliers that are considered by the Company to be the superior suppliers of such ingredients. The Company currently relies on one unaffiliated supplier for approximately 50% of its personal care products. The Company's contract with this supplier expires at the end of 2000. The Company believes that, in the event it is unable to source any products or ingredients from this supplier, the Company could produce such products or replace such products or substitute ingredients without great difficulty or prohibitive increases in the cost of goods sold. However, there can be no assurance that the loss of this supplier would not have a material adverse effect on the Company's business and results of operations. See "Risk Factors -- Reliance on Limited Suppliers."

Pharmanex. Substantially all of the Company's nutritional supplements and ingredients, including LIFEPAK, are produced or provided by third-party suppliers that are considered by the Company to be the superior suppliers of such products and/or ingredients. The Company currently relies on one unaffiliated supplier for approximately 30% of its nutritional supplements. The Company believes that, in the event it is unable to source any products or ingredients from this supplier or its other current suppliers other than set forth below, the Company could produce such products or replace such products or substitute ingredients without great difficulty or prohibitive increases in the cost of goods sold. However, there can be no assurance that the loss any of such suppliers would not have a material adverse effect on the Company's business and results of operations. In addition, one of the Company's proprietary nutritional supplements, CordyMax Cs4, is sourced or licensed from a sole supplier of such product in China pursuant to a ten-year contract. CHOLESTIN is sourced from two different suppliers pursuant to contracts that expire in 2008 and 2016. The CHOLESTIN and CordyMax agreements have minimum purchase requirements. In the event the Company fails to satisfy these minium purchase requirements, it will be required to pay a penalty. In addition, the Company is required to pay a termination fee if its wants to terminate the agreements prior to the end of their respective terms. In the event the Company is unable to source products from these suppliers, the Company could have difficulty finding another source of these products. See "Risk Factors - Reliance on Limited Suppliers."

As part of the acquisition of Pharmanex, the Company acquired an extraction and purification facility located in Huzhou, Zhejiang Province, China where it currently produces the extracts for its BIOGINKO 27/7 and TEGREEN 97 products and also a certain potential new product.

The Company has focused on a five-step sourcing process for its proprietary natural supplements, such as CHOLESTIN and BIO GINKO 27/7 to ensure product quality. The first step in this process is to identify the sources of raw material from among many different species. This requires the Company to employ or engage the

necessary botanical expertise to identify the species required for a particular product. The second step involves evaluating the raw material's availability. The Company focuses on products that utilize raw materials that can be cultivated in quantities sufficient to produce satisfactory yields. Variables such as location, seasonal availability, stability, access, and alternative sources must e considered. Once the sources of supply have been identified, the third step is to evaluate their quality--which can differ significantly not just by source, but by time of harvest and method of harvest. The Company has found that steps two and three require an on-the-ground presence and local expertise to be done properly. Step four is to identify the source of supply. To ensure raw material supply, the Company may engage in both forward contracts as well as contracts with multiple suppliers. As a final step to ensuring quality, the Company, when possible, physically supervises the harvest and shipment of all raw materials and bulk extract purchased. This activity involves not only visual inspection, but also chemical analysis of the level of active ingredient in the material at the harvest site and at the receiving dock.

The Company has contract cultivation areas in China and in Chile. Because certain of its botanical products such as ST. JOHNS WORT and BIOGINKO 27/7 come from crops that can only be harvested once a year, problems with such crops could limit the ability of the Company to produce products associated with that plant species during a poor harvest year. In addition, as these products can only be produced once a year, the Company must rely on the accuracy of its estimates of its product requirements in sourcing these products. If the Company underestimates its product requirements, it may not be able to re-stock such product until the next growing season. In order to help alleviate this problem, the Company is working on sourcing raw materials in both the Northern and Southern hemisphere to provide for two separate growing seasons. See "Risk Factors -- Reliance on Limited Suppliers."

Big Planet. Substantially all of the services and products offered by Big Planet currently are contracted from unaffiliated third parties pursuant to contractual arrangements. For example, Big Planet has contracted with Qwest Communications to provide long distance phone services for the Company and contracted with UUNET for dial-up access. By acting as a reseller of these services, Big Planet is able to avoid the large capital deployment and investment that would be required to build the infrastructure to provide such services itself until such time as it has developed a sufficient customer base to make investments in infrastructure and equipment economically feasible. However, Big Planet's profit margins and its ability to deliver quality service at competitive prices are dependent upon its ability to negotiate and maintain favorable terms with such third-party providers. Big Planet also contracts with or enters into various business relationships with various unaffiliated parties to acquire the right to distribute unique and innovative products, such as the i-Phone through its e-commerce services.

Big Planet, however, has invested significantly in its Internet facilities and customer support in order to add value and differentiate itself in the market place. Additionally, implementation of operational support systems allows Big Planet to own the complete relationship with the customer, which enhances the Company's ability to retain customers and market additional new products and services.

Regional Profiles

For information on the Company's revenue for each of the geographic regions in which the Company operated for the years ended December 31, 1996, 1997, and 1998 and other related information, reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Note 16 to the Company's Consolidated Financial Statements, each of which are incorporated herein by reference to the Company's 1998 Annual Report to Stockholders, sections of which are filed herewith as Exhibit 13.

North Asia. The Company's North Asia region currently consists of its markets in Japan and South Korea. Japan is the Company's largest market with approximately $654.2 million in revenue in 1998. According to the World Federation of Direct Selling Associations ("WFDSA"), the direct selling channel in Japan generated sales of approximately $30 billion of goods and services in 1997, making Japan the largest direct selling market in the world. Management believes that as many as six million people are involved in direct selling businesses in Japan. Direct selling is governed by detailed government regulation in Japan. See "Risk Factors -- Government

Regulation of Direct Selling Activities." The Company's success to date can be directly attributed to the growth of its Japanese business in recent years. While the direct sales market as a whole has remained relatively flat for several years in Japan, the Company has posted double-digit growth in revenue, on a local currency basis, each year since the Company entered this market in 1993.

As of December 31, 1998, the Company offered 94 of its 116 personal care products and 19 of its 62 nutritional supplements, including LIFEPAK and LIFEPAK Trim, the Company's core nutritional supplements. In addition, in the fourth quarter of 1998, the Company also introduced a home water filtration system designed for the Japanese market. With a suggested retail price of approximately $400, this is the Company's first large-ticket item to be distributed through its channel. The Company currently offers 59 of its 116 personal care products and six of its 62 nutritional supplements in South Korea. The Company has not introduced any of the proprietary natural health supplements or botanical supplements acquired in connection with the recent acquisition of Pharmanex such as CHOLESTIN and CordyMax Cs-4 in either Japan or South Korea. Subject to obtaining all necessary regulatory approvals and registrations, the Company plans to begin to introduce certain of the Pharmanex botanical products into Japan and South Korea sometime in the second or third quarter of 1999. See "Risk Factors -- Government Regulation of Personal Care Products and Nutritional Supplements."

Southeast Asia. The Company's Southeast Asia region currently consists of its markets in Taiwan, Hong Kong, Thailand, the Philippines, New Zealand, and Australia. This region has been significantly affected by the Asian economic crisis, which has severely curtailed consumer spending, particularly in Thailand. See "Risk Factors -- Economic and Political Conditions in the Company's Markets."

Taiwan is the largest market in this region with revenue of $ 119.5 million in 1998. According to the WFDSA, the direct selling channel in Taiwan generated approximately $1.7 billion in sales of goods and services in 1996, of which approximately 43% were nutritional products. Management believes that the direct selling industry in Taiwan contracted during 1998. The contraction was more significant in United States dollar terms as a result of the weakening Taiwanese dollar. Approximately two million people (approximately 10% of the population) are estimated to be involved in direct selling. Because a large percentage of its population is involved in direct selling activities, the Taiwan government regulates direct selling activities to a significant extent. For example, the Taiwan government has enacted tax legislation aimed at ensuring proper tax payments by distributors on their transactions with end consumers. See "Risk Factors -- Government Regulations of Direct Selling Activities." The Company believes that it is one of the largest direct selling companies in Taiwan. As of December 31, 1998, the Company offered 94 of its 116 personal care products and 17of its 62 nutritional supplements in Taiwan.

Other Countries. The Company's Other Countries region currently consists of the Company's 13 markets in Europe, Brazil, and United States, which, until March 1999, had been operated by private affiliates. See "Recent Developments." The European markets first opened in 1995 with the opening of the United Kingdom, Belgium, the Netherlands, France, and Germany. Since that initial opening, an additional eight markets have been opened in Europe, including Sweden, Denmark, and Poland in 1998. Approximately 75 of the Company's personal care products are sold in Europe. The Company has introduced three to five of its IDN products in a liminted number of its European markets. The Company believes the nutritional supplement market provides the Company with its greatest growth potential in Europe. The Company recently hired a new European vice president and continues to refine its operations in Europe to fit the European mold. On March 8, 1999, the Company acquired the Nu Skin operations in the United States, and plans to acquire Big Planet and the other North American Affiliates in the second quarter of 1999. Substantially all of the Company personal care and nutritional supplements are distributed in the United States. The Company is assuming control over the United States operations at an important time. The newly combined Pharmanex/IDN division was recently launched in the United States and Big Planet continues to develop and implement its technology and telecommunication products and services in the United States.

Following are the weighted average currency exchange rates of $1 into local currency for each of the Company's markets in which revenue exceeded $5.0 million for at least one of the quarters listed:

	1996				1997				1998			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Japan(1)	105.8	107.5	109.0	112.9	121.4	119.1	118.1	125.6	128.2	135.9	139.5	119.3
Taiwan	27.4	27.4	27.5	27.5	27.5	27.7	28.4	31.0	32.8	33.6	34.5	32.6
Hong Kong	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.8	7.8	7.8
South Korea	782.6	786.5	815.5	829.4	863.9	889.6	894.8	1,097.0	1,585.7	1,392.6	1,327.0	1,278.9
Thailand	25.2	25.3	25.3	25.5	26.0	25.4	31.5	40.3	45.1	40.3	40.9	37.1

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(1) Since January 1, 1992, the highest and lowest exchange rates for the Japanese yen have been 147.3 and 80.6, respectively.

Competition

Personal Care and Nutritional Products. The markets for personal care and nutritional products are large and intensely competitive. The Company competes directly with companies that manufacture and market personal care and nutritional products in each of the Company's product categories and product lines. The Company competes with other companies in the personal care and nutritional products industry by emphasizing the uniqueness, value and premium quality of the Company's products and the convenience of the Company's distribution system. Many of the Company's competitors have much greater name recognition and financial resources than the Company. In addition, personal care and nutritional products can be purchased in a wide variety of channels of distribution. While the Company believes that consumers appreciate the convenience of ordering products from home through a sales person or through a catalog, the buying habits of many consumers accustomed to purchasing products through traditional retail channels are difficult to change. The Company's product offerings in each product category are also relatively small compared to the wide variety of products offered by many other personal care and nutritional product companies. There can be no assurance that the Company's business and results of operations will not be affected materially by market conditions and competition in the future. See "Risk Factors -- Competition."

Technology Products and Services; Telecommunications. The Internet services and on-line commerce market is new, rapidly evolving, and intensely competitive. The Company expects competition to intensify further in this market in the future. Barriers to entry for e-commerce are relatively low as current and new competitors can launch new Web sites at relatively low cost. Big Planet's e-commerce services also compete with other channels of distribution, including catalogue sales and traditional retail sales. Big Planet currently or potentially competes with other companies for its Internet services and products, including: established on-line services such as America Online and Microsoft Network, local, regional, and national Internet service providers such as MindSpring and national telecommunication companies; and other numerous e-commerce Web sites such as Amazon.com and Buy.com. Many of Big Planet's competitors have much greater name recognition and financial resources than Big Planet or the Company. In addition, the Company understands that some e-commerce vendors have elected to sell products for little or no gross margins and to generate revenue through the sale of advertising. Big Planet would have a difficult time competing based on price with such vendors because its distribution system results in a commission payment based on such sales. There can be no assurance that Big Planet's business and results of operations will not be affected materially by the intense competition in the Internet market. See "Risk Factors -- Competition."

The telecommunications industry is highly competitive. Many of the Big Planet's existing and potential competitors in this market segment have financial, personnel, marketing, and other resources significantly greater

than those of the Company or Big Planet, as well as other competitive advantages. Increased consolidation and strategic alliances in the industry resulting from the Telecommunications Act of 1996 (the "Telecom Act of 1996") could give rise to significant new competitors to Big Planet. Competition is primarily on the basis of pricing, transmission quality, network reliability, and customer service and support. Big Planet may be at a disadvantage because it does not have its own facilities and must rely on its ability to acquire quality and reliable services from third-party vendors at a price that allows it to resell such services at competitive rates. The ability of Big Planet to compete effectively in this market will depend upon its ability to maintain high quality services at prices equal to or below those charged by its competitors. There can be no assurance that Big Planet or the Company will be able to contract with third parties to obtain rates that allow it to compete on the basis of price in the future or that it will be able to successfully compete in this market. See "Risk Factors - Competition."

Network Marketing Companies. The Company also competes with other direct selling organizations, some of which have a longer operating history and higher visibility, name recognition, and financial resources. The leading network marketing company in the Company's existing markets is Amway Corporation and its affiliates. The Company competes for new distributors on the strength of its multiple business opportunities, product offerings, compensation plan, management strength, and appeal of its international operations. Management envisions the entry of many more direct selling organizations into the marketplace as this channel of distribution expands over the next several years. There can be no assurance that the Company will be able to successfully meet the challenges posed by this increased competition. See "Risk Factors--Competition."

Intellectual Property

The Company's major trademarks are registered in the United States and in many other countries, and the Company considers its trademark protection to be very important to its business. The major trademarks used by the Company include the following: Nu Skin, IDN, Pharmanex, LIFEPAK, and Big Planet. The Company generally registers its important trademarks in the United States and each market where the Company operates or has plans to operate. In addition, a number of the Company's products utilize proprietary technologies and formulations.

Government Regulation

Direct Selling Activities. Direct selling activities are regulated by various federal, state, and local governmental agencies in the United States and foreign countries. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as "pyramid," "money games," "business opportunity" or "chain sales" schemes, that promise quick rewards for little or no effort, require high entry costs, use high pressure recruiting methods, and/or do not involve legitimate products. The laws and regulations in the Company's current markets often (i) impose certain cancellation/product return, inventory buy-backs and cooling-off rights for consumers and distributors, (ii) require the Company or its distributors to register with the governmental agency, (iii) impose certain reporting requirements on the Company, and/or (iv) impose various requirements, such as requiring distributors to have certain levels of retail sales to qualify to receive commissions, to ensure that distributors are being compensated for sales of products and not for recruitment of new distributors. The extent and provisions of these laws, however, vary from country to country and can impose significant restrictions and limitations on the Company's business operations. For example, in South Korea, the Company cannot pay more than 35% of its revenues to its distributors in any given month. In Germany, the German Commercial Code prohibits the use of direct salespersons to promote a multi-level marketing arrangement by making the inducement to purchase products for resale illegal. Accordingly, the Company, through its German subsidiary, sells its products to consumers through a "commercial agent" rather than a wholesale distributor. A commercial agent is similar to an employee. Therefore, Nu Skin is subject to potential tax and social insurance liability as well as agency law governing the termination of a commercial agent.

Based on research conducted in opening its existing markets (including assistance from local counsel), the nature and scope of inquiries from government regulatory authorities, and the Company's history of operations in

such markets to date, the Company believes that its method of distribution is in compliance in all material respects with the laws and regulations relating to direct selling activities of the countries in which the Company currently operates. Certain countries, including Singapore and China, currently have laws in place that would prohibit or significantly limit the Company from conducting business in such markets in accordance with its existing business model. There can be no assurance that the Company will be allowed to conduct business in new markets or continue to conduct business in each of its existing markets. See "Risk Factors - Government Regulation of Direct Selling Activities."

Regulation of Personal Care and Nutritional Supplements. The Company's personal care and nutrition products and related marketing and advertising are subject to extensive governmental regulation by numerous domestic and foreign governmental agencies and authorities, including the FDA, the Federal Trade Commission (the "FTC"), the Consumer Product Safety Commission, and the United States Department of Agriculture in the United States, and the Ministry of Health and Welfare in Japan (the "MOHW").

The Company's markets have varied regulations concerning product formulation, labeling, packaging, and importation. These laws and regulations often require the Company to, among other things: (i) reformulate products for a specific market to meet the specific product formulation laws of such country; (ii) conform product labeling to the regulations in each country; and (iii) register or qualify products with the applicable government authority or obtain necessary approvals or file necessary notifications for the marketing of such products. For example, in Japan, the MOHW requires the Company to have an import business license and to register each personal care product imported into Japan. The Company has also had to reformulate many products to satisfy MOHW regulations. In Taiwan, all "medicated" cosmetic and pharmaceutical products require registration. These regulations can limit the ability of the Company to import certain products into certain of its markets and can delay the introduction of products into markets as the Company goes through the registration and approval process for such products. The sale of cosmetic products is regulated in the European Union ("EU") member states under the EU Cosmetics Directive, which requires a uniform application for foreign companies making personal care product sales.

Nutritional supplements are strictly regulated in the Company's markets. The Company's markets have varied regulations that apply to and distinguish dietary health supplements from "drugs" or "pharmaceutical products." For example, the Company's products are regulated by the FDA in the United States under the Federal Food, Drug and Cosmetic Act (the "FDCA"). The FDCA has been amended several times with respect to nutritional supplements, most recently by the Nutrition Labeling and Education Act and the Dietary Supplement Health and Education Act ("DSHEA"). DSHEA establishes rules for determining whether a product is a nutritional supplement. Under DSHEA, nutritional supplements are regulated more like foods than drugs, are not subject to the food additive provisions of the law, and are generally not required to undergo regulatory clearance prior to market. None of this infringes, however, upon the FDA's power to remove an unsafe substance from the market, but the law clearly shifts the burden of proof to the FDA. In Japan, regulations strictly limit the types of claims and regulations that can be made regarding the efficacy of nutritional supplements. In the event a product, or an ingredient in a product, is classified as a drug or pharmaceutical product in any market, the Company will generally not be able to distribute such product in such market through its distribution channel because of the strict restrictions applicable to drug and pharmaceutical products.

Many of the Company's existing markets also regulate product claims and advertising. These laws regulate the types of claims and representations that can be made regarding the efficacy of products, particularly dietary supplements. For example, in the United States the Company is unable to make any claim that any of its nutritional supplements will diagnose, cure, mitigate, treat, or prevent disease. DSHEA, however, permits substantiated, truthful, and non-misleading statements of nutritional support to be made in labeling, such as statements describing general well-being resulting from consumption of a dietary ingredient or the role of a

nutrient or dietary ingredient in affecting or maintaining a structure or a function of the body. The FDA recently issued a proposed rule concerning these issues. The FTC similarly requires that any claims be substantiated. One of the strategic purposes of the acquisition of Pharmanex was to provide the Company with additional resources to enhance the ability of the Company to comply with these requirements. In Japan, the Company and its distributors are severely restricted in making any claims concerning the health benefits of the Company's nutritional supplements. Accordingly, these regulations can limit the ability of the Company and its distributors to inform consumers of the full benefits of the Company's products. See "Risk Factors -- Government Regulation of Products and Marketing; Import Restrictions."

The Company and its vendors are also subject to laws and regulations governing the manufacturing of its products. For example, in the United States the FDA regulations establish Good Manufacturing Practices for foods and drugs. Detailed Good Manufacturing Practices have been proposed by the FDA for nutritional supplements; however, no regulations establishing such Good Manufacturing Practices have been adopted.

To date, the Company has not experienced any difficulty maintaining its import licenses but has experienced complications regarding health and safety and food and drug regulations for nutritional products. Many of the Company's products have required reformulation to comply with local requirements. In addition, in Europe there is no uniform legislation governing the manufacture and sale of nutritional products. Complex legislation governing the manufacturing and sale of nutritional products in this market have inhibited the ability of the Company to gain quick access to this market for its nutritional supplements and could continue to adversely affect and delay sales of the Company's nutritional supplements in these markets, particularly Germany, which already has a large nutritional, herbal, and dietary products industry. Currently, the Company is only actively marketing a few of its core nutritional products in a limited number of countries in its European market.

Telecommunications Regulation. Following the acquisition of Big Planet, the Company, through Big Planet, will be subject to varying degrees of telecommunications regulation in each of the jurisdictions in which it operates. As a nondominant carrier in the United States, the Company's provision of international and domestic long distance telecommunications services is generally regulated on a streamlined basis. Despite recent trends toward deregulation, some countries do not currently permit competition in the provision of public switched voice telecommunications services.

United States Regulation of Domestic and International Telecommunications Services

In the United States, Big Planet's provision of domestic telecommunications service is subject to the provisions of the Communications Act, as amended by the Telecom Act of 1996, and the Federal Communications Commission ("FCC") regulations promulgated thereunder, as well as the applicable laws and regulations of the various states. The FCC exercises jurisdiction over all facilities of, and services offered by, telecommunications common carriers to the extent those facilities are used to provide, originate, or terminate interstate or international communications. State regulatory commissions retain some jurisdiction over the same facilities and services to the extent they are used to originate or terminate intrastate common carrier communications. The FCC and relevant state authorities regulate the ownership of transmission facilities, the provision of services, and the terms and conditions under which such services are provided. Nondominant carriers such as Big Planet are required by federal and state law and regulations to file tariffs listing the rates, terms, and conditions for the services they provide. In addition, Big Planet is subject to contribution requirements for federal and state universal service funds, which serve to fund affordable telephone service in designated sectors.

With regard to regulation of international telecommunications services in the United States, common carriers, such as Big Planet, are required to obtain authority under Section 214 of the Communications Act and are subject to a variety of international service regulations, including the FCC's International Settlements Policy,

which governs permissible arrangements between United States carriers and their foreign correspondents to settle the cost of terminating traffic on each other's networks and settlement rates, and rules requiring the filing of international tariffs, carrier contracts (including foreign carrier agreements), and traffic and revenue reports.

Regulation of Telecommunications Services in Foreign Countries

Many overseas telecommunications markets are undergoing dramatic changes as a result of privatization and deregulation. In Europe, the regulation of the telecommunications industry is governed at a supranational level by EU, which has developed a regulatory framework aimed at ensuring an open, competitive telecommunications market. Each EU member state has a different regulatory regime, and the requirements for Big Planet to obtain necessary licenses vary considerably from one member state to another and are likely to change as competition is permitted in new service sectors. In other overseas markets, Big Planet would be subject to the regulatory regimes in each of the countries in which it seeks to conduct business. Local regulations range from permissive to restrictive, depending upon the country. Despite recent trends toward deregulation, some countries do not currently permit competition in the provision of public switched voice telecommunications services, which will limit the ability of Big Planet to provide telecommunication services in all of the Company's markets.

Internet Access

In the United States, Internet service providers are generally considered "enhanced service providers" and are exempt from federal and state regulations governing common carriers. Accordingly, Big Planet's provision of Internet access services is currently exempt from tariff, certification, and rate regulation. Nevertheless, regulations governing disclosure of confidential information, copyright, excise tax, and other requirements that may apply to Big Planet's provision of Internet access services could be adopted in the future. In addition, the applicability of existing laws governing many of these issues to the Internet is uncertain. The majority of such laws were adopted prior to the advent of the Internet and related technologies and do not address unique issues associated with the Internet and related technologies. There can be no assurance that the Company's operation will not be adversely affected by the adoption of any such laws or the application of existing laws to the Internet. In addition, there can be no assurance that regulatory requirements in markets outside of the United States will not adversely affect the ability of the Company to implement Internet services in such markets.

Other Regulatory Issues. As a United States entity operating through subsidiaries in foreign jurisdictions, the Company is subject to foreign exchange control and transfer pricing laws that regulate the flow of funds between its subsidiaries and the Company for product purchases, management services, and contractual obligations such as the payment of distributor commissions. The Company believes that it operates in compliance with all applicable foreign exchange control and transfer pricing laws. However, there can be no assurance that the Company will continue to be found to be operating in compliance with foreign exchange control and transfer pricing laws, or that such laws will not be modified, which, as a result, may require changes in the Company's operating procedures.

As is the case with most companies which operate in the Company's product segment, the Company has from time to time received inquiries from various government regulatory authorities regarding the nature of its business and other issues such as compliance with local direct selling, customs, taxation, foreign exchange control, securities, and other laws. Although to date none of these inquiries has resulted in a finding materially adverse to the Company, adverse publicity resulting from inquiries into the Company's operations by certain government agencies in the early 1990s, stemming in part out of inappropriate product and earnings claims by distributors, materially adversely affected the Company's business and results of operations. There can be no assurance that the Company will not face similar inquiries in the future, which, either as a result of findings

adverse to the Company or as a result of adverse publicity resulting from the instigation of such inquiries, could have a material adverse effect on the Company's business and results of operations. See "Risk Factors -- Risks of Government Inquiry and Investigation."

Based on the Company's experience and research (including assistance from counsel) and the nature and scope of inquiries from government regulatory authorities, the Company believes that it is in material compliance with all regulations applicable to it. Despite this belief, the Company could be found not to be in material compliance with existing regulations as a result of, among other things, the considerable interpretative and enforcement discretion given to regulators or misconduct by independent distributors. In 1994, NSI and three of its distributors entered into a consent decree with the FTC with respect to its investigation of certain product claims and distributor practices, pursuant to which NSI paid approximately $1.0 million to settle the FTC investigation. In August 1997, NSI reached a settlement with the FTC with respect to certain product claims and its compliance with the 1994 consent decree, pursuant to which settlement NSI paid $1.5 million to the FTC.

Any assertion or determination that the Company or its distributors are not in compliance with existing laws or regulations could have a material adverse effect on the Company's business and results of operations. In addition, in any country or jurisdiction, the adoption of new laws or regulations or changes in the interpretation of existing laws or regulations could generate negative publicity and/or have a material adverse effect on the Company's business and results of operations. The Company cannot determine the effect, if any, that future governmental regulations or administrative orders may have on the Company's business and results of operations. Moreover, governmental regulations in countries where the Company plans to commence or expand operations may prevent, delay, or limit market entry of certain products or require the reformulation of such products. Regulatory action, whether or not it results in a final determination adverse to the Company, has the potential to create negative publicity, with detrimental effects on the motivation and recruitment of distributors and, consequently, on the Company's sales and earnings. See "Risk Factors -- Risks of Government Inquiry and Investigation."

Employees

As of December 31, 1998, the Company had approximately 1,500 full-time and part-time employees. None of the employees is represented by a union or other collective bargaining group. The Company believes its relationship with its employees is good, and does not currently foresee a shortage in qualified personnel needed to operate the business.

Risk Factors

There are certain significant risks facing the Company, many of which are substantial in nature. The following risks and information should be considered in connection with the other information contained in this filing.

Economic and Political Conditions in the Company's Markets. Through 1997 and 1998, economic and political conditions in certain of the Company's markets have deteriorated. These adverse conditions have been reflected most significantly in the Company's operating results in its North Asia and Southeast Asia market regions. Many countries currently labor under declining stock and currency markets, mounting bad bank debt, bankruptcies involving large business enterprises, excess capacity, declining demand for foreign goods, and political unrest. Many commentators expect economic and political conditions in certain markets to worsen in the foreseeable future. Adverse economic or political conditions in Japan, which accounted for approximately 70% of the Company's 1998 revenues, could have a particularly adverse impact on the Company and its results of operations.

Currency Fluctuation and Exchange Rate Factors. Most of the Company's revenue are recognized primarily outside of the United States while inventory purchases are primarily transacted in United States dollars from vendors in the United States. Each entity'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 revenue and net income will be positively impacted by a weakening of the United States dollar and will be negatively impacted by a strengthening of the United States dollar. The weakening of the Japanese Yen relative to the United States dollar significantly affects the Company's reported revenue and net income since approximately 70% of the Company's revenue is currently derived from the Japanese market. 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 nearly all of the Company's revenue is realized in local currencies and the majority of its cost of sales is denominated in United States dollars, the Company's gross profits will be positively affected by a weakening in the United States dollar and will be negatively affected by a strengthening in the United States dollar. The Company reduces its exposure to fluctuations in foreign exchange rates by creating offsetting positions through the use of foreign currency exchange contracts. The Company does not use such 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. See "Regional Profiles."

Reliance upon Independent Distributors. The Company distributes its products exclusively through independent distributors who have contracted directly with the Company, through its subsidiary NSI. Distributor agreements are voluntarily terminable by distributors at any time. The Company's revenue is directly dependent upon the efforts of these independent distributors, and any growth in future sales volume will require an increase in the productivity of these distributors and/or the growth in the total number of distributors. As is typical in the direct selling industry, there is turnover in distributors from year to year, which requires the sponsoring and training of new distributors by existing distributors to maintain or increase the overall distributor force and motivate new and existing distributors. The Company experiences seasonal decreases in distributor sponsoring and product sales in some of the countries in which the Company operates because of local holidays and customary vacation periods. The size of the distribution force can also be particularly impacted by general economic and business conditions and a number of intangible factors such as adverse publicity regarding the Company, or the public's perception of the Company's products, product ingredients, distributors or direct selling businesses in general. Historically, the Company has experienced periodic fluctuations in the level of distributor sponsorship (as measured by distributor applications). However, because of the number of factors that impact the sponsoring of new distributors, and the fact that the Company has little control over the level of sponsorship of new distributors, the Company cannot predict the timing or degree of those fluctuations. There can be no assurance that the number or productivity of the Company's distributors will be sustained at current levels or increased in the future. In addition, the number of distributors as a percentage of the population in a given country or market could theoretically reach levels that become difficult to exceed due to the finite number of persons inclined to pursue a direct selling business opportunity.

Because distributors are independent contractors, the Company is not in a position to provide the same level of direction, motivation, and oversight as it would with respect to its own employees. Although the Company has a compliance department responsible for the enforcement of the policies and procedures that govern distributor conduct, it can be difficult to enforce these policies and procedures because of the large number of distributors and their independent status, as well as the impact of regulations in certain countries that limit the ability of the Company to monitor and control the sales practices of distributors or terminate distributors. See "Distribution System."

Risks Related to the Integration of Recent and Contemplated Acquisitions. The Company believes that its recent acquisitions of NSI, Pharmanex, and the business operations of Nu Skin USA, Inc., and its proposed

acquisitions of the remaining private North American Affiliates and Big Planet, have created or will create opportunities for long-term efficiencies in the Company's operations and other benefits that should positively affect future results of the combined operations of the Company. However, no assurances can be given whether or when such efficiencies and benefits will be realized. In addition, the Company has become more complex and diverse since the acquisitions of NSI, Pharmanex, and the business operations of Nu Skin USA, Inc., and will become even more so after the consummation of the acquisition of Big Planet and the remaining private North American Affiliates. The combination of the Company's business with that of its recent and contemplated acquisitions will present difficult challenges for the Company's management because of the increased time and resources required to manage a complex world-wide business. Also, the accounting for the completed and contemplated acquisitions using the purchase method has resulted and could result in significant intangible assets or a significant charge against operations, or both, which could adversely affect future results of operations. While management and the Board of Directors of the Company believe that the continued integration of the recent acquisitions and the contemplated acquisition of Big Planet will be effected in a manner which will increase the value of the Company, no assurance can be given that such realization of value will be achieved. The Company will also need to integrate the products of Pharmanex, which until recently were marketed only in the mass market, into the Company's direct sales distribution system. There can be no assurance that the Company will be able to successfully integrate the products of Pharmanex into the Company's current distribution system, that Pharmanex products will gain acceptance in this channel, or that the Company will not incur significant costs and expenses in connection with such integration. The closing of the proposed Big Planet acquisition is subject to certain contingencies including the satisfactory completion of definitive documentation and the Company's due diligence investigation of Big Planet and the receipt of various governmental approvals. The Company cannot assure that the Big Planet acquisition will be consummated. In addition, Big Planet, like many Internet companies, has experienced significant operating losses to date. There can be no assurance that Big Planet will be able to operate profitably in the highly competitive Internet market in the near future or that such products can be profitably marketed through a network marketing system. See "Recent Developments."

Government Regulation of Direct Selling Activities. Direct selling activities are regulated by various governmental agencies in the United States and foreign countries. Direct selling in certain of the Company's markets is restricted or subject to stringent regulation. There can be no assurances that regulatory authorities in the Company's existing markets will not impose new legislation or change existing legislation that adversely affects the Company's business in those markets, or that new judicial interpretation of existing law may be issued that adversely affect the Company's business. There can be no assurance that the Company will be allowed to conduct business in each of its existing markets or potential new markets. See "Government Regulation -- Direct Selling Activities."

Government Regulation of Products and Marketing; Import Restrictions. The Company is subject to or affected by extensive governmental regulations not specifically related to network marketing. Such regulations govern, among other things:

* The Company's personal care products and nutritional supplements;

* The Company's telecommunication products and services offered through Big Planet;

* Product formulation, manufacturing, labeling, packaging, and importation;

* Product claims and advertising, whether made by the Company or its distributors;

* Fair trade and distributor practices;

* Taxes, transfer pricing, and similar regulations that affect foreign taxable income and customs duties; and

* foreign companies generally.

With the exception of a small percentage of revenue, virtually all of the Company's sales historically have been derived from the sale of its own products. All of those products historically have been imported into the countries in which they were ultimately sold. The countries in which the Company currently conducts business impose various legal restrictions on imports. In any given country, duties on imports may be changed to materially adversely affect the Company's sales and competitive position compared to locally produced goods. In some jurisdictions, regulators have or may prevent the importation of the Company's products altogether.

The Company's personal care and nutritional products and related marketing and advertising also are subject to extensive governmental regulation. The Company may not be able to introduce its nutritional products in markets outside the United States if it is unable to obtain regulatory approval of such products or if such products or any ingredients contained in such products are prohibited in such markets. The Company may also be prohibited from making therapeutic claims regarding such products in certain markets even if the Company may have research and independent studies supporting such claims. Present or future health and safety or food and drug regulations, or judicial interpretations thereof, could delay or prevent the introduction of new products into a given country or marketplace or suspend or prohibit the sale of existing products in such country or marketplace. See "Government Regulation -- Regulation of Personal Care and Nutritional Supplements."

The Company's proposed provision of Internet access services through Big Planet is currently exempt from significant regulation in the United States. However, the applicability of existing laws to the Internet and related technologies is uncertain, and laws and regulations may be adopted that apply to such technologies in the future. There can be no assurance that the Company's operations will not be adversely effected by the adoption of any such laws or the application of existing laws to the Internet. In addition, the Company could be subject to regulations in its foreign markets that are applicable to the Internet. There can be no assurance that any of such laws could not delay or prevent the Company from introducing Big Planet products and services into such markets, or otherwise adversely affect the ability of the Company operate in these markets. See "Government Regulation -- Telecommunications Regulation."

As a United States entity operating through subsidiaries in foreign jurisdictions, the Company is subject to foreign exchange control and transfer pricing laws that regulate the flow of funds between the Company, its subsidiaries, and affiliates. There can be no assurance that the Company will continue to operate in compliance with foreign customs, exchange control, and transfer pricing laws, or that such laws will not be modified, which, as a result, may require changes in the Company's operating procedures. See "Government Regulation -- Other Regulatory Issues."

Risks of Government Inquiry and Investigation. As is the case with most direct sales companies, the Company has from time to time, received inquiries from various government regulatory authorities regarding the nature of its business and other issues such as compliance with local business opportunity and securities laws. Also, its subsidiaries are periodically subject to reviews and audits by various governmental agencies. There is no assurance that the Company or its subsidiaries will not face similar inquiries and other investigations in the future. Any assertion or determination that the Company, or any of its distributors, are not in compliance with existing laws or regulations, could potentially have a material adverse effect on the Company's business and results of operations. In addition, in any country or jurisdiction, the adoption of new laws or regulations or changes in the interpretation of existing laws or regulations could generate negative publicity and/or have a material adverse effect on its business and results of operations. The Company cannot determine the effect, if any, that future

governmental regulations or administrative orders may have on its business and results of operations. Moreover, governmental regulations in countries where the Company plans to commence or expand operations may prevent, delay, or limit market entry of certain products or require the reformulation of such products. Regulatory action, whether or not it results in a final determination adverse to the Company, has the potential to create negative publicity, with detrimental effects on the motivation and recruitment of distributors and, consequently, on the Company's revenue and net income. See "Government Regulation -- Other Regulatory Issues."

Reliance on Limited Suppliers. The Company currently acquires products and ingredients from sole suppliers or from suppliers considered to be the superior suppliers of such ingredients. The loss of any of these suppliers could have a material adverse effect on the Company's business and results of operations. Because certain of the Company's botanical products are derived from crops that can only be harvested once a year, problems with a certain crop could limit the ability of the Company to produce a product associated with that plant species in a given year. See "Sourcing and Production."

Competition. The markets for the Company's personal care and nutritional products, and the technology products and services offered by Big Planet are intensely competitive. The Company also competes with other direct selling organizations. Many of the Company's competitors have much greater name recognition and financial resources than the Company, which may give them a competitive advantage. There can be no assurance that the Company's business and results of operations will not be affected materially by market conditions and competition in the future. Although the Company distributes certain products it considers proprietary, it does not currently have significant patent protection for its products. In addition, competitors may also introduce products utilizing the same natural ingredients and herbs as the Company's proprietary health supplement CHOLESTIN, the Company believes competitors have introduced competing products utilizing red yeast rice. Because of restrictions under regulatory requirements concerning claims that can be made with respect to dietary supplements, the Company may have a difficlult time differentiating its products from those of competitors. See "Competition."

Year 2000 Risks. The Company may not accurately identify all potential Year 2000 problems within its business, and the corrective measures that it may implement may be ineffective or incomplete. The Company cannot assure that Big Planet will not experience Year 2000 problems related to or affecting its business. Any such problems could adversely affect the Company. The Company also contracts with many third parties that could be affected by the Year 2000 problem, such as technology and telecommunication service providers and other suppliers and manufacturers. If any of these or other third parties on which the Company relies experience Year 2000 problems, the Company's business could be adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report to Stockholders, sections of which are attached hereto as Exhibit 13.

Risks Related to Potential Changes in Business Model. The Company believes that direct sellers will need to adapt their business models to integrate the Internet into their operations as more and more consumers purchase goods and services over the Internet instead of through traditional retail and direct sales channels. The Company cannot assure that it or its distributors will be able to adequately adapt to the use of new technology or sales channels or effectively integrate the Internet into their respective operations. See "Distribution System."

Potential Effects of Adverse Publicity. The size of the Company's distribution force and the results of the Company's operations can be particularly impacted by adverse publicity regarding the Company, or their competitors, including publicity regarding the legality of network marketing, the quality of the Company's products and product ingredients or those of its competitors, regulatory investigations of the Company or the Company's competitors and their products, distributor actions, and the public's perception of the Company's distributors and direct selling businesses generally. The Company's operations in the past have been adversely affected by such adverse publicity in certain markets, and there can be no assurance that the Company's operations will not be adversely

affected in the future by adverse publicity concerning the Company, its distribution system, or network marketing in general.

Control by Existing Stockholders; Anti-Takeover Effect of Dual Classes of Common Stock. The shares of Class B Common Stock, which are held by the original stockholders of NSI and their affiliates, enjoy ten to one voting privileges over the shares of Class A Common Stock until the outstanding shares of Class B Common Stock constitute less than 10% of the total outstanding shares of Common Stock. These stockholders and certain of their affiliates collectively own 100% of the outstanding shares of the Class B Common Stock, representing more than 90% of the combined voting power of the outstanding shares of Common Stock. Accordingly, these stockholders and certain of their affiliates, acting fully or partially in concert, will have the ability to control the election of the Board of Directors of the Company and thus the direction and future operations of the Company without the supporting vote of any other stockholder of the Company, including decisions regarding acquisitions and other business opportunities, the declaration of dividends, and the issuance of additional shares of Class A Common Stock and other securities. As long as these stockholders are majority stockholders of the Company, assuming they elect to act in concert, third parties will not be able to obtain control of the Company through purchases of shares of Class A Common Stock.

Taxation Risks and Transfer Pricing. The Company is subject to taxation in the United States, where it is incorporated, at a statutory corporate federal tax rate of 35.0% plus any applicable state income taxes. In addition, each subsidiary is subject to taxation in the country in which it operates, at rates above and below the current tax rate in the United States. For example, the Company's subsidiary in Japan has historically been subject to a tax rate of approximately 57%. The Company is eligible to receive foreign tax credits in the U.S. for the amount of foreign taxes actually paid in a given period. In the event that the Company's operations in high tax jurisdictions such as Japan grow disproportionately to the rest of the Company's operations, the Company will be unable to fully utilize its foreign tax credits in the U.S., which could, accordingly, result in the Company paying a higher overall effective tax rate on its worldwide operations.

Because the subsidiaries operate outside of the United States, the Company is subject to the jurisdiction of numerous foreign tax authorities. In addition to closely monitoring the subsidiaries' locally based income, these tax authorities regulate and restrict various corporate transactions, including intercompany transfers. The Company believes that the tax authorities in Japan and South Korea are particularly active in challenging the tax structures of foreign corporations and their intercompany transfers. Although the Company believes that its tax and transfer pricing structures are in compliance in all material respects with the laws of every jurisdiction in which it operates, no assurance can be given that these structures will not be challenged by foreign tax authorities or that such challenges or any required changes in such structures will not have a material adverse effect on the Company's business or results of operations.

Product Liability. The Company may be subject, under applicable laws and regulations, to liability for loss or injury caused by its products. Accordingly, the Company maintains a policy covering product liability claims for itself and its affiliates with a $1 million per claim and $1 million annual aggregate limit and an umbrella policy with a $40 million per claim and $40 million annual aggregate limit. Although the Company has not been the subject of material product liability claims, no assurance can be given that the Company may not be exposed to future product liability claims, and, if any such claims are successful, there can be no assurance that the Company will be adequately covered by insurance or have sufficient resources to pay such claims.

Note Regarding Forward-Looking Statements. Certain statements made in this filing under the caption "Business" are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, when used in this Report the words or phrases "will likely

result," "expects," "intends," "will continue," "is anticipated," "estimates," "projects," "management believes," "the Company believes" and similar expressions are intended to identify "forward-looking statements" within the meaning of the Exchange Act.

Forward-looking statements include plans and objectives of management for future operations, including plans and objectives relating to the products and the future economic performance of the Company in each country in which the Company operates and the financial results of the Company. 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 set forth herein relate to the: (i) proposed acquisitions of Big Planet and the remaining private North American Affiliates, (ii) proposed shift to a strategic, product-based divisional operating structure and related modifications of the Global Compensation Plan; (iii) expansion of the Company's market share in its current markets; (iv) Company's entrance into new markets; (v) development of new products and new product lines tailored to appeal to the particular needs of consumers in specific markets; (vi) stimulation of product sales by introducing new products and reintroducing existing products with improvements; (vii) creation of new nutritional products through the research and development capabilities of Pharmanex; (viii) establishment of relationships with major universities to assist in nutritional product development and testing; (ix) establishment of strategic relationships to expand the Company's and Big Planet's products offered for sale on the Internet; (x) enhancement and expansion of Big Planet's telecommunication and technology services and other products, including the offering of wireless services through a third-party wireless service provider and prepaid paging products through SkyTel; (xi) promotion of distributor growth, retention, and leadership through local market initiatives; (xii) upgrading of the Company's technological resources to support distributors, including using the Internet in distributing products; (xiii) utilization of technological advancements to improve the Company's direct selling efforts; and (xiv) obtaining of regulatory approvals for certain products.

All forward-looking statements are subject to known and unknown risks and uncertainties, including those discussed in the above-referenced Risk Factors, that could cause actual results to differ materially from historical results and those presently anticipated or projected. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.

The Company wishes to further advise readers that the important factors presented in the above-referenced Risk Factors could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any views or statements expressed with respect to future periods. Important factors and risks that might cause such differences include, but are not limited to (a) adverse economic and political conditions in some of the Company's markets, particularly in the Company's Asian markets; (b) fluctuations in foreign currency values relative to the United States dollar, (c) factors related to the Company's reliance upon independent distributors, (d) risks related to the continued integration of recent acquisitions by the Company; (e) the possibility the proposed acquisitions of Big Planet and the remaining private North American Affiliates may not be consummated, (f) the inability of the Company to gain market acceptance of new products, including the Pharmanex products and Big Planet products and services, (g) government regulation of the Company's direct selling activities in its existing and future markets, (h) government regulation of products and marketing generally, (i) risks inherent in the importation, regulation, and sale of personal care and nutritional products in the Company's markets, (j) other regulatory issues, including regulatory action against the Company or its distributors in any of the Company's markets, (k) the Company's reliance on limited suppliers of the Company's products, (l) competition in the Company's existing and future markets, (m) 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, and (n) risks related to potential changes in direct selling practices, particularly those changes prompted by changes in technology.

In light of the significant uncertainties inherent in forward-looking statements, the inclusion of any such statement should not be regarded as a representation by the Company or any other person that the objectives or plans of the Company will be achieved. The Company disclaims any obligation or intent to update any such factors or forward-looking statements to reflect future events or developments.

ITEM 2.PROPERTIES

The Company generally leases its warehouse, office, or distribution facilities in each geographic region in which the Company currently has operations. Nu Skin believes that its existing facilities are adequate for its current operations in each of its existing markets. The following table summarizes, as of March 5, 1999, the Company's major leased office and distribution facilities.

Location	Function	Approximate Square Feet
Provo, Utah	Distribution center	198,000
Provo, Utah	Corporate offices	125,000
Los Angeles, California	Warehouse	126,000
Yokohama, Japan	Warehouse	37,000
Tokyo, Japan	Central office/distribution center	44,000
Taipei, Taiwan	Central office/distribution center	26,000
Nankan, Taiwan	Warehouse/distribution center	37,000
Venlo, Netherlands	Warehouse/offices	20,000

In connection with the acquisition of Pharmanex, the Company acquired a production facility located in Huzhou, Zhejiang Province, China. The design and construction of this extraction and purification facility was completed in October 1994 and on-line production began in November 1994.

ITEM 3. LEGAL PROCEEDINGS

NSI is a party to an action entitled Natalie Capone on behalf of Herself and All Others Similarly Situated v. Nu Skin Canada, Inc., Nu Skin International, Inc. Blake Roney, et. al. which was filed with the United States District Court for the District of Utah, Central Division (the "Court") in March 1993. Ms. Capone filed a class action complaint against NSI and certain affiliated parties (the "Defendants"). The complaint alleges violations of the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, common law fraud, and violations of the Utah Consumer Sales Practices Act. The plaintiff also sought injunctive relief, disgorgement by Defendants, and restitution to plaintiff of all earnings, profits, compensation, and benefits obtained by the Defendants. In June 1997, the Court denied NSI's motion for summary judgment but also denied the plaintiff's motion to certify a similarly situated class of distributors. In May 1998 the Court, upon reconsideration, granted the plaintiff's motion to certify a similarly situated class of distributors based on more limited claims under the Securities Act of 1933 and the Utah Anti-Pyramid statute. The case continues in discovery. The Company's potential liability associated with this case is limited by certain indemnities provided to the Company in connection with the acquisition by the Company of NSI.

At the time of the Company's acquisition of Pharmanex, Inc. in the fourth quarter of 1998, Pharmanex was a party to an action entitled Pharmanex, Inc. v. Donna Shalala which was filed by Pharmanex with the United States District Court for the District of Utah, Central Division ("Court") in April 1997 after the Food and Drug

Administration informed Pharmanex that it considered Pharmanex's product, CHOLESTIN, to be a drug. The matter was held in abeyance pending an issuance of a final decision by the FDA. On May 20, 1998, the FDA issued a "Final Order" announcing the FDA's decision that it considers CHOLESTIN to be a "drug" and a "new drug" rather than a dietary supplement. On June 1, 1998, Pharmanex filed an amended complaint requesting the Court to find that the FDA decision was contrary to the law. On February 16, 1999, the Court ruled that CHOLESTIN was not a drug and could be legally sold as a dietary supplement. There can be no assurance that the FDA will not appeal such order, or in the event of such appeal, that the Company would prevail. An adverse decision on appeal could restrict the ability of the Company to distribute CHOLESTIN in the United States

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

There were no matters submitted to a vote of the security holders during the fourth quarter of the fiscal year ended December 31, 1998.

PART II

ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information required by Item 5 of Form 10-K is incorporated herein by reference from the information contained in the section captioned "Common Stock" in the Company's 1998 Annual Report to Stockholders, sections of which are attached hereto as Exhibit 13. On October 16, 1998, the Company issued a total of 3,777,992 shares of Class A Common Stock to the shareholders of Generation Health Holdings, Inc. pursuant to the merger of Generation Health Holdings, Inc. with and into Sage Acquisition Corporation, a wholly-owned subsidiary of the Company. The issuance of such shares was made in a private transaction in reliance on the exemptions provided by Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 of Regulation D.

ITEM 6. SELECTED FINANCIAL DATA

The information required by Item 6 of Form 10-K is incorporated herein by reference from the information contained in the section captioned "Selected Financial Data" in the Company's 1998 Annual Report to Stockholders, sections of which are attached hereto as Exhibit 13.

ITEM 7. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by Item 7 of Form 10-K is incorporated herein by reference from the information contained in the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 1998 Annual Report to Stockholders, sections of which are attached hereto as Exhibit 13.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by Item 7A of Form 10-K is incorporated herein by reference from the information contained in the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations " and Note 14 to the Consolidated Financial Statements in the Company's 1998 Annual Report to Stockholders, sections of which are attached hereto as Exhibit 13.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by Item 8 of Form 10-K is incorporated herein by reference to the Consolidated Financial Statements and the related notes set forth in the Company's 1998 Annual Report to Stockholders, sections of which are attached hereto as Exhibit 13.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

The information required by Items 10, 11, 12, and 13 of Part III are hereby incorporated by reference to the Company's Definitive Proxy Statement filed or to be filed with the Securities and Exchange Commission not later than April 30, 1999.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this Form 10-K:

1. Financial Statements (pursuant to Part II, Item 8)

Report of Independent Accountants

Consolidated Balance Sheets at December 31, 1997 and 1998

Consolidated Statements of Income for the years ended December 31, 1996, 1997, and 1998

Consolidated Statements of Stockholders' Equity for the years ended December 31, 1996, 1997, and 1998

Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1997, and 1998

Notes to Consolidated Financial Statements

2. Financial Statement Schedules: Financial statement schedules have been omitted because they are not required or are not applicable, or because the required information is shown in the financial statements or notes thereto.

3. Exhibits: The following Exhibits are filed with this Form 10-K:

Exhibit Number	Exhibit Description
2.1	Stock Acquisition Agreement between Nu Skin Asia Pacific, Inc. and each of the persons on the signature pages thereof, dated February 27, 1998, incorporated by reference to Exhibit 2.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
2.2	Restated Agreement and Plan of Reorganization and Merger by and between Nu Skin Enterprises, Inc., Sage Acquisition Corporation and Generation Health Holdings, Inc. dated as of October 16, 1998, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed November 2, 1998.

3.1	Amended and Restated Certificate of Incorporation of the Company incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 333-12073) (the "Form S-1").
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998.
3.3	Certificate of Designation, Preferences and Relative Participating, Optional, and Other Special Rights of Preferred Stock and Qualification, Limitations and Restrictions Thereof.
3.4	Amended and Restated Bylaws of the Company incorporated by reference to Exhibit 3.2 to the Company's Form S-1.
4.1	Specimen Form of Stock Certificate for Class a Common Stock incorporated by reference to Exhibit 4.1 to the Company's Form S-1.
4.2	Specimen Form of Stock Certificate for Class B Common Stock incorporated by reference to Exhibit 4.2 to the Company's Form S-1.
10.1	Form of Indemnification Agreement to be entered into by and among the Company and certain of its officers and directors incorporated by reference to Exhibit 10.1 to the Company's Form S-1.
10.2	Intentionally left blank.
10.3	Employment Contract, dated December 12, 1991, by and between Nu Skin Taiwan and John Chou incorporated by reference to Exhibit 10.3 to the Company's Form S-1.
10.4	Employment Agreement, dated May 1, 1993, by and between Nu Skin Japan and Takashi Bamba incorporated by reference to Exhibit 10.4 to the Company's Form S-1.
10.5	Service Agreement, dated January 1, 1996, by and between Nu Skin Korea and Sung-Tae Han incorporated by reference to Exhibit 10.5 to the Company's Form S-1.
10.6	Form of Purchase and Sale Agreement between Nu Skin Hong Kong and NSI incorporated by reference to Exhibit 10.6 to the Company's Form S- 1.
10.7	Form of Licensing and Sales Agreement between NSI and each subsidiary (prior to the Company's acquisition of NSI and other than Nu Skin Korea) incorporated by reference to Exhibit 10.7 to the Company's Form S-1.
10.8	Form of Regional Distribution Agreement between NSI and Nu Skin Hong Kong incorporated by reference to Exhibit 10.8 to the Company's Form S-1.

10.9	Form of Wholesale Distribution Agreement between NSI and each Subsidiary (prior to the Company's acquisition of NSI and other than Nu Skin Hong Kong) incorporated by reference to Exhibit 10.9 to the Company's Form S-1.
10.10	Form of Trademark/Tradename License Agreement between NSI and each subsidiary (prior to the Company's acquisition of NSI) incorporated by reference to Exhibit 10.10 to the Company's Form S-1.
10.11	Form of Management Services Agreement between Nu Skin International Management Group, Inc. ("NSIMG")and each subsidiary (prior to the Company's acquisition of NSI) incorporated by reference to Exhibit 10.11 to the Company's Form S-1.
10.12	Form of Licensing and Sales Agreement between NSI and Nu Skin Korea incorporated by reference to Exhibit 10.12 to the Company's Form S-1.
10.13	Form of Independent Distributor Agreement by and between NSI and Independent Distributors in Hong Kong/Macau incorporated by reference to Exhibit 10.13 to the Company's Form S-1.
10.14	Form of Independent Distributor Agreement by and between NSI and Independent Distributors in Japan incorporated by reference to Exhibit 10.14 to the Company's Form S-1.
10.15	Form of Independent Distributor Agreement by and between NSI and Independent Distributors in South Korea incorporated by reference to Exhibit 10.15 to the Company's Form S-1.
10.16	Form of Independent Distributor Agreement by and between NSI and Independent Distributors in Taiwan incorporated by reference to Exhibit 10.16 to the Company's Form S-1.
10.17	Nu Skin Asia Pacific, Inc. 1996 Stock Incentive Plan incorporated by reference to Exhibit 10.17 to the Company's Form S-1.
10.18	Form of Bonus Incentive Plan for Subsidiary Presidents incorporated by reference to Exhibit 10.18 to the Company's Form S-1.
10.19	Option Agreement by and between the Company and M. Truman Hunt incorporated by reference to Exhibit 10.19 to the Company's Form S-1.
10.20	Form of Mutual Indemnification Agreement by and between the Company and NSI incorporated by reference to Exhibit 10.20 to the Company's Form S-1.
10.21	Manufacturing Sublicense Agreement, dated July 27, 1995, by and between NSI and Nu Skin Japan incorporated by reference to Exhibit 10.21 to the Company's Form S-1.
10.22	1996 Option Agreement by and between the Company and NSI incorporated by reference to Exhibit 10.22 to the Company's Form S-1.

10.23	Form of Addendum to Amended and Restated Licensing and Sales Agreement incorporated by reference to Exhibit 10.23 to the Company's Form S-1.
10.24	Form of Administrative Services Agreement incorporated by reference to Exhibit 10.24 to the Company's Form S-1.
10.25	Form of Amended and Restated Stockholders Agreement dated as of November 28, 1997, incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
10.26	Demand Promissory Note in the original principal amount of $5,000,000 dated December 10, 1997, from Nedra D. Roney payable to Nu Skin Asia Pacific, Inc. incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
10.27	Stock Pledge Agreement between Nu Skin Asia Pacific, Inc. and Nedra Roney dated as of December 10, 1997, incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
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10.31	Stock Purchase Agreement dated December 10, 1997, between Nu Skin Asia Pacific, Inc. and Park R. Roney, incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
10.32	Stock Purchase Agreement dated December 10, 1997, between Nu Skin Asia Pacific, Inc. and The MAR Trust incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
10.33	Form of Management Services Agreement by and each of between NSIMG and Nu Skin USA, Inc. ("Nu Skin USA") and the other North American Affiliates.
10.34	Form of Wholesale Distribution Agreement by and between NSI and each of Nu Skin USA and the other North American Affiliates.

10.35 Form of Licensing and Sales Agreement by and between NSI and each Nu Skin USA and the other North American Affiliates.

10.36 Form of Trademark\Tradename Licensing Agreement by and between NSI and each of Nu Skin USA and the other North American Affiliates.

10.37 Tax Sharing and Indemnification Agreement dated December 31, 1997, by and among NSI, Nu Skin USA, and the shareholders of NSI and Nu Skin USA and their successors and assigns.

10.38 Assumption of Liabilities and Indemnification Agreement dated December 31, 1997, by and between NSI and Nu Skin USA.

10.39 Employee Benefits Allocation Agreement by and between NSI and Nu Skin USA.

10.40 Form of Licensing Agreement between NSI and Big Planet.

10.41 Form of Management Services Agreement between NSI and Big Planet.

10.42 Warehouse Lease Agreement dated March 1996, between NSI and Aspen Investments, Ltd.

10.43 Lease Agreement dated January 27, 1995, by and between NSI and Scrub Oak, Ltd.

10.44 Sublease Agreement dated January 1, 1998, by and between NSI and Nu Skin USA.

10.45 Warehouse Lease Agreement (Annex) dated October 1, 1993, by and between NSI and Aspen Investments, Ltd.

10.46 Contribution and Distribution Agreement dated as of December 31, 1997, by and between NSI an Nu Skin USA.

10.47 Form of the Company's Employee Incentive Bonus Plan.

10.48 Amendment in Total and Complete Restatement of Deferred Compensation Plan.

10.49 Form of Deferred Compensation Plan (New Form).

10.50 Amendment in Total and Complete Restatement of NSI Compensation Trust.

10.51 Employment Agreement by and between Pharmanex, Inc. and William McGlashan, Jr.

10.52	Asset Purchase Agreement by and among the Company, Nu Skin United States, Inc., and Nu Skin USA, dated as of March 8, 1999.
10.53	Termination Agreement by and between NSI and Nu Skin USA, dated as of March 8, 1999.
10.54	Indemnification Limitation Agreement by and among the Company, Nu Skin United States, Inc., NSI, Nu Skin USA, and the other parties who executed such agreement.
10.55	Amendment No. 1 to Amended and Restated Stockholders Agreement dated as of November 28, 1997.
13	1998 Annual Report to Stockholders (Only items incorporated by reference).
21.1	Subsidiaries of the Company.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent and Report of Grant Thornton LLP.
27.	Financial Data Schedule.

(B) The Company filed two Current Reports on Form 8-K during the last quarter of the period covered by this report.

On October 6, 1998, the Company filed a Current Report on Form 8-K to report that it had entered into an agreement to purchase Generation Health Holdings, Inc., the parent company of Pharmanex.

On November 2, 1998, the Company filed a Current Report on Form 8-K to report that it had completed the acquisition of Generation Health Holdings, Inc. on October 16, 1998.

(c) The exhibits required by Item 601 of Regulation S-K are set forth in (a)3 above.

(d) The financial statement schedules required by Regulation S-K are set forth in (a)2 above.

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 March 30, 1999.

NU SKIN ENTERPRISES, INC.

By: /s / Steven J. Lund
Steven J. Lund, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 30, 1999.

Signature	Capacity in Which Signed
/s/ Blake M. Roney Blake M. Roney	Chairman of the Board
/s/ Steven J. Lund Steven J. Lund	President, Chief Executive Officer, and Director (Principal Executive Officer)
/s/ Corey B. Lindley Corey B. Lindley	Chief Financial Officer (Principal Financial Officer and Accounting Officer)
/s/ Sandra N. Tillotson Sandra N. Tillotson	Senior Vice President, Director
/s/ Keith R. Halls Keith R. Halls	Senior Vice President, Director
/s/ Brooke B. Roney Brooke B. Roney	Senior Vice President, Director
/s/ Daniel W. Campbell Daniel W. Campbell	Director
/s/ E. J. "Jake" Garn E. J. "Jake" Garn	Director
/s/ Paula Hawkins Paula Hawkins	Director
/s/ Max L. Pinegar Max L. Pinegar	Director

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1	Stock Acquisition Agreement between Nu Skin Asia Pacific, Inc. and each of the persons on the signature pages thereof, dated February 27, 1998, incorporated by reference to Exhibit 2.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
2.2	Restated Agreement and Plan of Reorganization and Merger by and between Nu Skin Enterprises, Inc., Sage Acquisition Corporation and Generation Health Holdings, Inc. dated as of October 16, 1998, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed November 2, 1998.
3.1	Amended and Restated Certificate of Incorporation of the Company incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 333-12073) (the "Form S-1").
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998.
3.3	Certificate of Designation, Preferences and Relative Participating, Optional, and Other Special Rights of Preferred Stock and Qualification, Limitations and Restrictions Thereof.
3.4	Amended and Restated Bylaws of the Company incorporated by reference to Exhibit 3.2 to the Company's Form S-1.
4.1	Specimen Form of Stock Certificate for Class a Common Stock incorporated by reference to Exhibit 4.1 to the Company's Form S-1.
4.2	Specimen Form of Stock Certificate for Class B Common Stock incorporated by reference to Exhibit 4.2 to the Company's Form S-1.
10.1	Form of Indemnification Agreement to be entered into by and among the Company and certain of its officers and directors incorporated by reference to Exhibit 10.1 to the Company's Form S-1.
10.2	Intentionally left blank.
10.3	Employment Contract, dated December 12, 1991, by and between Nu Skin Taiwan and John Chou incorporated by reference to Exhibit 10.3 to the Company's Form S-1.
10.4	Employment Agreement, dated May 1, 1993, by and between Nu Skin Japan and Takashi Bamba incorporated by reference to Exhibit 10.4 to the Company's Form S-1.
10.5	Service Agreement, dated January 1, 1996, by and between Nu Skin Korea and Sung-Tae Han incorporated by reference to Exhibit 10.5 to the Company's Form S-1.
10.6	Form of Purchase and Sale Agreement between Nu Skin Hong Kong and NSI incorporated by reference to Exhibit 10.6 to the Company's Form S-1.
10.7	Form of Licensing and Sales Agreement between NSI and each subsidiary (prior to the Company's acquisition of NSI and other than Nu Skin Korea) incorporated by reference to Exhibit 10.7 to the Company's Form S-1.

Exhibit Number	Exhibit Description
10.8	Form of Regional Distribution Agreement between NSI and Nu Skin Hong Kong incorporated by reference to Exhibit 10.8 to the Company's Form S-1.
10.9	Form of Wholesale Distribution Agreement between NSI and each Subsidiary (prior to the Company's acquisition of NSI and other than Nu Skin Hong Kong) incorporated by reference to Exhibit 10.9 to the Company's Form S-1.
10.10	Form of Trademark/Tradename License Agreement between NSI and each subsidiary (prior to the Company's acquisition of NSI) incorporated by reference to Exhibit 10.10 to the Company's Form S-1.
10.11	Form of Management Services Agreement between Nu Skin International Management Group, Inc. ("NSIMG")and each subsidiary (prior to the Company's acquisition of NSI) incorporated by reference to Exhibit 10.11 to the Company's Form S-1.
10.12	Form of Licensing and Sales Agreement between NSI and Nu Skin Korea incorporated by reference to Exhibit 10.12 to the Company's Form S-1.
10.13	Form of Independent Distributor Agreement by and between NSI and Independent Distributors in Hong Kong/Macau incorporated by reference to Exhibit 10.13 to the Company's Form S-1.
10.14	Form of Independent Distributor Agreement by and between NSI and Independent Distributors in Japan incorporated by reference to Exhibit 10.14 to the Company's Form S-1.
10.15	Form of Independent Distributor Agreement by and between NSI and Independent Distributors in South Korea incorporated by reference to Exhibit 10.15 to the Company's Form S-1.
10.16	Form of Independent Distributor Agreement by and between NSI and Independent Distributors in Taiwan incorporated by reference to Exhibit 10.16 to the Company's Form S-1.
10.17	Nu Skin Asia Pacific, Inc. 1996 Stock Incentive Plan incorporated by reference to Exhibit 10.17 to the Company's Form S-1.
10.18	Form of Bonus Incentive Plan for Subsidiary Presidents incorporated by reference to Exhibit 10.18 to the Company's Form S-1.
10.19	Option Agreement by and between the Company and M. Truman Hunt incorporated by reference to Exhibit 10.19 to the Company's Form S-1.
10.20	Form of Mutual Indemnification Agreement by and between the Company and NSI incorporated by reference to Exhibit 10.20 to the Company's Form S-1.
10.21	Manufacturing Sublicense Agreement, dated July 27, 1995, by and between NSI and Nu Skin Japan incorporated by reference to Exhibit 10.21 to the Company's Form S-1.
10.22	1996 Option Agreement by and between the Company and NSI incorporated by reference to Exhibit 10.22 to the Company's Form S-1.
10.23	Form of Addendum to Amended and Restated Licensing and Sales Agreement incorporated by reference to Exhibit 10.23 to the Company's Form S-1.

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23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent and Report of Grant Thornton LLP.
27.	Financial Data Schedule.

EX-3.3(I)

NU SKIN ASIA PACIFIC, INC.

CERTIFICATE OF DESIGNATION, PREFERENCES AND RELATIVE PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS OF PREFERRED STOCK AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS THEREOF

SERIES A PREFERRED STOCK

(Par Value $0.001 per share)

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

NU SKIN ASIA PACIFIC, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that, pursuant to the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation (the "Board of Directors"), at a meeting of the Board of Directors duly held on February 24, 1998, adopted the following resolution, which resolution remains in full force and effect as of the date hereof:

WHEREAS, the Board of Directors is authorized, within the limitations and restrictions stated in the Certificate of Incorporation of the Corporation, to fix by resolution or resolutions the designations of each series of preferred stock of the Corporation (the "Preferred Stock") and the powers, preferences and relative, participating, optional or other special rights and the qualifications, limitations or restrictions thereof, including, without limitation, such provisions as may be desired concerning voting, redemption, dividends, dissolution or distribution of assets, conversion or exchange, and such other subjects or matters as may be fixed by resolutions of the Board of Directors under the General Corporation Law of the State of Delaware, and

WHEREAS, it is the desire of the Board of Directors, pursuant to its authority as aforesaid, to authorize and fix the terms of one series of Preferred Stock and the number of shares constituting such series,

NOW, THEREFORE, BE IT RESOLVED, that there is hereby authorized such series of Preferred Stock on the terms and with the provisions herein set forth:

1. Designation and Amount. The distinctive serial designation of this series shall be "Series A Preferred Stock" (the "Series A Preferred Stock"). The number of authorized shares of Series A Preferred Stock shall be 2,986,663.

2. Definitions. For purposes of the Series A Preferred Stock, in addition to those terms otherwise defined herein, the following terms shall have the meanings indicated:

"Board of Directors" shall mean the board of directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Series A Preferred Stock.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in the City of New York are authorized or obligated by law or executive order to close.

"Class A Common Stock" shall mean the Class A Common Stock of the Corporation, par value $.001 per share.

"Class B Common Stock" shall mean the Class B Common Stock of the Corporation, par value $.001 per share.

"Common Stock" shall mean the Class A Common Stock, the Class B Common Stock and all other classes of common stock of the Corporation.

"Dividend Periods" shall mean quarterly dividend periods commencing on the first day of January, April, July and October of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period which shall commence on the Preference Date and end on and include December 31, 1998).

"Preference Date" shall mean September 30, 1998.

"Preference Value" shall mean $14.0625.

"Redemption Price" shall mean the lower of (i) the Preference Value or (ii) 60% of the average of the last sales prices per share of the Class A Common Stock of the Corporation on the New York Stock Exchange for the 20 consecutive trading days ending on the trading day which is five trading days prior to the date of redemption pursuant to Section 7 hereof.

"Stock Repurchase Program" shall mean [the stock repurchase program approved by the Board of Directors of the Corporation on February 12, 1998].

"Stockholder Approval" shall mean approval by the stockholders of the Corporation at an annual or special meeting or by written consent of such stockholders of a resolution approving the conversion of the Series A Preferred Stock to Class A Common Stock in compliance with Rule 312.03 of the New York Stock Exchange (or a determination by the Board of Directors that such approval is not required).

3. Dividends. (a) Prior to the Preference Date, so long as any shares of the Series A Preferred Stock are outstanding, except for (i) purchases of Common Stock by the Corporation pursuant to its stock repurchase program, (ii) the making of any payments by the Corporation with respect to any options or rights to purchase securities granted pursuant to any employee benefit plan or program of the Corporation or with respect to the exercise of any such option or right, (iii) the purchase of stock of the Corporation ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up in exchange for, or out of the proceeds of the contemporaneous issuance of, other stock of the Corporation ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up, or (iv) any redemption or conversion of shares of the Series A Preferred stock in accordance with the terms hereof, no dividends shall be declared or paid or set apart for payment on any class or series of stock of the Corporation ranking, as to dividends, on a parity with or junior to the Series A Preferred Stock (including the Common Stock), for any period unless an equal per share dividend shall be declared, paid or set apart, as the case may be, on the Series A Preferred Stock nor shall any such stock of the Corporation ranking on a parity with the Series A Preferred Stock or junior to the Series A Preferred Stock as to dividends or upon liquidation, dissolution or winding up (including the Common Stock) be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund or otherwise for the purchase or redemption of any shares of any such stock) by the Corporation.

(b) In the event that Stockholder Approval has not been obtained prior to the Preference Date, and so long as any shares of the Series A Preferred Stock are outstanding, the following shall apply from and after such Preference Date:

(i) Holders of shares of the Series A Preferred Stock will be entitled to receive, when, as and if declared by the Board of Directors, out of the funds of the Corporation legally available therefor, an annual cash dividend at the rate of 7% of the Preference Value per share of Series A Preferred Stock per annum, payable in quarterly installments on March 31, June 30, September 30 and December 31 (each a "Dividend Payment Date"), commencing December 31, 1998 (and, in the case of any accrued but unpaid dividends, at such additional times and for such interim periods, if any, as determined by the Board of Directors). If any Dividend Payment Date shall be on a day other than a

Business Day, then the Dividend Payment Date shall be on the next succeeding Business Day. Dividends on the Series A Preferred Stock will be cumulative from (but not before) the Preference Date, whether or not in any Dividend Period or Periods there shall be funds of the Corporation legally available for the payment of such dividends and whether or not such dividends are declared, and will be payable to holders of record as they appear on the stock books of the Corporation on such record dates (each such date, a "Dividend Payment Record Date"), which shall be not more than 60 days nor less than 10 days preceding the Dividend Payment Dates thereof, as shall be fixed by the Board of Directors. Dividends on the Series A Preferred Stock shall accrue (whether or not declared) on a daily basis from the Preference Date and accrued dividends for each Dividend Period shall accumulate to the extent not paid on the Dividend Payment Date first following the Dividend Period for which they accrue. As used herein, the term "accrued" with respect to dividends includes both accrued and accumulated dividends.

(ii) The amount of dividends payable for each full Dividend Period for the Series A Preferred Stock shall be computed by dividing the annual dividend rate by four (rounded down to the nearest cent). The amount of dividends payable for the initial Dividend Period on the Series A Preferred Stock, or any other period shorter or longer than a full Dividend Period on the Series A Preferred Stock shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Holders of shares of Series A Preferred Stock called for redemption on a redemption date falling between the close of business on a Dividend Payment Record Date and the opening of business on the corresponding Dividend Payment Date shall, in lieu of receiving such dividend on the Dividend Payment Date fixed therefor, receive such dividend payment together with all other accrued and unpaid dividends on the date fixed for redemption. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock which may be in arrears.

(iii) No dividends, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on any class or series of stock of the Corporation ranking, as to dividends, on a parity with the Series A Preferred Stock, for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series A Preferred Stock for all Dividend Periods terminating on or prior to the date of payment, or setting apart for payment, of such dividends on such parity stock. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, upon the shares of the Series A Preferred Stock and any other class or series of stock ranking on a parity as to dividends with the Series

A Preferred Stock, all dividends declared upon shares of the Series A Preferred Stock and all dividends declared upon such other stock shall be declared pro rata so that the amounts of dividends per share declared on the Series A Preferred Stock and such other stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of the Series A Preferred Stock and on such other stock bear to each other.

(iv) No other stock of the Corporation ranking on a parity with the Series A Preferred Stock as to dividends or upon liquidation, dissolution or winding up shall be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund or otherwise for the purchase or redemption of any shares of any such stock) by the Corporation (except for (i) the making of any payments by the Corporation with respect to any options or rights to purchase securities granted pursuant to any employee benefit plan or program of the Corporation or with respect to the exercise of any such option or right, or (ii) any redemption or conversion of shares of the Series A Preferred stock in accordance with the terms hereof) unless (A) the full cumulative dividends, if any, accrued on all outstanding shares of the Series A Preferred Stock shall have been paid or set apart for payment for all past Dividend Periods and (B) sufficient funds shall have been set apart for the payment of the dividend for the current Dividend Period with respect to the Series A Preferred Stock.

(v) No dividends (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Common Stock or other stock ranking junior to the Series A Preferred Stock, as to dividends and upon liquidation, dissolution or winding up) shall be declared or paid or set apart for payment and no other distribution shall be declared or made or set apart for payment, in each case upon the Common Stock or any other stock of the Corporation ranking junior to the Series A Preferred Stock as to dividends or upon liquidation, dissolution or winding up, nor shall any Common Stock nor any other such stock of the Corporation ranking junior to the Series A Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund or otherwise for the purchase or redemption of any shares of any such stock) by the Corporation (except for (i) purchases of Common Stock by the Corporation pursuant to [the Stock Repurchase Program], (ii) the making of any payments by the Corporation with respect to any options or rights to purchase shares of Common Stock granted pursuant to any employee benefit plan or program of the Corporation or with respect to the exercise of any such option or right, or (iii) the purchase of stock of the Corporation ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up in exchange for, or

out of the proceeds of the contemporaneous issuance of, other stock of the Corporation ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up) unless, in each case (A) the full cumulative dividends, if any, accrued on all outstanding shares of the Series A Preferred Stock and any other stock of the Corporation ranking on a parity with the Series A Preferred Stock as to dividends shall have been paid or set apart for payment for all past Dividend Periods and all past dividend periods with respect to such other stock and (B) sufficient funds shall have been set apart for the payment of the dividend for the current Dividend Period with respect to the Series A Preferred Stock and for the current dividend period with respect to any other stock of the company ranking on a parity with the Series A Preferred Stock as to dividends.

(c) The holders of shares of Series A Preferred Stock shall not be entitled to receive any dividends or other distributions except as provided in this Section 3.

4. Liquidation Preference. (a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, then, before any distribution or payment shall be made to the holders of the Common Stock or any other series or class or classes of stock of the corporation ranking junior to the Series A Preferred Stock, each holder of Series A Preferred Stock then outstanding shall be entitled to be paid, in respect of each share of Series A Preferred Stock then held, out of the assets of the Corporation available for distribution to its stockholders an amount in cash equal to the Preference Value of such share of Series A Preferred Stock (collectively for all shares of Series A Preferred Stock outstanding, the "Series A Preference Amount"). After payment of the Series A Preference Amount, holders of the Common Stock shall be entitled to receive, from any remaining assets available for distribution, a per share distribution equal to the Series A Preference Amount previously distributed to the holders of Series A Preferred Stock (the "Common Preference Amount"). After such distributions to the holders of each outstanding share of Series A Preferred Stock and each outstanding share of Common Stock, any remaining assets available for distribution shall be distributed to the holders of shares of Series A Preferred Stock and shares of Common Stock pro rata based on the total number of such shares held by each holder.

(b) The sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all the property or assets of the Corporation or the consolidation or merger of the Corporation with any other entity (other than any such consolidation or merger in which the Series A Preferred Stock then issued and outstanding remain outstanding immediately thereafter) shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation for purposes of this Section 4.

(c) If the assets of the Corporation are not sufficient to generate cash sufficient to pay in full the Series A Preference Amount, then the holders of Series A Preferred Stock shall share ratably in any distribution of cash generated by such assets in accordance with the respective amounts that would be payable on such distribution if the amounts to which the holders of outstanding shares of Series A Preferred Stock are entitled were paid in full.

(d) If, after payment of the Series A Preference Amount, the remaining assets of the Corporation are not sufficient to generate cash sufficient to pay in full the Common Preference Amount, then the holders of Common Stock shall share ratably in any distribution of cash generated by such remaining assets in accordance with the respective amounts that would be payable on such distribution if the amounts to which the holders of outstanding shares of Common Stock are entitled were paid in full.

(e) In case the outstanding shares of Series A Preferred Stock or shares of Common Stock are subdivided into a greater number of shares of Series A Preferred Stock or Common Stock, as the case may be, the Series A Preference Amount or the Common Preference Amount, as applicable, in effect immediately prior to each such subdivision shall, simultaneously with the effectiveness of such subdivision, be proportionately reduced and, conversely, in case the outstanding shares of Series A Preferred Stock or shares of Common Stock shall be combined into a smaller number of shares of Series A Preferred Stock or shares of Common Stock, as the case may be, the Series A Preference Amount or the Common Preference Amount, as applicable, in effect immediately prior to each such combination shall, simultaneously with the effectiveness of such combination, be proportionately increased.

5. Voting Rights. (a) General. The holders of Series A Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law. In connection with any right to vote, each holder of Series A Preferred Stock will have one vote for each share held. Any shares of Series A Preferred Stock held by the Corporation or any entity controlled by the Corporation shall not have voting rights hereunder and shall not be counted in determining the presence of a quorum.

(b) Default Voting Rights. Whenever dividends on the Series A Preferred Stock or any outstanding shares of stock on a parity as to dividends with the Series A Preferred Stock ("parity dividend stock") shall be in arrears in an amount equal to at least six quarterly dividends (whether or not consecutive), (i) the number of members of the Board of Directors of the Corporation shall be increased by two, effective as of the time of election of such directors as hereinafter provided, and (ii) the holders of the Series A Preferred Stock (voting separately as a class with all other affected classes or series of the parity dividend stock upon which like voting rights have been conferred and are exercisable) will have the exclusive right to vote for and elect such two

additional directors of the Corporation at any meeting of stockholders of the Corporation at which directors are to be elected held during the period such dividends remain in arrears. The right of the holders of the Series A Preferred Stock to vote for such two additional directors shall terminate when all accrued and unpaid dividends on the Series A Preferred Stock have been declared and paid or set apart for payment. The directors elected pursuant to this Section shall serve until the earlier of (i) the next annual meeting or until their respective successors shall be elected and shall qualify or (ii) until such time as all dividends accumulated on Series A Preferred Stock shall have been paid or declared and funds set aside for payment in full; any director elected by the holders of the Series A Preferred Stock may be removed by, and shall not be removed otherwise than by, the vote of the holders of a majority of the voting power of the outstanding shares of the Series A Preferred Stock who were entitled to participate in such election of directors, voting as a separate class, at a meeting called for such purpose or by written consent as permitted by law and the Certificate of Incorporation and Bylaws of the Corporation.

The foregoing right of the holders of the Series A Preferred Stock with respect to the election of two directors may be exercised at any annual meeting of stockholders or at any special meeting of stockholders held for such purpose. If the right to elect directors shall have accrued to the holders of the Series A Preferred Stock more than 90 days preceding the date established for the next annual meeting of stockholders, the President of the Corporation shall, within 20 days after the delivery to the Corporation at its principal office of a written request for a special meeting signed by the holders of at least ten percent (10%) of the Series A Preferred Stock then outstanding, call a special meeting of the holders of the Series A Preferred Stock to be held within 60 days after the delivery of such request for the purpose of electing such additional directors.

(c) Class Voting Rights. So long as shares of the Series A Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of at least sixty-six and two-thirds percent (66 2/3%) of all outstanding Series A Preferred Stock outstanding at the time, voting separately as a class, in person or by proxy, either in writing or at a meeting (i) authorize, create or issue, or increase the authorized or issued amount of, any class or series of stock ranking prior to or on a parity with the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Corporation, or reclassify any authorized capital stock of the Corporation into any such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares; or (ii) amend, alter or repeal (whether by merger, consolidation or otherwise) any provision of the Corporation's Certificate of Incorporation or the resolutions of the Board of Directors contained in this Certificate of Designation, so as to materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Stock or the holders thereof; provided, however, that any increase in the amount of the authorized preferred stock of the

Corporation or the creation or issuance of any other series of preferred stock of the Corporation, or any increase in the amount of authorized shares of Series A Preferred Stock or of any other series of preferred stock of the Corporation, in each case ranking junior to the Series A Preferred Stock, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers. A class vote on the part of the Series A Preferred Stock shall, without limitation, specifically not be deemed to be required (except as otherwise required by law or resolution of the Corporation's Board of Directors) (a) in connection with an amendment to the Corporation's Certificate of Incorporation, to increase the number of authorized shares of preferred stock of the Corporation; or (b) if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series A Preferred Stock shall have been converted pursuant to Section 6 hereof or shall have been redeemed pursuant to Section 7 hereof or called for redemption pursuant thereto and sufficient funds and Redemption Notes shall have been deposited in trust to effect such redemption.

6. Conversion. (a) Upon Stockholder Approval, all of the issued and outstanding shares of Series A Preferred Stock shall automatically convert into fully paid and non assessable shares of Class A Common Stock at a conversion ratio (the "Conversion Ratio") of one share of Class A Common Stock for each share of Series A Preferred Stock, subject to adjustment pursuant to this Section 6 ("Automatic Conversion"). From and after the date of Automatic Conversion, (w) dividends (if any) on the shares of the Series A Preferred Stock shall cease to accrue and accumulate, (x) the shares of Series A Preferred Stock shall be deemed no longer outstanding, (y) each share of Series A Preferred Stock shall be deemed to represent the number of shares of Class A Common Stock into which such share of Series A Preferred Stock is convertible on the date of Automatic Conversion, whether or not such share of Series A Preferred Stock is surrendered for conversion, and (z) all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation shares of Class A Common Stock upon conversion, subject to adjustment pursuant to this Section 6) shall cease.

(b) In case the Corporation shall at any time or from time to time (i) declare a dividend, or make a distribution, on the outstanding shares of Common Stock or any class thereof in the form of shares of its capital stock, (ii) subdivide or reclassify the outstanding shares of Common Stock or any class thereof into a greater number of shares of Common Stock, (iii) combine or reclassify the outstanding shares of Common Stock or any class thereof into a smaller number of shares of Common Stock, (iv) reclassify the outstanding shares of Common Stock or any class thereof into other securities of the Corporation, (v) or otherwise issue any shares of its capital stock to the holders of outstanding shares of Common Stock or any class thereof, then, and in each such case, the Conversion Ratio shall be adjusted so that the holder of each share of Series A Preferred Stock thereafter surrendered for conversion pursuant to this Section

6 shall be entitled to receive, upon such conversion, the number and kind of shares of Class A Common Stock or other securities that the holder of a share of Series A Preferred Stock would have been entitled to receive after the happening of any of the events described in this clause (b) had such share of Series A Preferred Stock been so converted immediately prior to the date of the happening of such event or the record date therefor, whichever is earlier. Any adjustment made pursuant to this clause (b) shall become effective (i) in the case of any such dividend or distribution, immediately after the close of business on the record date for the determination of holders of shares of Common Stock entitled to receive such dividend or distribution, or (ii) in the case of any such subdivision, reclassification or combination, at the close of business on the day upon which such corporate action becomes effective.

(c) In the event that at any time, as a result of an adjustment made pursuant to clause (b) above, the holder of any Series A Preferred Stock thereafter converted shall become entitled to receive any shares of capital stock of the Corporation other than its Class A Common Stock, thereafter the number of such shares so receivable upon conversion shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Class A Common Stock contained in clause (b) above.

(d) The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock or its treasury shares, solely for the purpose of issuance upon the conversion of the Series A Preferred Stock, such number of shares of Class A Common Stock as are then issuable upon the exchange of all then outstanding shares of the Series A Preferred Stock.

(e) The issuance of certificates for shares of Class A Common Stock upon conversion of shares of Series A Preferred Stock pursuant to this Section 6 shall be made without charge to the holders of such converted shares of Series A Preferred Stock for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance of shares of Class A Common Stock; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder or former holder of Series A Preferred Stock so converted.

(f) No fractional shares of Class A Common Stock shall be issued upon the conversion of the Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the average of the last sales prices per share of the Class A Common Stock of the Corporation on the New York Stock Exchange for the 20 consecutive trading days ending on the trading day which is five trading days prior to the conversion date.

7. Optional Redemption. (a) In the event that Stockholder Approval has not been obtained prior to the Preference Date, on or after such Preference Date the Corporation, at the option of the Board of Directors, may redeem the shares of Series A Preferred Stock, in whole (but not in part), out of funds legally available therefor, at any time or from time to time, subject to the notice provisions described below, by resolution of its Board of Directors at a per share redemption price equal to the Redemption Price. The Redemption Price of any shares of Series A Preferred Stock redeemed pursuant to this Section 7 shall, unless otherwise agreed upon by the holder of such shares and the Corporation, be payable 25% in cash on the Preference Date and the remaining 75% in a promissory note or promissory notes (collectively, the "Redemption Notes"), payable in three (3) equal consecutive annual payments of principal[, with interest on the unpaid principal balance at a rate per annum equal to the Interest Rate; provided, however, that the Corporation shall have the right, at any time, to prepay without penalty the then unpaid portion of such Redemption Notes. The annual installment of principal on the Redemption Notes shall be paid in each year on the anniversary of the redemption date in such year or, if such date is not a Business Day, on the first Business Day following such date. The "Interest Rate" for purposes of this Section 7 shall mean the fixed rate of interest, per annum, equal to the corresponding applicable federal rate, as defined in the Internal Revenue Code of 1986, as amended.

(b) In the event the Corporation shall redeem the shares of Series A Preferred Stock, a Corporation notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 10 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock records of the Corporation. Each such notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (iv) that payment in cash and Redemption Notes will be made upon presentation and surrender of such Series A Preferred Stock; (v) that dividends on the shares to be redeemed shall cease to accrue immediately after such redemption date; and (vi) that dividends accrued to and including the date fixed for redemption will be paid as specified in said notice. Notice having been mailed as aforesaid, immediately after the redemption date, unless the Corporation shall be in default in providing the payment of the redemption price (including any accrued and unpaid dividends to (and including) the date fixed for redemption), (x) dividends on the shares of Series A Preferred Stock so called for redemption shall cease to accrue, (y) such shares shall be deemed no longer outstanding and (z) all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the moneys payable upon redemption) shall cease.

Upon surrender in accordance with such notice of the certificates for any such shares so redeemed (properly endorsed or assigned for transfer, if the Board of

Directors shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price and in the manner aforesaid.

(c) The Series A Preferred Stock may not be redeemed except as provided in this Section 7.

8. Reissuance of Preferred Stock. Shares of Series A Preferred Stock that have been issued and reacquired in any manner, including shares purchased or redeemed or exchanged, shall (upon compliance with any applicable provisions of the laws of Delaware) have the status of authorized but unissued shares of Preferred Stock of the Corporation undesignated as to series and may be designated or redesignated and issued or reissued, as the case may be, as part of any series of preferred stock of the Corporation; provided that any issuance of such shares as Series A Preferred Stock must be in compliance with the terms hereof.

9. Record Holders. The Corporation and any transfer agent of the Corporation may deem and treat the record holder of any shares of Series A Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor any such transfer agent shall be affected by any notice to the contrary.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be made under the seal of the Corporation and signed by Steven J. Lund, its President and Chief Executive Officer, and attested by Keith R. Halls, its Secretary, this 25th day of March, 1998.

NU SKIN ASIA PACIFIC, INC.

By:/s/ Steven J. Lund
Name: Steven J. Lund
Title: President and Chief Executive Officer

(Corporate Seal)

Attest:

By: /s/ Keith R. Halls
Name: Keith R. Halls
Title: Secretary

EX-10.33

(This is the form of Management Services Agreement for Nu Skin USA, Inc. and the other North American Private affiliates.)

MANAGEMENT SERVICES AGREEMENT
between
NU SKIN INTERNATIONAL MANAGEMENT GROUP, INC.
and
NU SKIN U.S.A., INC.

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MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT is made and entered into effective December 31st , 1997 between Nu Skin International Management Group, Inc., a corporation organized under the laws of the State of Utah, U.S.A. (hereinafter referred to as "NSIMG"), and Nu Skin U.S.A., Inc., a corporation organized under the laws of the State of Delaware, U.S.A. (hereinafter referred to as "NSUSA"). I NSIMG and NSUSA shall hereinafter be collectively referred to as the "Parties" and each shall be individually referred to as a "Party."

W I T N E S S E T H

WHEREAS, NSIMG desires to provide Management and Consulting Services (as hereinafter defined) to NSUSA, and NSUSA desires to obtain such Management and Consulting Services from NSIMG;

NOW, THEREFORE, in consideration of the premises, the mutual promises and covenants hereinafter set forth and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meaning set out below:

1.1 "Agreement" shall mean this Management Services Agreement between NSIMG and NSUSA, as the same may be modified, amended or supplemented from time to time.

1.2 "Allocable Expenses" shall mean all expenses incurred by NSIMG in providing Management and Consulting Services other than Direct Expenses including without limitation, the following: rents, utilities, telephone, equipment, recruitment, office supplies, and other overhead expenses, certain salary costs, payroll, benefits and expenses related to conventions, travel and accommodations at anniversary events, the permitted use and appropriation of the names and licenses of directors, and executive officials of NSUSA or NSIMG, telephone calls and counseling and conferences and meetings with NSUSA managers and NSIMG independent distributors. Allocable Expenses shall be calculated in accordance with Sections 3.2 and 4.2.

1.3 "Consulting Personnel" shall mean employees of NSIMG or, with the consent of NSUSA, such other persons or entities as NSIMG may retain, hire, or otherwise contract with for the provision of Management and Consulting Services on behalf of, or in conjunction with, NSIMG.

1.4 "Direct Expenses" shall mean all expenses incurred in the provision of Management and Consulting Services for NSUSA, which expenses are measured solely for the benefit of NSUSA, including, without limitation, certain salary costs, benefits and business expenses, convention expenses and travel expenses.

1.5 "Intercompany Agreements" shall mean the Wholesale Distribution Agreement, The Licensing and Sales Agreement, The Management Services Agreement, and the Trademark/Tradename License Agreement between the Parties.

1.6 "Management and Consulting Services" shall mean the following services provided by Consulting Personnel: management, legal, financial, marketing and distribution support/training, public relations, international expansion, human resources, strategic planning, product development and operations administration and such other services as the Parties may agree to from time to time.

1.7 "NSI" shall mean Nu Skin International, Inc., a corporation duly organized and existing under the laws of the State of Utah.

ARTICLE 2
MANAGEMENT AND CONSULTING SERVICES

2.1 Services. NSIMG hereby agrees to provide Management and Consulting Services to NSUSA as NSUSA may request from time to time, until termination of this Agreement. NSUSA agrees to reimburse and compensate NSIMG for Management and Consulting Services rendered pursuant to this Agreement in accordance with the applicable compensation and invoicing provisions hereof.

2.2 Performance of Services. Unless otherwise agreed between the Parties, the Management and Consulting Services shall be provided through Consulting Personnel, as requested by NSUSA.

2.3 Approval of Services. NSUSA hereby agrees that, by accepting and paying invoices as provided in Article 3 herein, NSUSA will be deemed to have approved the nature and extent of the Management and Consulting Services so invoiced.

ARTICLE 3
COMPENSATION OF SERVICE PROVIDER

3.1 Compensation for Services by Consulting Personnel. NSUSA agrees to compensate NSIMG for Management and Consulting Services that it provides to NSUSA in the form of a fee equal to the Direct Expenses plus Allocable Expenses incurred by NSIMG for Management and Consulting Services provided to NSUSA plus three percent (3%) of such Direct Expenses and Allocable Expenses, as such fee may be adjusted from time to time by mutual agreement of

the Parties; provided that, unless otherwise agreed between the Parties, Allocable Expenses shall not, for any period, exceed one and one-half percent (1.5%) of NSUSA's revenues for such period.

3.2 Determination of Allocable Expenses. Allocable Expenses for any period shall be equal to the total Allocable Expenses incurred by NSIMG or NSIMG's internal departments for such period multiplied by the percentage of such Allocable Expenses allocable to NSUSA pursuant to the then applicable time allocation study prepared pursuant to Section 4.2 hereof.

3.3 Currency. Any compensation to be paid to NSIMG for Management and Consulting Services rendered pursuant to this Agreement shall be paid in United States Dollars.

3.4 Payment and Invoicing. Within thirty (30) days after the end of each month, NSIMG shall prepare and deliver an invoice to NSUSA setting forth the fees payable hereunder for Management and Consulting Services rendered pursuant to this Agreement during such month.

3.5 Due Date. Payments due under this Agreement shall be due and payable within sixty (60) days after the date of dispatch of the invoice for such payments.

3.6 Delinquent Payments. Without limiting any of Parties' other rights and remedies under this Agreement, amounts outstanding under the terms of this Agreement not paid within sixty (60) days from the date due and payable, and as set forth in the payment provisions herein, shall bear interest at the prime interest rate as reported in the Wall Street Journal plus two percent (2%) for the full period outstanding. Whether or not interest charges are actually levied is at the discretion of the Party to whom payment is due and payable.

ARTICLE 4
PREPARATION AND SHARING OF REPORTS AND INFORMATION

4.1 Periodic Reports on Management and Consulting Services. NSUSA may, upon thirty (30) days written notice, request operations reports of NSIMG setting forth such information regarding the Management and Consulting Services provided under this Agreement and for such time periods as NSUSA shall reasonably request.

4.2 Time Allocation Study. NSIMG has prepared a study accurately reflecting the allocation of time spent by NSIMG's internal department and consulting personnel on the services provided to NSUSA under this Agreement. The study shall be updated on a quarterly basis. NSUSA may request a copy of the then applicable time allocation study from NSIMG upon thirty (30) days written notice.

4.3 Sharing of Information and Witnesses. At all times during the term of this Agreement and for a period of three years thereafter, each of the Parties shall maintain at its principal place of business full, complete and accurate books of account and records with regard to its activities under this Agreement. In addition to books and records, NSIMG and NSUSA may from time to time have in their possession or under their control (or the control of persons or entities which have rendered services) additional books, records, contracts, instruments, data and other information (together with the books and records referred to in the first sentence of this Section 4.3, the "Information") which may prove necessary or desirable to the other in connection with the other's business. Accordingly, (i) NSIMG shall provide to NSUSA, and NSUSA shall provide to NSIMG upon the other's request, at all reasonable times, full and complete access to persons and all Information as the other may reasonably request and require in the conduct of its business, and (ii) NSIMG shall make available to NSUSA and NSUSA shall make available to NSIMG, upon the other's request, such persons as may reasonably be required to assist with any legal, administrative or other proceedings in which NSUSA or NSIMG, as the case may be, may from time to time be involved. The Information shall include, without limitation, information sought for audit, accounting, claims, litigation and tax purposes. The Party providing Information or making available witnesses shall be entitled to receive from the other Party, upon the presentation of invoices therefor, payment for its reasonable out-of-pocket expenses incurred in connection therewith (but not the labor costs thereof), but shall not be entitled to receive any other payment with respect thereto. Nothing in this Agreement shall require either Party to reveal to the other any information if to do so would violate such Party's written and enforceable duty of confidence to a third party from whom or which such information was obtained; under such circumstances, however, the parties shall work together to obtain a release of such information without violation of such duty of confidence.

ARTICLE 5
NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

All trade secrets, proprietary technology, know-how or other non-public or proprietary business or technical information owned or used by NSIMG or NSUSA and supplied to or acquired by the other whether in oral or documentary form (the "Confidential Information") shall be supplied and acquired in confidence and shall be solely for the use of the receiving party pursuant to this Agreement and such party shall keep the Confidential Information confidential and shall not disclose the same, at any time during the term of this Agreement or after its termination, except to its employees for the purposes of its business in accordance with this Agreement and except as may be required by law; provided that if the receiving party determines that a disclosure is required by law, the receiving party shall notify the disclosing party in order to give the disclosing party an opportunity to seek an injunction or otherwise attempt to keep the Confidential Information confidential. The receiving party shall, at the request of the disclosing party, destroy or return the Confidential Information without retaining copies if, as and when this Agreement is terminated or expires. For purposes of this Agreement, the term "Confidential Information" shall not include information or documents that (i) become generally available to the public other than as a result of a disclosure by the receiving party, (ii) was otherwise lawfully available to the receiving party, or (iii) was generated independently by the receiving party. The provisions of this Article shall survive termination of this Agreement.

ARTICLE 6
TERM

This Agreement shall be effective from the Effective Date for a term of five (5) years unless terminated Pursuant to Article 7. The term of this Agreement shall be renewed automatically for successive one year terms ,unless terminated ninety (90) days prior to the end of the then current term.

ARTICLE 7
TERMINATION

7.1 This Agreement may be terminated by either Party immediately or at any time after the occurrence of any of the following events:

(a) the other Party shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, compensation or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar action; or

(b) there shall be commenced against the other Party any case, proceeding or other action of a nature referred to in clause (a) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 90 days. Events described in clauses (a) and (b) of this Section 7.1(a) shall be referred to as a "Bankruptcy Event". If a Bankruptcy Event occurs, all amounts owing under this Agreement shall become immediately due and payable, without any notice thereof; or

(c) if the other Party causes or allows a judgment in excess of twenty-five million dollars ($25,000,000) to be entered against it or involuntarily allows a lien, security interest, or other encumbrance to attach to its assets which secures an amount in excess of twenty-five million dollars ($25,000,000).

7.2 This Agreement may be terminated by either Party, if the other Party is in default in the performance of any material obligation under this Agreement and such default has not been cured within sixty (60) days after receipt of written notice of such default by the defaulting Party; or

7.3 This Agreement may be terminated by NSIMG if the original pre-IPO shareholders of Nu Skin Asia Pacific no longer own or control a majority of the voting interest in NSUSA. Such termination shall be effective thirty (30) days after NSIMG gives written notice to NSUSA of the occurrence of a change in control and its intention to terminate this Agreement based thereon.

7.4 NSUSA may terminate any specific Management and Consulting Service provided pursuant to this Agreement by providing written notice thereof to NSIMG not less than sixty (60) days prior to the desired termination date. NSIMG may discontinue providing any specific Management and Consulting Service provided pursuant to this Agreement by providing written notice thereof to the NSUSA not less than sixty (60) days prior to the desired termination date; provided, however, that NSIMG shall not deliver any such notice in respect of any service to the extent that NSIMG continues to provide such service to any other international affiliate of NSIMG.

ARTICLE 8
EFFECT OF TERMINATION

8.1 Cessation of Rights. Upon expiration or termination (collectively, the "Termination") of this Agreement for any reason whatsoever, all rights and obligations of the Parties hereunder shall cease; provided, however, that upon Termination of this Agreement, no Party shall be released from its obligations to pay monies due or to become due or to complete any unfulfilled obligations under this Agreement, and the provisions of Article 5 shall service such Termination.

8.2. Damages. Upon the Termination of this Agreement for any reason, no Party shall be liable or obligated to the other Party with respect to any payments, future profits, exemplary, special or consequential damages, indemnifications or other compensation regarding such Termination, and, except as otherwise required by applicable law, each Party hereby waives and relinquishes any rights, pursuant to law or otherwise, to any such payments, indemnifications or compensation.

ARTICLE 9
COMPLIANCE WITH APPLICABLE LAWS

9.1 Compliance Generally. In the performance of its obligations under this Agreement, the Parties shall, at all times, strictly comply with all applicable laws, regulations and orders of the countries and jurisdictions in which they operate and such United States laws as outlined in paragraph 9.3 of this Article.

9.2 Authorizations. Each Party shall, at its own expense, make, obtain and maintain in force at all times during the term of this Agreement, all filings, registrations, reports, licenses, permits and authorizations required under applicable law, regulations or orders in order for it to perform its obligations under this Agreement.

ARTICLE 10
GENERAL PROVISIONS

10.1 Assignment. This Agreement shall be binding on and inure to the benefit of the heirs, successors, assigns and beneficiaries of the Parties; provided that no Party may assign this Agreement or any rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of all the other Party's authorized representatives (which consent may be granted or withheld). Any attempted assignment by any Party without the prior written consent of the other Party shall be void and unenforceable.

10.2 Notices. All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been duly given, if delivered by hand, or if communicated by facsimile to the facsimile number as may be provided from time to time by each Party to the other, at the time that receipt thereof has been confirmed by return electronic communication signal that the message has been received, or if sent by reputable international courier service three (3) days after dispatch addressed to the Parties at the addresses outlined hereafter. Either Party may change its facsimile number or address by a notice given to the other Party in the manner set forth as follows:

If to NSIMG: Attn.: General Manager
75 West Center
Provo, Utah 84601 USA
(801) 345-5500
(801) 345-5999 Fax

If to NSUSA: Attn.: Assistant Secretary
Nu Skin U.S.A., Inc.
Provo, Utah USA
(801) 345-3099
(801) 345-5060 Fax

10.3 Waiver and Delay. No waiver by any Party of any breach or default in performance by any other Party, and no failure, refusal or neglect of any Party to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of the other Party's obligations under this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by any Party of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

10.4 Force Majeure. The Parties shall not be responsible for failure to perform hereunder due to force majeure, which shall include, but not be limited to: fires, floods, riots, strikes, labor disputes, freight embargoes or transportation delays, shortage of labor, inability to secure fuel, material, supplies, equipment or power at reasonable prices or on account of shortage thereof, acts of God or of the public enemy, war or civil disturbances, any existing or future laws, rules, regulations or acts of any government (including any orders, rules or regulations issued by any official or agency or such government) affecting a Party that would delay or prohibit performance hereunder, or any cause beyond the reasonable control of a Party. If an event of force majeure should occur, the affected Party shall promptly give notice thereof to the other Party and such affected Party shall use its reasonable best efforts to cure or correct any such event of force majeure.

10.5 Governing Law and Dispute Resolution. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, applicable to contracts made and to be wholly performed within such State. Any dispute arising out of this Agreement, if not resolved by mutual agreement of NSIMG and NSUSA within 30 days after written notice of such dispute is given by NSIMG or NSUSA, as the case may be, shall be resolved through arbitration with the Utah office and division of the American Arbitration Association ("AAA"). If the dispute is not resolved within such 30-day period, the Parties shall petition the AAA to promptly appoint a competent, disinterested person to act as such arbitrator. Within 30 days after the designation or appointment of such arbitrator, such arbitrator shall be required to commence the arbitration proceeding in the state of Utah at a time and place to be fixed by the arbitrator, who shall so notify NSIMG and NSUSA. Such arbitration proceeding shall be conducted in accordance with the applicable rules and procedures of the AAA, and/or as otherwise may be agreed by NSIMG and NSUSA and may be enforced in any court of competent jurisdiction. The expenses and costs of such arbitration shall be divided and borne equally by NSIMG and NSUSA; provided, that such of NSIMG and NSUSA shall pay all fees and expenses incurred by it in presenting or defending against such claim, right or cause of action.

10.6 Integrated Contract. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior or contemporaneous negotiations, representations, agreements and understanding (both oral and written) of the Parties.

10.7 Modifications and Amendments. No supplement, modification or amendment of this Agreement shall be binding unless it is in writing and executed by all Parties.

10.8 Severability. To the extent that any provision of this Agreement is (or, in the opinion of counsel mutually acceptable to all Parties, would be) prohibited, judicially invalidated or otherwise rendered unenforceable in any jurisdiction relevant to the Parties, such provision shall be deemed ineffective only to the extent of such prohibition, invalidation or unenforceability in that jurisdiction, and only within that jurisdiction. Any prohibited, judicially invalidated or unenforceable provision of this Agreement will not invalidate or render unenforceable any other provision of this Agreement, nor will such provision of this Agreement be invalidated or rendered unenforceable in any other jurisdiction.

10.9 Counterparts and Headings. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All headings and captions are inserted for convenience of reference only and shall not affect the meaning or interpretation of any provision hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in the United States of America by their respective duly authorized representatives as of the day and year first-above written.

NU SKIN INTERNATIONAL MANAGEMENT GROUP, INC.	NU SKIN USA, INC.
By: /s/ Blake M. Roney	By: /s/ Keith R. Halls
Name: Blake M. Roney	Name: Keith R. Halls
Title: President	Title: Vice President

EX-10.34

(This is the form of Wholesale Distribution Agreement for Nu Skin USA, Inc. and the other North American Private affiliates. Payments are paid in the local currency of the country in which the private affiliate operates)

Nu Skin International, Inc.
AND
Nu Skin USA, Inc.

WHOLESALE DISTRIBUTION AGREEMENT

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WHOLESALE DISTRIBUTION AGREEMENT

THIS WHOLESALE DISTRIBUTION AGREEMENT (hereinafter "Agreement") entered into and made effective this 31st day of December, 1997 (the "Effective Date"), by and between Nu Skin U.S.A., Inc., a corporation organized under the laws of the State of Delaware, U.S.A., (hereinafter "NSUSA"), and Nu Skin International, Inc., a corporation organized under the laws the State of Utah, U.S.A., (hereinafter "NSI"). Hereinafter, NSUSA and NSI collectively shall be referred to as the "Parties."

W I T N E S S E T H

WHEREAS, NSI is engaged in the design, production and marketing of Products and Sales Aids (as hereinafter defined) for distribution in markets through a network of independent distributors; and,

WHEREAS, NSUSA desires, on the terms and conditions hereinafter set forth, to act as NSI's exclusive distributor of NSI of Products and Sales Aids in the Territory (as hereinafter defined); and,

WHEREAS, NSI is willing, on the terms and conditions hereinafter set forth, to grant to NSUSA the exclusive right to so distribute Products and Sales Aids in the Territory; and,

WHEREAS, the Parties wish to enter into a Wholesale Distribution Agreement as set forth herein; NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

For the purposes of this Agreement the following words, terms, and phrases shall have the meaning assigned to them in this Article I, unless the context otherwise requires or the parties otherwise agree within the terms of this Agreement: 1.1 "Agreement" shall mean this Wholesale Distribution Agreement between NSI and NSUSA (together with any exhibits and schedules hereto), as the same may be modified, amended or supplemented from time to time.

1.2 "Independent Distributor Network" shall mean the network of all NSI Independent Distributors.

1.3 "Intercompany Agreements" shall mean the Wholesale Distribution Agreement, The Licensing and Sales Agreement, The Management Services Agreement and the Trademark/Tradename Agreement between the Parties.

1.4 "NSI Independent Distributor" shall mean a person or business entity authorized by contract with NSI to distribute, as an independent contractor, the Products and Sales Aids in accordance with the terms of such distributor contract.

1.5 "NSI" shall mean Nu Skin International, Inc., a corporation duly organized and existing under the laws of the State of Utah, U.S.A.

1.6 "Products" shall mean cosmetics, nutritional products, dietary supplements, vitamins, over-the-counter drugs, quasi-drugs, drugs and pharmaceutical products that are produced, manufactured or purchased by NSI for sale or resale, and bearing a Nu Skin brand or trademark existing as of the date hereof, subject to availability due to local regulatory requirements in the Territory.

1.7 "Sales Aids" shall mean materials, in whatever form, designed, approved and produced by NSUSA to assist in the marketing of the Products in the Territory.

1.8 "Territory" shall mean the United States of America including all its territories.

1.9 "Trademarks" shall mean those words, symbols, devices, logos, trade names and company names or combinations thereof owned by NSI and used in relation to or on Products and Sales Aids, whether or not registered.

ARTICLE II
APPOINTMENT AS EXCLUSIVE WHOLESALE DISTRIBUTOR

2.1 Scope. NSI hereby appoints NSUSA as NSI's exclusive distributor, during the term of this Agreement, for the sale and distribution of Products and Sales Aids in the Territory, under the Products' names, logos, and Trademarks, subject to all terms and conditions of this Agreement, and NSUSA hereby accepts such appointment and authorization.

2.2 Sub-distributors. Except for the sale of Products and Sales Aids to NSI Independent Distributors, NSUSA shall not, without the prior written approval of NSI, appoint sub-distributors or agents to promote or distribute Products or Sales Aids inside or outside the Territory.

2.3 Sales of Products and Sales Aids.

2.3(a) NSUSA agrees that any distribution of Products or Sales Aids in the Territory shall be made only to NSI Independent Distributors.

2.3(b) To facilitate sales to NSI Independent Distributors, NSUSA shall have the right to access information regarding such NSI Independent Distributors in the Territory on NSI's computer system or as otherwise retained by NSI .

2.4 NSI Sales in the Territory. NSI agrees not to sell and, to use its best efforts to prohibit any third party from selling Products or Sales Aids to any party within the Territory or to any party outside the Territory for delivery within the Territory, except to NSUSA pursuant to the terms and conditions of this Agreement, unless NSI has received the written consent of NSUSA. Notwithstanding the foregoing, NSI retains the right to license to other entities the use of the Independent Distributor Network for distribution of products other than those included in the definition of Products in Section 1.5, without the consent of NSUSA.

2.5 Sales Outside the Territory. NSUSA agrees that it will neither sell nor enable any third party to sell Products or Sales Aids outside the Territory or sell Products or Sales Aids to any party within the Territory for resale or delivery outside the Territory. Further, NSUSA shall not promote or solicit customers for Products or Sales Aids sales outside the Territory. NSUSA shall not establish any facility outside the Territory through which orders are solicited or in which inventories of Products or Sales Aids are stored without NSI's written consent.

2.6 Territory Orders and Inquiries. The Parties acknowledge that from time to time inquiries and orders concerning the Territory will arise. If NSI receives any order or inquiry concerning the sale of Products or Sales Aids in the Territory, NSI agrees to give prompt notice of such inquiry or order to NSUSA, such notice to include the name and address of the person making the order or inquiry as well as any other relevant details regarding such order or inquiry that NSUSA shall reasonably request. If NSUSA receives any order or inquiry concerning the sale of Products or Sales Aids outside the Territory, NSUSA agrees to give NSI prompt notice of such inquiry or order, such notice to include the name and address of the person making the order or inquiry, as well as any other relevant details regarding such order or inquiry that NSI shall reasonably request.

ARTICLE III
GOVERNMENTAL APPROVALS AND REGISTRATIONS

NSUSA agrees to obtain, or cause to be obtained, at its sole cost and expense, any governmental approval and make, or cause to be made, any filings or notifications required under all applicable laws, regulations and ordinances of the Territory to enable this Agreement to become effective, to enable the Products or Sales Aids to be imported in the Territory (except as otherwise provided herein) or to enable any payment pursuant to the provisions of this Agreement to be made. NSUSA agrees to keep NSI informed of the progress in obtaining all such government approvals.

ARTICLE IV
OBLIGATIONS OF NSUSA AS EXCLUSIVE WHOLESALE DISTRIBUTOR IN THE TERRITORY

4.1 Marketing and Distribution. NSUSA shall have the following obligations with respect to marketing and distribution of the Products and Sales Aids:

4.1(a) To use its best efforts to further the promotion, marketing, sales and other distribution of the Products and Sales Aids in the Territory.

4.1(b) To maintain, or cause to be maintained, an adequate and balanced inventory of Products, Sales Aids, supplies and necessary materials to promote, market, sell and distribute the Products and Sales Aids within the Territory.

4.1(c) To ensure that all inquiries by NSI Independent Distributors and customers, including complaints are responded to promptly. To ensure that all orders are processed and all shipments of Products and Sales Aids are made within the Territory in a timely fashion.

4.1(d) To diligently investigate or cause to be investigated all leads with potential customers referred to it by NSI or NSI, or their affiliates.

4.1(e) To permit NSI to visit NSUSA and to visit NSUSA's place of business and inspect its inventories, service records, financial records and other relevant documents.

4.1(f) To maintain, cause to be maintained, or contract to maintain, adequate personnel, distribution and laboratory facilities dedicated on a full-time or part-time basis to the quality control and sale of Products, in compliance with and to the extent required by all laws, ordinances and regulations applicable within the Territory.

4.1(g) To provide, at the request of NSI, a business plan for the term and in the form and detail reasonably requested by NSI and to update such business plan as reasonably requested by NSI.

4.1(h) To provide, at the request of NSI, reports of its activities and sales respecting the Products and Sales Aids in the Territory in a form and in such detail and for such time period as NSI may reasonably require.

4.2 NSUSA Operations. NSUSA agrees to maintain, or cause to be maintained, such facilities and other places of business within the Territory necessary to effect the purposes and intentions of this Agreement. NSUSA further agrees to bear all costs and expenses it incurs in the negotiation, memorialization, execution and performance of all leases, rentals, equipment, salaries, taxes, licenses, insurance, permits, telephone, telegraph, promotional, advertising, travel, accounting and legal expenses, relating to such facilities.

4.3 Pricing Information. At the request of NSI, NSUSA agrees to advise NSI of the distribution prices of the Products or Sales Aids to be sold to NSI Independent Distributors within the Territory.

4.4 NSUSA Claims and Representations. NSUSA shall not make any promises, representations, warranties or guarantees respecting the Products, Sales Aids or the NSI distributor sales and compensation plan, except in accordance with those representations, warranties or guarantees as provided by NSI with respect thereto and in accordance and compliance with the applicable laws of the Territory.

4.5 Capitalization. NSUSA agrees to capitalize itself adequately and maintain its operations both on a financially sound basis and in compliance with all applicable laws, regulations or ordinances covering the operations of such a business entity within any country in which it may conduct business.

4.6 Customer Support. NSI agrees to cooperate with NSUSA in dealing with any NSI Independent Distributor or customer complaints concerning the Products and the Sales Aids and to take any action requested by NSUSA to solve such complaints. NSI also agrees to assist NSUSA in arranging for any customer warranty service required by law or required pursuant to the judgement of NSUSA.

4.7 Allocation of Expenses.

4.7(a) Import Licenses. To the extent import licenses are required for the importation of the Products or Sales Aids into the Territory, NSUSA hereby agrees that it will be responsible for securing and maintaining such import licenses and payment of all costs and expenses associated therewith.

4.7(b) Import Expenses. NSUSA agrees that it will be responsible for payment of all customs duties, excise taxes, similar governmental charges and levies, and any other charges or expenses related to any Products or Sales Aids imported into the Territory.

4.7(c) Other Expenses. In addition to the costs and expenses described in clauses (a) and (b) above, NSUSA agrees that it will be responsible for payments of the following expenses, fees and costs, related to the development and maintenance of the Nu Skin business in the Territory: (a) fees and expenses to incorporate operating entities; (b) fees and expenses for obtaining business licenses and permits; (c) fees, costs and expenses incurred in drafting and producing required promotional documentation, Sales Aids, and other literature such as product catalogues as well as contracts such as local product purchase agreements; (d) fees and costs incurred in determining the requirements for registering Products, including ascertaining and complying with labelling and custom\import requirements; (e) expenses and costs related to locating and establishing office, warehouse and other physical facilities, including build out, furnishings and equipment, as well as negotiation and securing of necessary leases and permits; (f) all costs and expenses related to hiring a general manager and staff, and compliance with local labor laws and requirements.

ARTICLE V
PURCHASE, SALE AND DELIVERY OF PRODUCTS AND SALES AIDS

5.1 Agreement to Purchase. NSUSA shall order such quantities of Products and Sales Aids as it deems necessary to meet its sales requirements within the Territory.

5.1(a) NSI shall use its best effort to supply and deliver Products and Sales Aids to NSUSA in a timely and productive manner, subject to Section 15.4 hereof and the availability of NSI's current inventory of the Product(s) or Sales aids requested by NSUSA.

5.1(b) NSUSA shall source Products and Sales Aid(s) exclusively from NSI; provided however that, if NSI cannot deliver such Product(s) or Sales Aid(s) in a timely fashion, NSUSA may source any such Product(s) or Sales Aid(s) from any other Nu Skin affiliate. 5.2 Payment Due Date. NSUSA shall pay for each delivery of Products and Sales Aids within sixty (60) days after the date of arrival or the date of dispatch of a commercial shipping invoice, whichever is later, and shall make payment for such Products and Sales Aids as provided in Section 6.2 of this Agreement.

5.3 Passage of Title and Risk of Loss. Title to and risk of loss for any Product(s) or Sales Aid(s) ordered and supplied pursuant to this Agreement shall pass to NSUSA upon delivery of the goods unless otherwise indicated in writing. Delivery shall be made in a commercially reasonable manner in accordance with standards applicable in the trade and industry. Delivery and passage of title shall be effected within the confines of the NSI distribution/warehousing facility as NSUSA personnel pick Products and/or Sales Aids from inventory set for shipping to Independent Distributors.

5.4 Product Returns/Exchanges Inspection. If any Products or Sales Aids are returned to NSUSA because of defect, NSUSA shall within forty-five (45) days following actual receipt, return such Products or Sales Aids to NSI. In the event of such a return, NSI shall make appropriate arrangements, acceptable to NSUSA, to replace any such defective Products or Sales Aids at NSI's sole cost and expense or, failing such replacement, shall, at the option of NSI, either credit the purchase price of the defective Products or Sales Aids to NSUSA's account or promptly grant NSUSA a cash refund for such purchase price. If NSI is not notified in writing of any defective Products or Sales Aids within forty-five (45) days after actual receipt thereof by NSUSA, then NSUSA shall be deemed to have waived its right to claim any defect in the Products or Sales Aids; provided that for any latent or other defect not reasonably discernible upon inspection of the Products or Sales Aids under the prevailing circumstances NSUSA shall have until forty-five (45) days after discovery of such defect to exercise its rights under this Section 5.4.

ARTICLE VI
PRODUCT AND SALES AIDS PURCHASE PRICES AND TERMS OF PAYMENT

6.1 Product Availability and Pricing. Prices to be paid by NSUSA to NSI for Products and Sales Aids purchased hereunder shall be negotiated and determined on an arm's length basis and be adjusted from time to time as agreed by the Parties in writing, provided that the purchase and price terms shall be based upon the terms offered by NSI to its other Nu Skin affiliates.

6.2 Payment Method. NSUSA shall pay the commercial invoices for Products and Sales Aids shipped under this Agreement in immediately available funds by wire transfer to a bank or banks designated by NSI, or by such other means of payment agreed to by NSI from time to time. All purchases of Products and Sales Aids will be payable in U.S. dollars . Without limiting any of NSI's other rights and remedies pursuant to this Agreement, amounts not paid within the time period set forth in the payment provisions herein shall bear interest at the prime interest rate as reported in The Wall Street Journal plus two percent (2%) for the full period outstanding.

ARTICLE VII
OBLIGATIONS OF NSUSA AS SUPPLIER OF PRODUCTS AND SALES AIDS

7.1 Product Formulation. NSI and NSUSA agree to cooperate to mutually determine the formulae or ingredients to be used for Products in the Territory based on local market regulations and consumer preferences.

7.2 Warranty. NSI warrants that the Products and Sales Aids supplied hereunder shall be merchantable under (and will comply with) the laws and regulations of the jurisdiction in which distribution of such Product or Sales Aid is intended; that it will deliver good title thereto and that Products and Sales Aids will be delivered free from any lawful security interest or other lien or encumbrance.

7.2(a) NSI's liability for any breach of such warranties shall not exceed in amount the price of the Products or Sales Aids in respect of which any breach is claimed. NSI'S WARRANTY STATED HEREIN IS EXPRESSLY IN LIEU OF ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

7.2(b) NSI neither assumes nor authorizes any person or entity to assume for it any other liability in connection with the Products or Sales Aids supplied hereunder, and there are no oral contracts or warranties collateral to or affecting this Agreement. NSI shall not be liable to NSUSA or any third parties for consequential, special or incidental damages.

7.3 Delivery. NSI shall promptly, in accordance with normal and commercially reasonable delivery schedules in the trade, deliver to NSUSA those Products or Sales Aids for which NSUSA requires in accordance with Article V hereof.

ARTICLE VIII
SALE AND MANUFACTURE OF PRODUCTS

8.1 Non-Competing Products. Nothing contained herein, shall restrict or prohibit NSUSA from selling, distributing, manufacturing or causing to be manufactured products or materials which do not compete directly or indirectly with the Products and Sales Aids, provided that such other products do not infringe upon any patent, name, Trademark, emblem, trade name, design right, model or other commercial or industrial property right of NSI.

8.2 Competing Products. During the term of this Agreement, NSUSA shall not, and shall not authorize a third party to, manufacture, cause to be manufactured, distribute or sell (i) any products or materials which directly or indirectly compete with the Products or the Sales Aids or (ii) copies of the Products, Sales Aids, or other products that might reasonably be deemed under U.S. or foreign law to be confusingly similar to the Products or Sales Aids, in each case without the prior written consent of NSI.

8.3 Discontinued Products. Notwithstanding the foregoing, in the event NSUSA receives notice from NSI of the discontinuance of the sale of any Product, NSUSA may elect to manufacture or cause to be manufactured such Product; provided that, if such discontinued Product competes directly or indirectly with any other NSI Product, the prior written consent of NSI shall be required which consent shall not be unreasonable withheld or delayed. If NSUSA elects to so manufacture or cause to be manufactured such discontinued Product, NSI shall, , request that NSI license the formula to such discontinued Product to NSUSA on substantially the same terms as set forth in the Trademark/Tradename License Agreement, dated as of the date hereof, by and between NSI and NSUSA.

ARTICLE IX
NATURE OF RELATIONSHIP

The relationship of NSUSA and NSI shall be and at all times remain, respectively, that of independent contractor and contracting party. Nothing contained or implied in this Agreement shall be construed to constitute either party as the legal representative or agent of the other or to constitute or construe the Parties as partners, joint venturers, co-owners or otherwise as participants in a joint or common undertaking. Neither Party is authorized to conclude any contract or agreement or make any commitment, representation or warranty that binds the other or otherwise act in the name of or on behalf of the other.

ARTICLE X
TERM

This Agreement shall be effective from the Effective Date for a term of five (5) years unless terminated pursuant to Article XI. The Term of this Agreement shall be renewed automatically for successive one (1) year terms unless terminated 90 days prior to the expiration of the current term.

ARTICLE XI
TERM AND TERMINATION

11.1 Term. This Agreement shall be effective from the Effective Date for a term of five (5) years unless terminated pursuant to paragraph 7.2 below. The term of this Agreement shall be renewed automatically for successive one year terms unless terminated (90) days prior to the then current term.

11.2 Termination. This Agreement may be terminated by either party immediately or at any time after the occurrence of any of the following events:

(a) the other Party shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, compensation or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar action; or

(b) there shall be commenced against the other Party any case, proceeding or other action of a nature referred to in clause (a) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 90 days. Events described in clauses (a) and (b) of this Section 7.2 shall be referred to as a "Bankruptcy Event". If a Bankruptcy Event occurs, all amounts owing under this Agreement shall become immediately due and payable, without any notice thereof.

11.3 Termination on Default. This Agreement may be terminated by either party, if the other party is in default in the performance of any material obligation under this Agreement and such default has not been cured within ninety (90) days after receipt of written notice of such default by the defaulting party.

11.4 Termination by NSI . This Agreement may be terminated by NSI (a) if the original pre-IPO shareholders of Nu Skin Asia Pacific no longer owns or controls a majority of the voting interest in NSUSA; such termination will be effective thirty (30) days after delivery of written notice by NSI to NSUSA of the occurrence of a change in control and its intention to terminate this Agreement based thereon); or, (b) if NSUSA causes or allows a judgment in excess of twenty-five million dollars ($25,000,000) to be entered against it or involuntarily allows a lien, security interest, or other encumbrance to attach to its assets which secures an amount in excess of twenty-five million dollars ($25,000,000).

11.5 Survival of Obligations. The obligations of the Parties to pay any sums which are due and payable as of the expiration or termination of this Agreement shall survive the expiration or termination of this Agreement.

11.6 Reversion of Rights. Upon termination of this Agreement by NSI all rights and licenses herein granted to NSUSA shall immediately cease and shall revert to NSI, and NSUSA shall cease representing to any third party that it has any right to use, assign, convey or otherwise transfer the Licensed Property.

ARTICLE XII
EFFECT OF TERMINATION

12.1 Upon termination of this Agreement by NSI, all rights and licenses herein granted to NSUSA shall cease and shall revert to NSI and NSUSA shall immediately cease holding itself out to the public as NSI's exclusive wholesale distributor in the Territory or otherwise represent that it is associated in any manner with NSI.

12.2 Upon termination of this Agreement, NSI may either (a) deliver, and NSUSA shall pay for, all Products and Sales Aids ordered by NSUSA prior to such termination or (b) cancel, without cost or liability, the order of such Products or Sales Aids. 12.3 Upon termination of this Agreement, neither party shall be released from its obligations to pay monies due or to become due to the other party or to complete any unfulfilled obligations under this Agreement, and each party shall immediately pay, perform and discharge all debts, obligations and liabilities hereunder.

12.4 Upon termination of this Agreement for any reason, neither party shall be liable for any special, indirect, incidental, punitive or consequential damages, regarding such termination, irrespective of whether such obligations or liabilities may be contemplated in any law applicable within the Territory and or elsewhere, and, except as otherwise provided by applicable law, each party hereby waives and relinquishes any rights, pursuant to law or otherwise, to any such damages. The remedies contained herein shall be exclusive.

12.5 The provisions of Article XII, Article XIII and Article XIV, as well as any other provisions that by their terms so provide, shall survive termination of this Agreement and continue in full force and effect thereafter.

ARTICLE XIII
CONFIDENTIALITY

13.1 All trade secrets, proprietary technology, know-how or other non-public or proprietary business or technical information owned or used by NSI or NSUSA and supplied to or acquired by the other whether in oral or documentary form (the "Confidential Information") shall be supplied and acquired in confidence and shall be solely for the use of the receiving party pursuant to this Agreement and such party shall keep the Confidential Information confidential and shall not disclose the same, at any time during the term of this Agreement or after its termination, except to its employees, or its affiliates, or its affiliates' employees for the purposes of its business in accordance with this Agreement and except as may be required by law; provided that if the receiving party determines that a disclosure is required by law, the

receiving party shall notify the disclosing party in order to give the disclosing party an opportunity to seek an injunction or otherwise attempt to keep the Confidential Information confidential. The receiving party shall, at the request of the disclosing party, destroy or return the Confidential Information without retaining copies if, as and when this Agreement is terminated or expires. For purposes of this Agreement, the term "Confidential Information" shall not include information or documents that (i) become generally available to the public other than as a result of a disclosure by the receiving party, (ii) was otherwise lawfully available to the receiving party, or (iii) was generated independently by the receiving party. The provisions of this Article shall survive termination of this Agreement.

ARTICLE XIV
INDEMNIFICATION AND INSURANCE

14.1 NSI agrees during and after the term of this Agreement to indemnify and hold harmless NSUSA from liability, loss, cost or damage, (including reasonable attorneys' fees)which NSUSA may incur as a result of claims, demands or judgements, of any kind or nature, by anyone whomsoever, arising out of (i) an alleged or actual defect in the design, manufacture or content of, or any harm caused by any Products or Sales Aids or the failure of any Product to comply with all applicable regulatory requirements in the Territory; or (ii) a claim that NSI's proprietary information infringes any patent, copyright, trade secret or other intellectual property right of a third party; provided that NSUSA provides NSI with prompt notice in writing of any such claim or demand and NSUSA cooperates with NSI in the defense or settlement of any such claim or action. Notwithstanding the foregoing, NSI shall have no obligation to indemnify NSUSA for any liabilities arising out of NSUSA's failure or the failure of the NSI Independent Distributors in the Territory to utilize, sell, market or promote the Products (i) in the manner for which the Products are reasonably intended, (ii) in compliance with Nu Skin policies and procedures or (iii) as contemplated by the Intercompany Agreements, including, but not limited to, liabilities arising out of false or misleading claims made by the NSI Independent Distributors, unless NSUSA shall have requested NSI to take disciplinary actions against an NSI Independent Distributor operating in the Territory and NSI shall have, either negligently or in breach of its fiduciary duties, failed to take such actions against such NSI Independent Distributor and the failure of NSI to take such actions is deemed to have reasonably and proximately resulted in NSUSA incurring a loss in which event NSI shall indemnify NSUSA for such loss pursuant to the provisions of this Section 14.1. 14.2 NSUSA agrees during and after the term of this Agreement to indemnify and hold harmless NSI from liability, loss, cost or damage (including reasonable attorney's fees), which NSI may incur as a result of claims, demands or judgements, of any kind or nature, by anyone whosoever, arising out of or resulting from the possession, use or sale of the Products or Sales Aids by NSUSA or any of the NSI Independent Distributors (except to the extent NSI has indemnified NSUSA against such claims, demands, or judgements pursuant to Section 14.1 hereof);

By way of elaboration, but not limitation, NSUSA shall indemnify NSI for any liabilities arising out of NSUSA's failure or the failure of the NSI Independent Distributors to utilize, sell, sell, market or promote the Products (i) in the manner for which the Products are reasonably intended, (ii) in compliance with Nu Skin policies and procedures or (iii) as contemplated by the Intercompany Agreements, including but not limited to, liabilities arising out of false or misleading claims made by NSI Independent Distributors. Notwithstanding the foregoing, in the event NSUSA shall have requested NSI to take disciplinary actions against an NSI Independent Distributors operating in the Territory and NSI shall have, either negligently or in breach of its fiduciary duties, failed to take such actions against such NSI Independent Distributor, NSUSA shall not be obligated to indemnify NSI for any loss which NSI might incur as a reasonable and proximate result of such failure. 14.3 At all times during and following the terms of this Agreement, each of NSI and NSUSA shall maintain insurance (or cause the other party to be added as an additional insured to any policy not maintained by such party) with one or more reputable insurers reasonable in coverage and amount in direct proportion and corresponding to the business to be conducted by such party pursuant to this Agreement.

ARTICLE XV
MISCELLANEOUS

15.1 Assignment. This Agreement shall be binding on and inure to the benefit of the heirs, successors, assigns and beneficiaries of the Parties; provided that neither Party may assign this Agreement or any rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other party's authorized representative. Any such attempted assignment, without the written consent provided herein, shall be void and unenforceable.

15.2 Notices. All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been duly given, if delivered by hand, or if communicated by facsimile, cable or similar electronic means to the facsimile number or cable identification number as previously provided by each party to the other, at the time that receipt thereof has been confirmed by return electronic communication or signal that the message has been received, or if mailed, ten (10) days after dispatch by registered airmail, postage prepaid, from any post office addressed as follows:

If to NSI: Attn.: General Manager
Nu Skin International, Inc.
75 West Center Street
Provo, Utah 84601
USA
Facsimile: 801-345-5999

If to NSUSA: Attn.: General Manager
Nu Skin U.S.A., Inc.
75 West Center Street
Provo, Utah 84601
USA
Facsimile No.: 801-345-5099

Either party may change its facsimile number, cable identification number or address by a notice given to the other party in the manner set forth above.

15.3 Waiver and Delay. No waiver by either party of any breach or default in performance by the other party, and no failure, refusal or neglect of either party to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of the other party's obligations under this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by either party of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

15.4 Force Majeure. The Parties shall not be responsible for failure to perform hereunder due to force majeure, which shall include, but not be limited to: fires, floods, riots, strikes, labor disputes, freight embargoes or transportation delays, shortage of labor, inability to secure fuel, material, supplies, equipment or power at reasonable prices or on account of shortage thereof, acts of God or of the public enemy, war or civil disturbances, any existing or future laws, rules, regulations or acts of any government (including any orders, rules or regulations issued by any official or agency or such government) affecting a party that would delay or prohibit performance hereunder, or any cause beyond the reasonable control of a party. If an event of force majeure should occur, the affected party shall promptly give notice thereof to the other party and such affected party shall use its reasonable best efforts to cure or correct any such event of force majeure.

15.5 Governing Law and Dispute Resolution. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, applicable to contracts made and to be wholly performed within such State. Any dispute arising out of this Agreement, if not resolved by mutual agreement of NSI and NSUSA within 30 days after written notice of such dispute is given by NSI or NSUSA, as the case may be, shall be resolved through the Utah office and division of the American Arbitration Association ("AAA"). If the dispute is not resolved within such 30-day period, the Parties shall petition the AAA to promptly appoint a competent, disinterested person to act as such arbitrator. Within 30 days after the designation or appointment of such arbitrator, such

arbitrator shall be required to commence the arbitration proceeding in the State of Utah at a time and place to be fixed by the arbitrator, who shall so notify NSI and NSUSA. Such arbitration proceeding shall be conducted in accordance with the applicable rules and procedures of the AAA, and/or as otherwise may be agreed by NSI and NSUSA. The decision of the arbitrator shall be final and binding upon NSI and NSUSA and may be enforced in any court of competent jurisdiction. The expenses and costs of such arbitration shall be divided and borne equally by NSI and NSUSA; provided, that each of NSI and NSUSA shall pay all fees and expenses incurred by it in presenting or defending against such claim, right or cause of action.

15.6 Integrated Contract. This Agreement together with the document and agreements referred to herein constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior or contemporaneous negotiations, representations, agreements and understandings (both oral and written) of the Parties.

15.7 Modifications and Amendments. No supplement, modification or amendment of this Agreement shall be binding unless it is in writing and executed by both of the Parties.

15.8 Severability. To the extent that any provision of this Agreement is (or, in the opinion of counsel mutually acceptable to both parties, would be) prohibited, judicially invalidated or otherwise rendered unenforceable in any jurisdiction, such provision shall be deemed ineffective only to the extent of such prohibition, invalidation or unenforceability in that jurisdiction, and only within that jurisdiction. Any prohibited, judicially invalidated or unenforceable provision of this Agreement will not invalidate or render unenforceable any other provision of this Agreement, nor will such provision of this Agreement be invalidated or rendered unenforceable in any other jurisdiction.

15.9 Counterparts and Headings. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All headings and captions are inserted for convenience of reference only and shall not affect the meaning or interpretation of any provision hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in the United States of America by their respective duly authorized representatives as of the day and the year first above written.

NU SKIN INTERNATIONAL, INC.	NU SKIN USA, INC.
By: /s/ Steven J. Lund	By: /s/ Keith R. Halls
Name: Steven J. Lund	Name: Keith R. Halls
Its: Executive Vice President & Secretary	Its: Vice President

EX-10.35

(This is the form of Licensing and Sales Agreement for Nu Skin USA, Inc. and the other North American Private affiliates. Payments are paid in the local currency of the country in which the private affiliate operates)

NU SKIN INTERNATIONAL, INC.
AND
NU SKIN USA, INC.

LICENSING AND SALES AGREEMENT

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LICENSING AND SALES AGREEMENT

THIS LICENSING AND SALES AGREEMENT (hereinafter the "Agreement") is entered into and made effective this 31st day of December, 1997 (the "Effective Date"), between Nu Skin International, Inc., a corporation organized under the laws of the State of Utah, U.S.A. (hereinafter referred to as "NSI"), and Nu Skin USA, Inc., a corporation organized under the laws of the State of Delaware, U.S.A. (hereinafter "NSUSA"). Hereinafter, NSI and NSUSA shall collectively be referred to as the "Parties."

W I T N E S S E T H

WHEREAS, NSI is engaged in the design, production and marketing of products and related sales aids, for multi-national distribution through a network of independent distributors; and

WHEREAS, NSUSA desires to act as the wholesale distributor of NSI products in the Territory (as hereafter defined) , having entered a separate written Wholesale Distribution Agreement with NSI; and,

WHEREAS, NSI and NSUSA desire to allocate use of NSI's Independent Distributor Network (as defined below) to promote sales of Products and Sales Aids (as hereafter defined); and

WHEREAS, NSI desires to further develop and enlarge its Independent Distributor Network in the Territory with the assistance of NSUSA, for their mutual benefit, in accordance with the terms and conditions hereinafter provided; and

WHEREAS, NSUSA recognizes and agrees that NSI has expended considerable time, effort and resources to develop and maintain the Licensed Property (as hereafter defined) and NSUSA further agrees it will derive a considerable benefit from its use of the Licensed Property in the Territory and from NSI's efforts and expenditures respecting the Licensed Property; and

WHEREAS, the Parties wish to enter into this Licensing and Sales Agreement as set forth herein;

NOW THEREFORE, in consideration of the premises, the mutual promises, covenants, and warranties hereinafter set forth and for other valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS

For the purposes of this Agreement, the following words and terms shall have the meaning assigned to them in this Article I:

1.1 "Agreement" shall mean this Licensing and Sales Agreement (together with any exhibits and schedules hereto), as the same may be modified, amended or supplemented from time to time.

1.2 "Bonus Payments" shall mean, for any Independent Distributor, all monetary obligations due to such distributor accrued under the terms of the Sales Compensation Plan portion of such distributor's Distributor Contract .

1.3 "Commission Expense" shall mean all direct expenses of NSI incurred in operating, managing, and executing the Sales Compensation Plan. These expenses include, but are not limited to amounts paid to Independent Distributors as Bonus Payments as well as NSI's operational costs associated with the calculation of these monthly payments.

1.4 "Copyrights" shall mean any and all protectable software, programs, databases, source codes and applications owned by NSI or which NSI has a right to use, license or sub-license, relating directly or indirectly to the Independent Distributor Network, Distribution Lists or the Sales Compensation Plan.

1.5 "Distributor Contract" shall mean, for any NSI Independent Distributor, its contract pursuant to which it is authorized to distribute Products and Sales Aids.

1.6 "Distributor Lists" shall mean any and all individual or accumulated name, address, identification number, sponsor name and/or similar lists of all present or future NSI Independent Distributors expressed in any medium.

1.7 "Fixed Commission Expense" shall mean, for any period, forty-two percent (42%) of the aggregate amount in U.S. dollars of Net Sales of Products by NSUSA during such period.

1.8 "Independent Distributor Network" shall mean the network of all NSI Independent Distributors.

1.9 "Intercompany Agreements" shall mean the Wholesale Distribution Agreement, The Licensing and Sales Agreement, the Management Services Agreement, and the Trademark/Tradename License Agreement between the Parties.

1.10 "Introductory Kit" shall mean those materials purchased by an NSI Independent Distributor upon the execution of a Distributor Contract which explains the Sales Compensation Plan and other NSI policies, procedures and programs, the contractual relationship with NSI and the marketing support programs for the Territory.

1.11 "Know-How" shall mean any information, including, without limitation, any commercial or business information, lists, marketing methods, marketing surveys, processes, specifications, quality control reports, drawings, photographs, or any other information owned by NSI, whether or not considered proprietary, relating to the Independent Distributor Network, the Distributor Lists, and the Sales Compensation Plan.

1.12 "Licensed Property" shall mean the Independent Distributor Network, the Distributor Lists, the Sales Compensation Plan, the Copyrights, and the associated Know-How.

1.13 "Net Sales" shall mean, for any period, the number of Products and Sales Aids sold by NSUSA to NSI Independent Distributors during such period, multiplied by NSUSA's then current selling price to NSI Independent Distributors for each such Product or Sales Aids less applicable value added taxes and returns or refunds reasonably accepted and credited by NSUSA during such period.

1.14 "NSI Independent Distributor" shall mean a person or business entity who has entered into a Distributor Contract.

1.15 "Products" shall mean those goods sold by NSI or NSUSA which carry a point value within the Sales Compensation Plan.

1.16 "Proprietary Information" shall mean, without limitation, all information other than information in published form or expressly designated by either party in writing as non-confidential, which is directly or indirectly disclosed to the other party, regardless of the form in which it is disclosed, relating in any way to the following property owned by the Parties or which the Parties have been licensed to use or sub-license: (1) proprietary technical information related to the Licensed Property and the Introductory Kit; (2) information respecting actual or potential customers or customer contacts and customer sales strategies, names, addresses, phone numbers, identification numbers, database information and its organization, unique business methods; (3) market studies, penetration data, customers, products, contracts, copyrights, computer programs, applications, technical data, licensed technology, patents, inventions, procedures, methods, designs, strategies, plans, liabilities, assets, cost revenues, sales costs, production costs, raw material sources and other market information; (4) other sales and marketing plans, programs and strategies; (5) trade secrets, Know-How, designs and proprietary commercial and technical information, methods, practices, procedures, processes, formulae with respect to manufacturing, assembly, design or processing products subject to this Agreement and any component, part or manufacture thereof; (6) profits, organization, employees, agents, distributors, suppliers, trade marks, trade names and services; (7) other business and commercial practices in general relating directly or indirectly to the foregoing; and, (8) computer disks or other records or documents, originals or copies, containing in whole or in part any of the foregoing.

1.17 "Resident Independent Distributor" shall mean any NSI Independent Distributor whose country of primary residence for tax purposes as shown on the records of NSI is the Territory.

1.18 "Sales Compensation Plan" shall mean the copyrighted method set forth in the Distributor Contract employed by NSI to calculate Bonus Payments paid to the Independent Distributor Network upon the sale of Products.

1.19 "Sales Aids" shall mean materials, in whatever form and/or design produced to assist in the marketing of Products. 1.20 "Territory" shall mean the United States including all of its Territories.

ARTICLE II

GRANT OF LICENSE AND PARTIAL ASSIGNMENT OF DISTRIBUTOR CONTRACT OBLIGATIONS; AND LICENSE FEES

2.1 Grant of License. Subject to the terms and conditions of this Agreement, NSI hereby grants to NSUSA an exclusive license to use the Licensed Property in the Territory; provided that all such uses shall comply in all material respects with the terms of this Agreement and; provided further that NSUSA shall not have the right to grant any right, title use or sublicense for the Licensed Property.

2.2 Assignment of Obligations. NSI hereby transfers and assigns to NSUSA its obligations to make Bonus Payments to Resident Independent Distributors under their Distributor Contracts and NSUSA hereby accepts such transfer and assignment and assumes such obligations. NSUSA shall be obligated to make such Bonus Payments earned on a monthly basis, and shall bear responsibilities and financial obligations associated with any exceptions NSUSA may grant under the terms of the Sales Compensation Plan (hereafter the "Exceptions").

2.3 NSI's Interest in Licensed Property. NSI hereby retains legal title to the Licensed Property for all purposes, including but not limited to, the bringing or defending of any legal action in the Territory which it deems reasonable to protect its rights therein. NSUSA agrees to assist NSI in any manner to protect NSI's rights in the Licensed Property which NSI may reasonably request. NSI shall reimburse NSUSA for any third party costs incurred by NSUSA in providing such assistance.

2.4 Recitals of Value of Licensed Property. NSUSA recognizes and agrees that NSI has expended considerable time, effort and resources to develop, maintain and enhance the Licensed Property. NSUSA further agrees it will derive a considerable benefit from its use of the Licensed Property in the Territory and from NSI's efforts and expenditures respecting the Licensed Property.

2.5 Warranty of Title. NSI hereby warrants and represents that it is the sole and exclusive owner of the Licensed Property and that to the best of its knowledge and information no claim exists or has been made contesting the ownership and title of said Licensed Property.

2.6 Modifications. NSUSA shall make no modification to the Licensed Property without the express, prior written consent of NSI.

2.7 License Fee. As compensation for the licenses granted pursuant to the terms of this Agreement, NSUSA shall pay to NSI a license fee equal to two percent (2%) of its Net Sales of Products, Sales Aids and other items (exclusive of Introductory Kits and goods sold on consignment) sold to NSI Independent Distributors (the "License Fee").

ARTICLE III

COMPUTATION AND PAYMENT TERMS

3.1 Bonus Payments. Pursuant to Section 2.2 hereof, NSUSA agrees to make Bonus Payments to Resident NSI Independent Distributors to which they are entitled pursuant to their Distributor Contracts. The Parties further agree to settle the difference between the amount of such Bonus Payments paid by NSUSA in each month (excluding the Exceptions) and the Fixed Commission Expense in such month. The procedures for such payment and settlement are as follows:

3.1(a) Within eight (8) days following the close of each month, NSUSA shall deliver to NSI, by electronic transmission or such other medium as the Parties shall agree to from time to time, a statement of NSUSA's Net Sales during such month (including a detail of sales to each NSI Independent Distributor to which sales were made during such month and any Exceptions granted) and of such other items as NSI shall reasonably request from time to time (the "Detailed Sales Report").

3.1(b) By the later of twelve (12) days after receipt of the Detailed Sales Report or twenty (20) days after the end of such month, NSI shall deliver to NSUSA, by electronic transmission or such other medium as the parties shall agree to from time to time, a calculation of the Bonus Payments due to Resident Independent Distributors under their Distributor Contracts for such month (the "Monthly Bonus Amount"), a calculation of the Fixed Commission Expense for such month and such other items as NSUSA shall reasonably request from time to time (the "Bonus Statement").

3.1(c) By the later of ten (10) days after receipt of the Bonus Statement or thirty (30) days after the end of such month, NSUSA shall pay Bonus Payments due to the. Resident Independent Distributors. Concurrently with or promptly after such payment NSUSA shall deliver to NSI (i) if the aggregate Monthly Bonus Amounts excluding any Exceptions paid to all Resident Independent Distributors is less than the Fixed Commission Expense for such month, payment of the deficiency in accordance with the procedures set forth in Section 3.4 hereof, or (ii) if the aggregate Monthly Bonus Amounts excluding any Exceptions paid to all Resident NSI Independent Distributors exceeds the Fixed Commission Expense for such month, an invoice to NSI for reimbursement of such excess amount. In the event NSUSA shall have given NSI an invoice for reimbursement of excess Bonus Payments as set forth in clause (ii) above, NSI shall pay the amount so invoiced to NSUSA pursuant to the procedures set forth in this Section 3.1 and Section 3.5 below within 10 days after receipt thereof.

3.1(d) The Parties agree that the percentage used in calculating the Fixed Commission Expense shall remain consistent with actual Commission Expense as a percentage of sales of Products to Resident Independent Distributors, shall be negotiated and determined on an arm's length basis, and may be adjusted from time to time as agreed by the Parties in writing based upon an annual review thereof.

3.2 License Fee. The procedures for payment of the License Fee payable hereunder are as follows:

3.2(a) Within 30 days following the close of each month, NSUSA shall deliver to NSI, by electronic transmission or such other medium as the parties shall agree to from time to time, a statement of its Net Sales during such month in the Territory and a computation of the License Fee payable under Section 2.7 hereof. NSUSA shall make payment of such License Fee in accordance with Section 3.4 hereof concurrently with delivery of such statement.

3.2(b) For purposes of computing the License Fee, Products and Sales Aids shall be considered sold when recognized for accounting purposes as a sale by NSUSA as per U.S. GAAP.

3.2(c) The Parties agree that the License Fee shall remain competitive within the market and shall be negotiated and determined on an arm's length basis and may be adjusted from time to time as agreed by the Parties in writing.

3.3 Records. Each Party shall keep complete and accurate records of its compliance with its obligations under this Agreement which shall be open to inspection by authorized representatives of the other Party at any reasonable time.

3.4 Payments to NSI. Payments made by NSUSA to NSI under this Agreement shall be payable in U.S. dollars. Payments shall be made either directly to NSI in immediately available funds by wire transfer to an account designated by NSI or by such other means of payment acceptable to NSI from time to time.

3.5 Payments to NSUSA. Payments made by NSI to NSUSA under this Agreement shall be payable in U.S. dollars. Payments shall be made either directly to NSUSA in immediately available funds by wire transfer to an account designated by NSUSA or by such other means of payment acceptable to NSUSA from time to time

3.6 Default Rate. Without limiting any of NSI's other rights and remedies under this Agreement, amounts outstanding under the terms of this Agreement not paid within 60 days from the date due and payable, and as set forth in the payment provisions herein, shall bear interest at the prime interest rate as reported in the Wall Street Journal plus two percent (2%) for the full period outstanding.

ARTICLE IV

CERTAIN OBLIGATIONS OF THE PARTIES UNDER THE AGREEMENT

4.1 Certain Obligations, Rights and Duties of NSI. NSI agrees that, in addition to its other obligations under this Agreement, NSI will maintain and provide support for the Sales Compensation Plan. NSI agrees, among other things: (1) to maintain a computer system, including hardware, software, data links, computer peripherals, printers, etc. to adequately fulfill NSI's obligations under the Sales Compensation Plan; (2) to provide necessary training and support to NSUSA relating to the Resident NSI Independent Distributors, including information relating to training methods, motivational strategies, convention and event planning, technical policies and procedure knowledge, etc; (3) to receive and use NSUSA's sales information to compute the correct and appropriate payments to the Resident NSI Independent Distributors as set forth in Section

3.1(b) hereof; (4) in consultation with NSUSA, to discipline NSI Independent Distributors as it deems necessary to help insure the reputation of NSI; (5) to maintain a record of the Distributor Contracts and provide such information to NSUSA, as reasonably requested; and (6) to perform any other function or provide the necessary support to comply with the terms of this Agreement and to otherwise support and maintain the Independent Distributor Network within the Territory.

4.2 Certain Obligations, Rights and Duties of NSUSA. In addition to its other obligations under this Agreement NSUSA agrees, among other things: (1) to maintain, at its sole cost and expense, such facilities and other places of business within the Territory necessary to effect the purposes and intentions of this Agreement and to bear all costs and expenses it incurs in the negotiation, memorialization, execution and performance of all leases, rentals, equipment, salaries, taxes, licenses, insurance, permits, telephone, telegraph, promotional, advertising, travel, accounting, legal and such similar expenses, relating to the business of NSUSA under the terms and conditions of this Agreement, unless otherwise agreed in writing by the Parties; (2) to manage its business affairs in such a manner that the reputation of NSI is not damaged; (3) to sell Introductory Kits to potential Resident Independent Distributors in accordance with all applicable laws and industry standards; (4) to collect requests for Distributor Contracts from potential Resident Independent Distributors and forward these contracts to NSI in a timely fashion (provided that all such requests for Distributor Contracts shall be reviewed for acceptance or rejection by NSI in the United States and in no instance shall NSUSA accept such requests for Distributor Contracts); (5) to train and lend assistance to Resident Independent Distributors in the Territory; (6) to transmit information regarding Net Sales to Resident Independent Distributors and such other information as NSI may reasonably request; (7) to pay Bonus Payments to Resident Independent Distributors as set forth in Sections 2.2 and

3.1 hereof; (8) to use its best efforts to monitor and supervise the activities of Resident Independent Distributors; (9) to use its best efforts to cause the enforcement of the Distributor Contracts to ensure compliance therewith and with NSI's policies and procedures and to any action againstResident Independent Distributors for violation of the terms and conditions of a Distributor Contract, NSI's policies and procedures, or any other rules and regulations of NSI or NSUSA as NSI shall reasonably request; and (10) to perform any other function or provide support as NSI shall reasonably request to enable NSI to fully perform its obligations to Resident Independent Distributors under the Sales Compensation Plan and their Distributor Contracts.

ARTICLE V

INTRODUCTORY KIT SALES

5.1 Agreement to Purchase Introductory Kits. The Parties acknowledge that, pursuant to this Agreement, NSUSA is being granted a non-exclusive license to use the Licensed Property, including the Independent Distributor Network, in the Territory. NSUSA agrees to use its best efforts in supporting the development of the Independent Distributor Network in the Territory by selling to potential Resident Independent Distributors in the Territory Introductory Kits which NSUSA has either (i) purchased from NSI, or (ii) has sourced and priced locally, or any part thereof, subject to review, approval and oversight of NSI and in accordance with instructions and specifications given by NSI.

5.2 Pricing. The Parties agree that the price of Introductory Kits shall be negotiated and determined on an arm's length basis and may be adjusted from time to time as agreed by the Parties in writing.

5.3 Payment Method. NSUSA shall pay the commercial invoices for Introductory Kits shipped under this Agreement in the manner set forth in Section 3.4.

5.4 Quantities. NSUSA agrees to purchase sufficient quantities of the Introductory Kits from NSI to fill orders, in a timely fashion, received from potential NSI Independent Distributors in the Territory.

5.5 Quality of Introductory Kits. NSI shall use its best efforts to maintain and augment the quality, image and value of the Introductory Kits.

5.6 Merchantability. NSI warrants that Introductory Kits it may sell to NSUSA pursuant to this Agreement will be merchantable and of sufficient quality for sales within the Territory. If NSUSA determines that certain Introductory Kits supplied under this Agreement are not merchantable, a claim for a refund of the price paid can be made within 45 days from the day the Introductory Kits are received in the Territory. NSI agrees to refund, or credit the account of NSUSA, for the purchase price of such non-merchantable Introductory Kits.

ARTICLE VI

GOVERNMENTAL APPROVALS, LAWS AND REGULATIONS

6.1 Compliance of Licensed Property. NSUSA agrees to obtain, or cause to be obtained, at its sole cost and expense, any governmental approval and make, or cause to be made, any filings or notifications required under all applicable laws, regulations and ordinances of the Territory to enable this Agreement to become effective or to enable any payment pursuant to the provisions of this Agreement to be made. NSI agrees to take, or cause to be taken, at its sole cost and expense, all actions necessary to ensure the compliance of the Licensed Property with applicable laws, regulations and ordinances in the Territory (including, without limitation, direct selling laws) (collectively, the "Territory Laws"). NSI agrees to keep NSUSA informed of its progress in obtaining all such government approvals and ensuring such compliance with the Territory Laws. NSUSA agrees to cooperate with NSI and to take such actions as NSI shall reasonably request in order to obtain such approvals and ensure such compliance.

6.2 Compliance with Laws. Each party agrees to refrain from any action that will cause the other party to be in violation of any applicable law, regulation, or ordinance of any jurisdiction in the Territory.

6.3 Use of Licensed Property. NSUSA agrees to use the Licensed Property in compliance with the Territory Laws and, to the extent not in conflict with the foregoing, in a manner reasonably consistent with prior use of the Licensed Property in the Territory.

ARTICLE VII

TERM AND TERMINATION

7.1 Term. This Agreement shall be effective from the Effective Date for a term of five (5) years unless terminated pursuant to paragraph 7.2 below. The term of this Agreement shall be renewed automatically for successive one year terms unless terminated (90) days prior to the then current term.

7.2 Termination. This Agreement may be terminated by either party immediately or at any time after the occurrence of any of the following events: (a) the other Party shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, compensation or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar action; or (b) there shall be commenced against the other Party any case, proceeding or other action of a nature referred to in clause (a) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 90 days. Events described in clauses (a) and (b) of this Section 7.2 shall be referred to as a "Bankruptcy Event". If a Bankruptcy Event occurs, all amounts owing under this Agreement shall become immediately due and payable, without any notice thereof.

7.3 Termination on Default. This Agreement may be terminated by either party, if the other party is in default in the performance of any material obligation under this Agreement and such default has not been cured within ninety (90) days after receipt of written notice of such default by the defaulting party.

7.4 Termination by NSI . This Agreement may be terminated by NSI (a) if the original pre-IPO shareholders of Nu Skin Asia Pacific no longer own or control a majority of the voting interest in NSUSA; such termination will be effective thirty (30) days after delivery of written notice by NSI to NSUSA of the occurrence of a change in control and its intention to terminate this Agreement based thereon; or, (b) if NSUSA causes or allows a judgment in excess of twenty-five million dollars ($25,000,000) to be entered against it or involuntarily allows a lien, security interest, or other encumbrance to attach to its assets which secures an amount in excess of twenty-five million dollars ($25,000,000).

7.5 Survival of Obligations. The obligations of the Parties to pay any sums which are due and payable as of the expiration or termination of this Agreement and their obligation under Sections 2 and 3.1, Article VIII and Article X hereof shall survive the expiration or termination of this Agreement.

7.6 Reversion of Rights. Upon termination of this Agreement by NSI all rights and licenses herein granted to NSUSA shall immediately cease and shall revert to NSI, and NSUSA shall cease representing to any third party that it has any right to use, assign, convey or otherwise transfer the Licensed Property.

ARTICLE VIII

INFRINGEMENT; INDEMNIFICATION

8.1 NSI agrees during and after the term of this Agreement to indemnify and hold harmless NSUSA from liability, loss, cost or damage, (including reasonable attorneys' fees) which NSUSA may incur as a result of claims, demands or judgements, of any kind or nature, by anyone whomsoever, arising out of (i) an alleged or actual defect in the design, manufacture or content of, or any harm caused by any Products or Sales Aids or the failure of any Product to comply with all applicable regulatory requirements in the Territory; or (ii) a claim that NSI's Licensed Property infringes any patent, copyright, trade secret or other intellectual property right of a third party; provided that NSUSA provides NSI with prompt notice in writing of any such claim or demand and NSUSA cooperates with NSI in the defense or settlement of any such claim or action. Notwithstanding the foregoing, NSI shall have no obligation to indemnify NSUSA for any liabilities arising out of NSUSA's failure or the failure of any Resident Independent Distributors to utilize, sell, market or promote the Products (i) in the manner for which the Products are reasonably intended, (ii) in compliance with Nu Skin policies and procedures or (iii) as contemplated by the Intercompany Agreements, including, but not limited to, liabilities arising out of false or misleading claims made by the Resident Independent Distributors, unless NSUSA shall have requested NSI to take disciplinary actions against a Resident Independent Distributor and NSI shall have, either negligently or in breach of its fiduciary duties, failed to take such actions against such Resident Independent Distributor and the failure of NSI to take such action is deemed to have reasonably and proximately resulted in NSUSA incurring a loss in which event NSI shall indemnify NSUSA for such loss pursuant to the provisions of this Section 8.1.

8.2 NSUSA agrees during and after the term of this Agreement to indemnify and hold harmless NSI from liability, loss, cost or damage (including reasonable attorney's fees), which NSI may incur as a result of claims, demands or judgements, of any kind or nature, by anyone whosoever, arising out of or resulting from the possession, use or sale of the Products or Sales Aids by NSUSA or any Resident Independent Distributors (except to the extent NSI has indemnified NSUSA against such claims, demands, or judgements pursuant to Section 8.1 hereof). By way of elaboration, but not limitation, NSUSA shall indemnify NSI for any liabilities arising out of NSUSA's failure or the failure of the Resident Independent Distributors to utilize, sell, market, or promote the Products (i) in the manner for which the Products are reasonably intended, (ii) in compliance with Nu Skin policies and procedures or (iii) as contemplated by the Intercompany Agreements, including but not limited to, liabilities arising out of false of misleading claims made by the Resident Independent Distributors. Notwithstanding the foregoing, in the event NSUSA shall have requested NSI to take disciplinary actions against a Resident Independent Distributor operating in the Territory and NSI shall have, either negligently or in breach of its fiduciary duties, failed to take such actions against such Resident Independent Distributor, NSUSA shall not be obligated to indemnify NSI for any loss which NSI might incur as a reasonable and proximate result of such failure.

8.3 At all times during and following the terms of this Agreement, each of NSI and NSUSA shall maintain insurance (or cause the other party to be added as an additional insured to any policy not maintained by such party) with one or more reputable insurers reasonable in coverage and amount in direct proportion and corresponding to the business to be conducted by such party pursuant to this Agreement.

ARTICLE IX

NATURE OF RELATIONSHIP

The relationship of NSUSA and NSI shall be and at all times remain, respectively, that of Licensee and Licensor. Nothing contained or implied in this Agreement shall be construed to constitute either Party as the legal representative or agent of the other or to constitute or construe the Parties as partners, joint venturers, co-owners or otherwise as participants in a joint or common undertaking. Neither Party is authorized to conclude any contract or agreement or make any commitment, representation or warranty that binds the other or otherwise act in the name of or on behalf of the other.

ARTICLE X

CONFIDENTIALITY

All Proprietary Information or other non-public or proprietary business or technical information owned or used by NSI or NSUSA and supplied to or acquired by the other whether in oral or documentary form (the "Confidential Information") shall be supplied and acquired in confidence and shall be solely for the use of the receiving party pursuant to this Agreement and such party shall keep the Confidential Information confidential and shall not disclose the same, at any time during the term of this Agreement or after its termination, except to its employees, or its affiliates or its affiliates' employees for the purposes of its business in accordance with this Agreement and except as may be required by law; provided that if the receiving party determines that a disclosure is required by law, the receiving party shall notify the disclosing party in order to give the disclosing party an opportunity to seek an injunction or otherwise attempt to keep the Confidential Information confidential. The receiving party shall, at the request of the disclosing party, destroy or return the Confidential Information without retaining copies if, as and when this Agreement is terminated or expires. For purposes of this Agreement, the term "Confidential Information" shall not include information or documents that (i) become generally available to the public other than as a result of a disclosure by the receiving party, (ii) were otherwise lawfully available to the receiving party, or (iii) were generated independently by the receiving party. The provisions of this Article shall survive termination of this Agreement for a period of 10 years after the termination of this Agreement provided that this Agreement is not extended or renegotiated.

ARTICLE XI

MAINTENANCE OF LICENSED PROPERTY; RECORDING

NSI shall use its best efforts and take all reasonable steps consistent with its existing internal policies and procedures and with this Agreement to maintain the Licensed Property in the Territory. In no event shall this clause be construed to require NSI to establish or maintain a branch office, subsidiary corporation or fixed place of business or similar permanent establishment in the Territory. NSI, in its sole discretion, shall have the right to record this Agreement or proof thereof, or to enter NSUSA as a registered user in the Territory. NSUSA agrees to cooperate, as reasonably requested by NSI, in arranging for such recordings or entries, or in bearing or canceling such recordings or entries in the event of amendments to or termination of this Agreement for any reason.

ARTICLE XII

KNOW -HOW AND IMPROVEMENTS

12.1 Continued Access to Improvements. NSI shall give to NSUSA reasonable continued access to improvements in techniques and processes related to the Licensed Property during the term of this Agreement.

ARTICLE XIII

MISCELLANEOUS

13.1 Assignment. This Agreement shall be binding on and inure to the benefit of the heirs, successors, assigns and beneficiaries of the Parties; provided that neither party may assign this Agreement or any rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other party's authorized representative. Any such attempted assignment, without the written consent provided herein, shall be void and unenforceable.

13.2 Force Majeure. The Parties shall not be responsible for failure to perform hereunder due to force majeure, which shall include, but not be limited to: fires, floods, riots, strikes, labor disputes, freight embargoes or transportation delays, shortage of labor, inability to secure fuel, material, supplies, equipment or power at reasonable prices or on account of shortage thereof, acts of God or of the public enemy, war or civil disturbances, any existing or future laws, rules, regulations or acts of any government (including any orders, rules or regulations issued by any official or agency or such government) affecting a party that would delay or prohibit performance hereunder, or any cause beyond the reasonable control of a party. If an event of force majeure should occur, the affected party shall promptly give notice thereof to the other party and such affected party shall use its reasonable best efforts to cure or correct any such event of force majeure.

13.3 Governing Law and Dispute Resolution. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, applicable to contracts made and to be wholly performed within such State. Any dispute arising out of this Agreement, if not resolved by mutual agreement of NSI and NSUSA within 30 days after written notice of such dispute is given by NSI or NSUSA, as the case may be, shall be resolved through arbitration with the Utah office and division of the American Arbitration Association ("AAA"). If the dispute is not resolved within such 30-day period, the Parties shall petition the AAA to promptly appoint a competent, disinterested person to act as such arbitrator. Within 30 days after the designation or appointment of such arbitrator, such arbitrator shall be required to commence the arbitration proceeding in the state of Utah at a time and place to be fixed by the arbitrator, who shall so notify NSI and NSUSA. Such arbitration proceeding shall be conducted in accordance with the applicable rules and procedures of the AAA, and/or as otherwise may be agreed by NSI and NSUSA and may be enforced in any court of competent jurisdiction. The expenses and costs of such arbitration shall be divided and borne equally by NSI and NSUSA; provided, that such of NSI and NSUSA shall pay all fees and expenses incurred by it in presenting or defending against such claim, right or cause of action.

13.4 Waiver and Delay. No waiver by either party of any breach or default in performance by the other party, and no failure, refusal or neglect of either party to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of the other party's obligations under this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by either party of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.5 Notices. All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been duly given, if delivered by hand, or if communicated by facsimile, cable or similar electronic means to the facsimile number or cable identification number as previously provided by each party to the other, at the time that receipt thereof has been confirmed by return electronic communication or signal that the message has been received, or if mailed, ten (10) days after dispatch by registered airmail, postage prepaid, from any post office addressed as follows:

If to NSUSA:
General Manager
Nu Skin U.S.A., Inc.
75 West Center Street
Provo, Utah 84601
USA
Facsimile No.: 801-345-5099

If to NSI:
General Manager
Nu Skin International, Inc.
75 West Center Street,
Provo, Utah 84601, U.S.A.
Facsimile No.: (801) 345-5999

Either party may change its facsimile number, cable identification number or address by a notice given to the other party in the manner set forth above.

13.6 Integrated Contract. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior or contemporaneous negotiations, representations, agreements and understandings (both oral and written) of the Parties.

13.7 Modifications and Amendments. No supplement, modification or amendment of this Agreement shall be binding unless it is in writing and executed by both of the Parties.

13.8 Severability. To the extent that any provision of this Agreement is (or in the opinion of counsel mutually acceptable to both Parties would be) prohibited, judicially invalidated or otherwise rendered unenforceable in any jurisdiction, such provision shall be deemed ineffective only to the extent of such prohibition, invalidation or unenforceability in that jurisdiction, and only within that jurisdiction. Any prohibited, judicially invalidated or unenforceable provision of this Agreement will not invalidate or render unenforceable any other provision of this Agreement, nor will such provision of this Agreement be invalidated or rendered unenforceable in any other jurisdiction.

13.9 Counterparts and Headings. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All headings and captions are inserted for convenience of reference only and shall not affect the meaning or interpretation of any provision hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in the United States of America by their respective duly authorized representatives as of the day and year first-above written.

NU SKIN INTERNATIONAL, INC.	NU SKIN USA, INC.
By: /s/ Steven J. Lund	By: /s/Keith R. Halls
Name: Steven J. Lund	Name: Keith R. Halls
Its: Executive President & Secretary	Its: Vice President

EX-10.36

(This is the form of Trademark\Tradename Licensing Agreement for Nu Skin USA, Inc. and the other North American Private affiliates. Payments are paid in the local currency of the country in which the private affiliate operates)

NU SKIN INTERNATIONAL, INC.
AND
NU SKIN USA, INC.

TRADEMARK\TRADENAME LICENSING AGREEMENT

TABLE OF CONTENTS

TRADEMARK \ TRADENAME LICENSING AGREEMENT

THIS TRADEMARK \ TRADENAME LICENSING AGREEMENT (hereinafter the "Agreement") is entered into and made effective this 31st day of December, 1997, between Nu Skin International, Inc., a corporation organized under the laws of the State of Utah, U.S.A., (hereinafter referred to as "NSI"), and Nu Skin USA, Inc., a corporation organized under the laws of the State of Delaware, U.S.A. (hereinafter "NSUSA"). Hereinafter, NSI and NSUSA shall collectively be referred to as the "Parties" and each shall be individually referred to as "Party."

W I T N E S S E T H

WHEREAS, NSI is engaged in the design, production and marketing of Products (as defined below) and related Sales Aids (as defined below) for distribution in worldwide markets through a network of independent distributors; and,

WHEREAS, NSUSA acts as the exclusive wholesale distributor of Products in the Territory (as hereafter defined) , having entered into a separate Wholesale Distribution Agreement with NSI dated as of the date hereof,

WHEREAS, NSUSA desires to affix NSI Trademarks (as defined below) to Products and to affix NSI Tradenames (as defined below) to Commercial Materials it envisions for the Territory thereby deriving benefit from the goodwill, value and reputation such marks and names shall lend when used to identify such Products and Commercial Materials; and,

WHEREAS, the Parties desire to enter into this Trademark \ Tradename Licensing Agreement as set forth herein;

NOW THEREFORE, in consideration of the premises, the mutual promises, covenants, and warranties hereinafter set forth and for other valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I

DEFINITIONS

For the purposes of this Agreement, the following words and terms shall have the meaning assigned to them in this Article I:

1.1 "Agreement" shall mean this Trademark\Tradename Licensing Agreement (together with any exhibits and schedules hereto), as the same may be modified, amended or supplemented from time to time.

1.2 "Business Portfolios" shall mean those materials approved by NSI and not purchased from NSI that are intended for sale in conjunction with the execution of a distributor contract to NSI Independent Distributors in the Territory explaining the Nu Skin independent business opportunity, the contractual relationship with NSI and the marketing support programs for the Territory.

1.3 "Commercial Materials" shall mean, without limitation, any business marquis, sign, letterhead, business card, pamphlet, brochure, magazine, flyer, newsletter, Sales Aid, advertisement or other associated tangible materials NSUSA uses in its activities with the Independent Distributor Network or the public to enhance its image and competitiveness in the Territory that NSUSA has not purchased from NSI. Commercial Materials shall not, for the purposes of this Agreement, include Business Portfolios (as defined below).

1.4 "Independent Distributor Network" shall mean the network of all NSI Independent Distributors.

1.5 "Intercompany Agreements" shall mean The Wholesale Distribution Agreement, The Licensing and Sales Agreement, The Management Services Agreement, and The Trademark/Tradename Agreement between the Parties.

1.6 "Know-How" shall mean any information, including, without limitation, any commercial or business information, lists, marketing methods, marketing surveys, processes, specifications, quality control reports, drawings, photographs, or any other information owned by NSI, whether or not considered proprietary, relating to the Independent Distributor Network, NSI Independent Distributors, the NSI distributor lists, and the NSI sales compensation plan.

1.7 "Licensed Marks and Names" shall mean any NSI Trademark, including those affixed to any Product for purposes of identifying, promoting or selling such Product in the Territory to any NSI Independent Distributor, and any NSI Tradename, including those affixed to or used in connection with any Commercial Materials produced to further NSUSA's commercial activities in the Territory and any product formula as agreed to by the Parties from time to time.

1.8 "Net Sales" shall mean, for any period, the number of Products, Commercial Materials and Introductory Kits (or any part thereof) sold by NSUSA during such period, multiplied by NSUSA's then current selling price to NSI Independent Distributors for each such Product, Commercial Material and Introductory Kits, less applicable consumption taxes and returns or refunds reasonably accepted and credited by NSUSA during such period.

1.9 "NSI Independent Distributor" shall mean a person or business entity authorized by contract with NSI to distribute, as an independent contractor, Products and Sales Aids.

1.10 "NSI Trademark" shall mean any NSI service mark, trademark, logo or device (or combination thereof) used or for which NSI has a bonafide intent to use, registered or otherwise.

1.11 "NSI Tradename" shall mean any commercially valuable "mark," "name," or "device" or combination thereof whether or not similar in appearance to any NSI Trademark of which NSI is the owner, registered or otherwise.

1.12 "Product" shall mean any of the following bearing an NSI Trademark: any product, including, without limitation, cosmetics, nutritional products, dietary supplements, vitamins, over-the-counter drugs, quasi-drugs, drugs and pharmaceutical products, and other products, which NSUSA designs, manufactures, produces and/or distributes or causes to be designed, manufactured, produced or distributed in the Territory, that NSUSA has not purchased from NSI. Products shall not, for the purposes of this Agreement, include Business Portfolios.

1.13 "Proprietary Information" shall mean, without limitation, all information other than information in published form or expressly designated by either party in writing as non-confidential, which is directly or indirectly disclosed to the other party, regardless of the form in which it is disclosed, relating in any way to the following property owned by the Parties or which the Parties have been licensed to use or sub-license: (1) proprietary technical information related to the Licensed Marks and Names and the Business Portfolios; (2) information respecting actual or potential customers or customer contacts and customer sales strategies, names, addresses, phone numbers, identification numbers, database information and its organization, unique business methods; (3) market studies, penetration data, customers, products, contracts, copyrights, computer programs, applications, technical data, licensed technology, patents, inventions, procedures, methods, designs, strategies, plans, liabilities, assets, cost revenues, sales costs, production costs, raw material sources and other market information; (4) other sales and marketing plans, programs and strategies; (5) trade secrets, Know-How, designs and proprietary commercial and technical information, methods, practices, procedures, processes, formulae with respect to manufacturing, assembly, design or processing products subject to this Agreement and any component, part or manufacture thereof; (6) profits, organization, employees, agents, distributors, suppliers, trademarks, tradenames and services; (7) other business and commercial practices in general relating directly or indirectly to the foregoing; (8) computer disks or other records or documents, originals or copies, containing in whole or in part any of the foregoing; and (9) tax information, returns and other financial information.

1.14 "Sales Aid" shall mean materials, in whatever form and/or design produced to assist in the marketing of Products or the Nu Skin independent business opportunity in the Territory.

1.15 "Territory" shall mean the United States of America, including its territories.

ARTICLE II

GRANT OF NON EXCLUSIVE LICENSE; ROYALTIES

2.1 Grant of Exclusive License. NSI hereby grants to NSUSA an exclusive license and right to use, the Licensed Marks and Names in the Territory, provided that all such uses shall comply in all material respects with the terms of this Agreement.

2.2 NSI's Interest in Licensed Marks and Names. NSI hereby retains legal title to the Licensed Marks and Names for all purposes, including but not limited to, the bringing or defending of any legal action in the Territory which it deems reasonable to protect its rights therein. NSUSA agrees to assist NSI in any manner to protect NSI's rights in the Licensed Marks and Names which NSI may reasonably request. NSI shall reimburse NSUSA for any third party costs incurred by NSUSA in providing such assistance.

2.3 Recitals of Value of Licensed Marks and Names. NSUSA recognizes and agrees that NSI has expended considerable time, effort and resources to develop, register, apply for registrations, maintain and enhance the value and reputation of the Licensed Marks and Names. NSUSA further agrees it will derive a considerable benefit from its use of the Licensed Marks and Names in the Territory and from NSI's efforts and expenditures respecting the Licensed Marks and Names.

2.4 Warranty of Title. NSI hereby represents and warrants that it is the sole and exclusive owner of the Licensed Marks and Names and that to the best of its knowledge and information no claim exists or has been made contesting the ownership and title of said Licensed Marks and Names.

2.5 Royalties. As compensation for the exclusive licenses granted pursuant to the terms of this Agreement, NSUSA shall pay to NSI a royalty equal to five percent (5%) (or as otherwise mutually agreed upon by the Parties) of its Net Sales in the Territory during the entire term of this Agreement. If NSUSA elects to produce and/or purchase any Products from a third party rather than through or from NSI, and such Product is based on or contains NSI proprietary information, formulas or ingredients, and such Product bears Licensed Marks and Names, the applicable royalty shall be eight percent (8%) of Net Sales, or as otherwise mutually agreed upon by the Parties.

ARTICLE III

COMPUTATION AND PAYMENT TERMS

3.1 Royalty Payments.

3.1(a) Within 30 days following the close of each month, NSUSA shall deliver to NSI, by electronic transmission or such other medium as the parties shall agree from time to time, a statement of its Net Sales during such month in the Territory and a computation of the royalties payable hereunder. NSUSA shall make payment of such royalties in accordance with Section 3.3 hereof concurrently with the delivery of such statement.

3.1(b) For purposes of computing the royalty, Products and Commercial Materials shall be considered sold when recognized for accounting purposes as a sale by NSUSA as per U.S. GAAP.

3.1(c) The Parties agree that the royalty shall remain competitive within the Territory and shall be negotiated and determined on an arm's length basis and may be adjusted from time to time as agreed by the Parties in writing.

3.2 Records. Each Party shall keep complete and accurate records of its activities under this Agreement which shall be open to inspection by authorized representatives of the other party at any reasonable time.

3.3 Payment Terms. Payments made by NSUSA to NSI under this Agreement shall be payable in U.S. dollars. Payments shall be made either directly to NSI in immediately available funds by wire transfer to an account designated by NSI, or by such other means of payment acceptable to NSI from time to time.

3.4 Default Rate. Without limiting any of NSI's other rights and remedies under this Agreement, amounts outstanding under the terms of this Agreement not paid within sixty (60) days from the date due and payable, and as set forth in the payment provisions herein, shall bear interest at the prime interest rate as reported in the Wall Street Journal plus two percent (2%) for the full period outstanding. Whether or not interest charges are actually levied is at the discretion of NSI.

ARTICLE IV

CERTAIN COVENANTS

4.1 Use of Licensed Marks and Names. NSUSA may use the Licensed Marks and Names only in accordance with the terms of this Agreement.

4.1(a) All Products and Commercial Materials bearing the Licensed Marks and Names shall be approved by NSI and shall be used in accordance with standards, specifications and instructions approved by NSI; and,

4.1(b) NSI shall have the right to inspect the premises of NSUSA and those of any of NSUSA's subcontractors at which Product(s) are being manufactured, at reasonable times, and also to receive samples of such Product(s), in accordance with a reasonable schedule to be established promptly between NSI and NSUSA; and,

4.1(c) NSUSA agrees to correct, as promptly as possible, any defects in the Product(s) and/or manufacturing thereof brought to NSUSA's attention by NSI or otherwise; and,

4.1(d) NSUSA agrees to submit to NSI for prior approval, which approval will not be unreasonably withheld, labels, packaging, advertising and promotional materials, in relation to which any of the Licensed Marks and Names are proposed to be used, including the marking legends intended to be used in relation thereto.

4.2 Modifications. NSUSA shall make no modification to the Licensed Marks and Names without the express, prior written consent of NSI.

4.3 Prejudicial Use. NSUSA shall not use the Licensed Marks and Names in any way that will prejudice NSI's rights therein.

4.4 Labels. At the request of NSI, labels or packaging which bear any of the Licensed Marks and Names shall also bear an asterisk placed immediately above the end of the mark to reference a statement which shall appear underneath the mark and shall contain the words "TM Registered - Licensed by Nu Skin International, Inc." (where the mark is registered) or "TM - Licensed by Nu Skin International, Inc." (where the mark is not registered).

4.5 Goodwill. All goodwill generated by use of the Licensed Marks and Names shall inure to NSI, and, upon termination of this Agreement, NSUSA shall not have any claim against NSI for compensation for loss of distribution rights, loss of goodwill or any similar loss.

4.6 Export of Products. The Licensee shall not export any product on which any Licensed Mark or Name is affixed to any country outside the Territory without the prior written consent of NSI.

ARTICLE V

TERM

This Agreement shall be effective from the Effective Date for a term of two (5) years unless terminated pursuant to Article 11. The Term of this Agreement shall be renewed automatically for successive one year terms unless terminated (90) days prior to the end of the then current term .

ARTICLE VI

TERMINATION

6.1 This Agreement may be terminated by either Party immediately or at any time after the occurrence of any of the following events:

(a) the other Party shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, compensation or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar action; or

(b) there shall be commenced against the other Party any case, proceeding or other action of a nature referred to in clause (a) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 90 days. Events described in clauses (a) and (b) of this Section 12.1(a) shall be referred to as a ?Bankruptcy Event?. If a Bankruptcy Event occurs, all amounts owing under this Agreement shall become immediately due and payable, without any notice thereof.

6.2 This Agreement may be terminated by either Party, if the other Party is in default in the performance of any material obligation under this Agreement and such default has not been cured within ninety (90) days after receipt of written notice of such default by the defaulting Party; or

6.3 This Agreement may be terminated by NSI (a) if the original pre-IPO Shareholders of Nu Skin Asia Pacific shall no longer owns or controls a majority of the voting interest in NSUSA; (such termination will be effective thirty (30) days after NSI gives written notice to NSUSA of the occurrence of a change in control and its intention to terminate this Agreement based thereon); or (b) if NSUSA causes or allows a judgment in excess of twenty-five million dollars ($25,000,000) to be entered against it or allows a lien, security interest, or other encumbrance to attach to its assets which secures an amount in excess of twenty-five million dollars ($25,000,000).

ARTICLE VII

EFFECT OF TERMINATION

7.1 Obligation of NSUSA Upon Termination. Upon termination of this Agreement by either Party, NSUSA agrees to (a) sell, destroy or otherwise dispose of all Products and Commercial Materials bearing the Licensed Marks and Names within 45 days after such termination; (b) immediately discontinue use of the Licensed Marks and Name in any form and not adopt in place thereof any word or design that is confusingly similar thereto; and (c) return to NSI all manuals, drawings, and standards or any other documents provided by NSI to NSUSA relating to the use of the Licensed Marks and Names.

7.2 Survival of Obligations. The obligations of the Parties to pay any sums which are due and payable as of the expiration or termination of this Agreement and their obligations under Section 2.2, Article IX and Article X hereof shall survive the expiration or termination of this Agreement.

7.3 Reversion of Rights. Upon termination of this Agreement by NSI, all rights and licenses herein granted to NSUSA shall immediately cease and shall revert to NSI, and NSUSA shall cease representing to any third party that it has any right to use, assign, convey or otherwise transfer the Licensed Marks and Names.

ARTICLE VIII

GOVERNMENTAL APPROVALS, LAWS AND REGULATIONS

8.1 NSUSA agrees to obtain, or cause to be obtained, at its sole cost and expense, any governmental approval and make, or cause to be made, any filings or notifications required under all applicable laws, regulations and ordinances of the Territory to enable this Agreement to become effective or to enable any payment pursuant to the provisions of this Agreement to be made. NSUSA agrees to keep NSI informed of the progress in obtaining all such government approvals. NSUSA agrees to cooperate with NSI and to take such actions as NSI shall reasonably request in order to obtain such approvals. NSI shall reimburse NSUSA for any third party costs incurred by NSUSA in taking such actions. 8.2 Each party agrees to refrain from any action that will cause the other party to be in violation of any applicable law, regulation, or ordinance of the Territory .

ARTICLE IX

INFRINGEMENT; INDEMNIFICATION

NSI hereby represents and warrants that, as of the date hereof, there are no infringement or misappropriation suits pending or filed or, to its knowledge, threatened against NSI within the Territory that relate to the Licensed Marks and Names and NSI is not presently aware of any such infringement or misappropriation. NSI shall indemnify and hold NSUSA harmless from and against all claims, actions, suits, proceedings, losses, liabilities, costs, damages and attorneys' fees in respect of a third party claim alleging infringement or misappropriation by NSUSA in respect of its use of the Licensed Marks and Names in the Territory; provided that NSUSA shall give NSI prompt written notice of any such claim, action, suit or proceeding and, without limiting the generality of Section 2.2 hereof, shall cooperate with NSI in the defense of any such claim, action, suit or proceeding. Notwithstanding the foregoing, NSI shall have no obligation to indemnify NSUSA for any liabilities arising out of NSUSA?s failure or the failure of the NSI Independent Distributors in the Territory to utilize the Licensed Marks and Names (i) in the manner for which the Licensed Marks and Names are reasonably intended, (ii) in compliance with Nu Skin policies and procedures or (iii) as contemplated by the Intercompany Agreements. NSI shall have the right to select counsel in any such claim, action, suit or proceeding. In the event that any such claim, action, suit or proceeding is successful, NSI shall use reasonable efforts to make such changes in the Licensed Marks and Names to permit NSUSA to continue to use of the Licensed Marks and Names free and clear of all infringement and misappropriation. NSUSA shall give NSI prompt written notice of any infringement or misappropriation of the Licensed Marks and Names by any third party. NSI shall have the sole right to initiate any and all legal proceedings against any such third party and, without limiting the generality of Section 2.2 hereof, NSUSA shall cooperate with NSI in the pursuit of any such proceeding. NSI shall retain any damage award obtained from such third party.

ARTICLE X

CONFIDENTIALITY

All Proprietary Information or other non-public or proprietary business or technical information owned or used by NSI or NSUSA and supplied to or acquired by the other whether in oral or documentary form (the "Confidential Information") shall be supplied and acquired in confidence and shall be solely for the use of the receiving party pursuant to this Agreement and such party shall keep the Confidential Information confidential and shall not disclose the same, at any time during the term of this Agreement or after its termination, except to its employees, or its affiliates, or its affiliates? employees for the purposes of its business in accordance with this Agreement and except as may be required by law; provided that if the receiving party determines that a disclosure is required by law, the receiving party shall notify the disclosing party in order to give the disclosing party an opportunity to seek an injunction or otherwise attempt to keep the Confidential Information confidential. The receiving party shall, at the request of the disclosing party, destroy or return the Confidential Information without retaining copies if, as and when this Agreement is terminated or expires. For purposes of this Agreement, the term "Confidential Information" shall not include information or documents that (i) become generally available to the public other than as a result of a disclosure by the receiving party, (ii) was otherwise lawfully available to the receiving party, or (iii) was generated independently by the receiving party. The provisions of this Article shall survive termination of this Agreement for a period of 10 years after he termination of this Agreement provided that this Agreement is not extended or renegotiated.

ARTICLE XI

NATURE OF RELATIONSHIP

The relationship of NSUSA and NSI shall be and at all times remain, respectively, that of Licensee and Licensor. Nothing contained or implied in this Agreement shall be construed to constitute either party as the legal representative or agent of the other or to constitute or construe the Parties as partners, joint venturers, co-owners or otherwise as participants in a joint or common undertaking. Neither party is authorized to conclude any contract or agreement or make any commitment, representation or warranty that binds the other or otherwise act in the name of or on behalf of the other.

ARTICLE XII

MAINTENANCE OF TRADEMARKS; RECORDING; REGISTRATION OF TRADEMARK

NSI covenants to use its best efforts to maintain the registrations of the NSI Trademarks currently registered in the Territory as set forth in Exhibit A hereto. NSI, in its sole discretion, shall have the right to record this Agreement or proof thereof, or to enter NSUSA as a registered user in the Territory. NSUSA agrees to cooperate, as reasonably requested by NSI, in arranging for such recordings or entries, or in bearing or canceling such recordings or entries in the event of amendments to or termination of this Agreement for any reason. Upon termination of this Agreement for any reason, the Parties agree to do everything necessary to effect cancellation of the record of NSUSA as a registered user of the NSI Trademarks in the Territory.

At the request of NSUSA, NSI shall file applications in the Territory for the registration of all new NSI Trademarks that NSUSA intends to use in the Territory. If any mark used by NSI in the United States of America with respect to certain products is used by NSUSA in the Territory in relation to similar products, then, whether or not the mark is registered in the Territory, NSUSA shall not claim any proprietary interest in any NSI trademarks. If any of such marks are immediately registrable in the Territory, NSUSA will cooperate with NSI in filing an application for registration of the marks in the name of NSI.

If any such marks are not immediately capable of registration because they lack distinctiveness, then at any time when in the opinion of legal counsel for NSI the use of the marks by NSUSA has conferred on them sufficient distinctiveness to permit registration in the Territory, NSUSA shall, when requested by NSI, do all things necessary and execute all documents required to register such marks in the Territory and assign the eventual registrations to NSI who shall reimburse NSUSA for the cost of registration and assignment, but shall not be obligated to make any other payment in consideration for the assignment.

ARTICLE XIII

MISCELLANEOUS

13.1 Assignment. This Agreement shall be binding on and inure to the benefit of the heirs, successors, assigns and beneficiaries of the Parties; provided that neither party may assign this Agreement or any rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other party through its authorized representative. Any such attempted assignment without the written consent provided herein shall be void and unenforceable.

13.2 Force Majeure. The Parties shall not be responsible for failure to perform hereunder due to force majeure, which shall include, but not be limited to: fires, floods, riots, strikes, labor disputes, freight embargoes or transportation delays, shortage of labor, inability to secure fuel, material, supplies, equipment or power at reasonable prices or on account of shortage thereof, acts of God or of the public enemy, war or civil disturbances, any existing or future laws, rules, regulations or acts of any government (including any orders, rules or regulations issued by any official or agency or such government) affecting a party that would delay or prohibit performance hereunder, or any cause beyond the reasonable control of a party. If an event of force majeure should occur, the affected party shall promptly give notice thereof to the other party and such affected party shall use its reasonable best efforts to cure or correct any such event of force majeure.

13.3 Governing Law and Dispute Resolution. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, applicable to contracts made and to be wholly performed within such State. Any dispute arising out of this Agreement, if not resolved by mutual agreement of NSI and NSUSA within 30 days after written notice of such dispute is given by NSI or NSUSA, as the case may be, shall be resolved through arbitration with the Utah office and division of the American Arbitration Association ("AAA"). If the dispute is not resolved within such 30-day period, the Parties shall petition the AAA to promptly appoint a competent, disinterested person to act as such arbitrator. Within 30 days after the designation or appointment of such arbitrator, such arbitrator shall be required to commence the arbitration proceeding in the state of Utah at a time and place to be fixed by the arbitrator, who shall so notify NSI and NSUSA. Such arbitration proceeding shall be conducted in accordance with the applicable rules and procedures of the AAA, and/or as otherwise may be agreed by NSI and NSUSA and may be enforced in any court of competent jurisdiction. The expenses and costs of such arbitration shall be divided and borne equally by NSI and NSUSA; provided, that such of NSI and NSUSA shall pay all fees and expenses incurred by it in presenting or defending against such claim, right or cause of action.

13.4 Waiver and Delay. No waiver by either party of any breach or default in performance by the other party, and no failure, refusal or neglect of either party to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of the other party's obligations under this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by either party of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.5 Notices. All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been duly given, if delivered by hand, or if communicated by facsimile, cable or similar electronic means to the facsimile number or cable identification number as previously provided by each party to the other, at the time that receipt thereof has been confirmed by return electronic communication or signal that the message has been received, or if mailed, ten (10) days after dispatch by registered airmail, postage prepaid, from any post office addressed as follows:

If to NSUSA: General Manager
Nu Skin U.S.A., Inc.
75 West Center Street
Provo, Utah 84601
USA
Fax: 801-345-3099

If to NSI: General Manager
Nu Skin International, Inc.
75 West Center Street
Provo, Utah 84601, U.S.A.
Facsimile Number: (801) 345-5999

Either party may change its facsimile number, cable identification number or address by a notice given to the other party in the manner set forth above.

13.6 Integrated Contract. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior or contemporaneous negotiations, representations, agreements and understandings (both oral and written) of the Parties.

13.7 Modification and Amendment. No supplement, modification or amendment of this Agreement shall be binding unless it is in writing and executed by both of the Parties.

13.8 Severability. To the extent that any provision of this Agreement is (or in the opinion of counsel mutually acceptable to both Parties would be) prohibited, judicially invalidated or otherwise rendered unenforceable in any jurisdiction, such provision shall be deemed ineffective only to the extent of such prohibition, invalidation or unenforceability in that jurisdiction, and only within that jurisdiction. Any prohibited, judicially invalidated or unenforceable provision of this Agreement will not invalidate or render unenforceable any other provision of this Agreement, nor will such provision of this Agreement be invalidated or rendered unenforceable in any other jurisdiction.

13.9 Counterparts and Headings. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All headings and captions are inserted for convenience of reference only and shall not affect the meaning or interpretation of any provision hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in the United States of America by their respective duly authorized representatives as of the day and year first-above written.

NU SKIN INTERNATIONAL, INC.		NU SKIN USA, INC.	
By:	/s/Steven J. Lund	By:	/s/ Keith R. Halls
Name:	Steven J. Lund	Name:	Keith R. Halls
Its:	Executive Vice President & Secretary	Its:	Vice President

EX-10.37

TAX SHARING AND INDEMNIFICATION AGREEMENT

THIS TAX SHARING AND INDEMNIFICATION AGREEMENT (the "Agreement") is dated as of December 31, 1997, is by and among Nu Skin International, Inc., a Utah corporation ("NSI"), Nu Skin USA, Inc., a Delaware corporation ("NUSA"), and the shareholders of NSI and NUSA and their successors and assigns (the "Shareholders").

RECITALS

WHEREAS, NSI and NUSA have entered into a Contribution and Distribution Agreement dated as of December 31, 1997 (the "Distribution Agreement"); and

WHEREAS, pursuant to the Distribution Agreement, NSI shall distribute all the issued and outstanding common stock of NUSA (pro rata) to the Shareholders (the "Distribution"); and

WHEREAS, there are no tax allocation agreements between NSI and NUSA;

WHEREAS, NSI and NUSA each have been taxed as an "S corporation" as that term is defined in Section 1361 of the Code at all times during their respective existences;

WHEREAS, the Shareholders intend to transfer the stock of NSI along with the stock of other corporations to Nu Skin Asia Pacific, Inc., a Delaware corporation ("NSAP") in exchange for stock of NSAP.

WHEREAS, NSI will receive or has received an opinion of Price Waterhouse that the Distribution, taking into account the contribution of NSI by the Shareholders to NSAP, will qualify for tax-free treatment under Section 368(a)(1)(D) and 355 of the Code;

WHEREAS, NSI, NUSA and the Shareholders desire to enter into this Agreement to provide for the allocation among NSI, NUSA and the Shareholders of all responsibilities, liabilities and benefits relating to or affecting Taxes (as hereinafter defined) paid or payable by any of them for all taxable periods, whether beginning before, on or after the Distribution Date (as hereinafter defined), to indemnify NSI if the Contribution and Distribution fails to qualify for tax-free treatment under Section 368(a)(1)(D) and 355 of the Code, and to provide for certain other matters. This Agreement also provides, among other things, for NUSA, NSI and the Shareholders to assist each other for an interim period in the preparation of Tax Returns (as hereinafter defined) required to be filed after the Distribution Date.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

ARTICLE I.

DEFINITIONS

Section 1.1 As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and the plural forms of the terms defined). Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Distribution Agreement.

"Action" shall have the meaning ascribed to such term in Section 4.1.

"Change" shall mean (i) any audit, amendment or other change in a Tax Return, or (ii) the expiration of the statute of limitations with respect to any Tax Item allocated to NUSA and/or NSI in the Workpapers; provided, such Tax Item was not subject to a Change by application of clause (i) of this definition.

"Closing Balance Sheets" shall mean the NUSA Closing Balance Sheet and the NSI Closing Balance Sheet.

"Code" means the Internal Revenue Code of 1986, as amended, and shall include corresponding provisions of any subsequently enacted federal tax laws.

"Corporate-Level Restructuring Taxes" shall mean Restructuring Taxes payable by NSI or NUSA.

"Corporate-Level Taxes" means Taxes that are taxed to NSI or NUSA and not to the Shareholders.

"Distribution" shall have the meaning ascribed to such term in the recitals.

"Final Determination" shall mean the final resolution of the liability for any Tax Item for a taxable period, (i) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the IRS with respect to United States Federal taxes, or by a comparable form under the laws of other jurisdictions; except that a Form 870 or 870-AD or comparable form that reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund and/or the right of the taxing authority to assert a further deficiency for any Tax Item shall not constitute a Final Determination for such Tax Item; (ii) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (iii) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, with respect to Federal Taxes, or comparable agreements as to other Taxes under the laws of other jurisdictions; (iv) by an

allowance of a refund or credit in respect of any overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered by the Tax imposing jurisdiction; or (v) by any other final disposition, including by reason of the expiration of the applicable statute of limitations.

"IRS" shall mean the Internal Revenue Service.

"NSI Businesses" means the businesses conducted by NSI immediately following the Distribution.

"NSI Closing Balance Sheet" shall mean the balance sheet of NSI, dated as of December 31, 1997.

"NSI Group" shall mean NSI and all of its future subsidiaries.

"NSI" shall have the meaning ascribed to such term in the preamble.

"NUSA Businesses" means the businesses conducted by NUSA immediately following the Distribution.

"NUSA Closing Balance Sheet" shall mean the balance sheet of NUSA , dated as of December 31, 1997.

"NUSA Group" shall mean NUSA and all of its future subsidiaries.

"NUSA" shall have the meaning ascribed to such term in the preamble.

"Permanent Tax Item" shall mean any Tax Item other than a Temporary Tax Item.

"Reorganization" shall mean NSI's distribution of all of the NUSA shares to the Shareholders.

"Restricted Period" shall mean the two-year period following the Distribution Date.

"Restructuring Taxes" means any Taxes (other than Transfer Taxes) resulting from the Reorganization or the Distribution including, without limitation, any Tax arising pursuant to, or as a result of, Section 311 of the Code.

"Settlement Amount" shall have the meaning ascribed to such term in Section 4.1.

"Tax Benefit" means any item of loss, deduction, credit or any other Tax Item which decreases Taxes paid or payable.

"Tax Detriment" means any item or income, gain, recapture of credit or any other Tax Item which increases Taxes paid or payable.

"Tax Item" means any return, form, filing, questionnaire or other document required to be filed (or which may be filed), including requests for extensions of time, filings made with estimated tax payments, claims for refund and amended returns that may be filed, for any period with any taxing authority (whether domestic or foreign) in connection with any Tax or Taxes (whether or not a payment is required to be made with respect to such filing).

"Tax Returns" means any return, declaration, statement, report, schedule, certificate, form, information return or any other document (and related or supporting information) including an amended tax return filed with respect to Taxes.

"Taxes" means all forms of taxation, whenever created or imposed, and whether of the United States or elsewhere, and whether imposed by a local, municipal, governmental, state, federation or other body, and without limiting the generality of the foregoing, shall include income, sales, use, ad valorem, gross receipts, value added, franchise, transfer, recording, withholding, payroll, employment, excise, occupation, and property taxes, together with any related interest, penalties and additions to any such tax, or additional amounts imposed by any taxing authority (domestic or foreign) upon NSI or NUSA their divisions or branches or upon the Shareholders.

"Temporary Tax Item" shall mean any Tax Item to the extent the Tax Detriment or Tax Benefit relating to such Tax Item in one tax period creates or results from a corresponding Tax Benefit or Tax Detriment, respectively, in a different tax period; provided, that if the parties cannot agree whether a Tax Item is a Temporary Tax Item, then generally accepted accounting principles in effect on the Distribution Date shall determine if a Tax Item is a Temporary Tax Item.

"Transfer Taxes" shall mean any real property transfer or gains, sales, use, transfer, value added, stock transfer, and stamp taxes, any transfer, recording, registration, and other fees, and any similar Taxes which become payable in connection with the Distribution or Reorganization.

"Workpapers" shall mean the workpapers underlying the preparation of the 1997 Federal Tax Return of NSI and the Closing Balance Sheets.

ARTICLE II.

PREPARATION AND FILING OF TAX RETURNS

Section 2.1 Manner of Preparation. All Tax Returns of NSI or NUSA filed after the Distribution Date shall be prepared on a basis which is consistent with the tax opinions obtained from Price Waterhouse in connection with the Reorganization and the Distribution (in the absence of a controlling change in law or circumstances) and shall be filed on a timely basis (including pursuant to extensions) by the party responsible for such filing under this Agreement. In the absence of a controlling change in law or circumstances, or except as otherwise agreed in writing, all Tax Returns of NSI or NUSA filed after the date of this Agreement shall be prepared on a basis consistent with the elections, accounting methods, conventions, and principles of taxation used for the most recent taxable periods for which Tax Returns of NSI involving similar Tax Items have been filed, except that, with respect to Tax Items not relating to the Reorganization or Distribution, one party may take an inconsistent position to the extent that, with respect to Tax Items not relating to the Reorganization or Distribution, such position does not create a Tax Detriment to the other party or to the Shareholders of the other party.

Section 2.2 Pre-Distribution Tax Returns.

(a) All federal or state income Tax Returns that are required to be filed for periods beginning before the Distribution Date shall be prepared and filed by the Shareholders or by NSI.

(b) All Tax Returns for state and local sales, use, property, transfer and other Taxes for periods beginning before the Distribution Date which are not measured by income shall be prepared and filed by NSI. NSI shall prepare all Federal and state payroll Tax Returns required to be filed by it after the Distribution which include any period beginning before the Distribution Date.

(c) All foreign Tax Returns and any other Tax Returns not described elsewhere in this Section 2.2 that are required to be filed for any period beginning before the Distribution Date shall be prepared and filed by NSI.

Section 2.3 Post-Distribution Corporate Tax Returns. All Tax Returns for periods beginning after the Distribution Date with respect to NSI shall be prepared and filed by NSI. All tax returns for periods beginning after the Distribution Date with respect to NUSA shall be prepared and filed by NUSA. The Shareholders shall file all Tax Returns required to be filed by them that relate to or include Tax Items associated with NSI or NUSA.

ARTICLE III.

PAYMENT OF TAXES

Section 3.1 Tax for Taxable Periods Beginning Prior to the Distribution Date.

(a) The Shareholders shall pay all Taxes due (or receive all refunds) in connection with the filing of NSI's federal income Tax Returns for all taxable periods ending on or before the Distribution Date.

(b) NSI or the Shareholders shall pay to the relevant taxing authority all non-U.S. federal income Taxes for the Tax Returns for all taxable periods ending on or before the Distribution Date with respect to which NSI and the Shareholders each have a respective filing responsibility under relevant state, local or foreign law.

(c) NSI shall be responsible for the payment of all Taxes due or payable with respect to taxable periods beginning on or before the Distribution Date that are required to be reported on the Tax Returns described in Sections 2.2(b) and 2.2(c).

Section 3.2 NSI and Shareholder Tax Deficiencies and Refunds for Periods Prior to the Distribution Date. If there is a Change in a Tax Return filed by NSI and with respect to which NSI, for a taxable period prior to the Distribution Date, has tax liability pursuant to Section 3.1, irrespective of whether such Change occurs before, on or after the Distribution Date, NSI shall pay and discharge any Tax or receive any refund of Tax associated with such Change. For taxable periods beginning prior to the Distribution Date, the Shareholders shall bear the burden of any Tax arising from a Change in Tax Returns filed by them that relate to or include Tax Items associated with NSI and with respect to which they are liable, and shall have the benefit of any refund of Tax associated with such Change, irrespective of whether such Change occurs before, on or after the Distribution Date.

Section 3.3 Transfer Taxes. NUSA or the Shareholders shall pay to the relevant taxing authority all Transfer Taxes.

Section 3.4 Indemnities, Payments, Temporary Tax Items and Code Section 336(e).

(a) NUSA and Shareholders Indemnity Obligations. NUSA and the Shareholders shall indemnify and hold harmless NSI against:

(i) any and all Restructuring Taxes and Corporate-Level Restructuring Taxes imposed as a result of the completion of the Distribution or Reorganization, except to the extent that such taxes result solely from NSI's breach of the covenants contained in Section 5.4, and

(ii) any and all Taxes for which NUSA or the Shareholders have agreed to be responsible pursuant to Article III of this Agreement.

(b) NSI Indemnity Obligations. NSI shall indemnify and hold harmless NUSA and the Shareholders against any Restructuring Taxes or Corporate-Level Restructuring Taxes imposed upon or incurred by the Shareholders or NUSA if NSI breaches the covenants contained in Section 5.4 and such breach results in the failure of the Distribution or Reorganization to qualify for tax-free treatment under Section 368(a)(1)(D) or Section 355 of the Code or similar provisions of the state or local law. The Shareholders shall be indemnified and held harmless under this Section 3.4(b) without regard to the fact that NSI received an opinion or ruling from the IRS as contemplated by Section 5.4(b).

(c) All payments required to be made by NUSA pursuant to Section 3.4(a) or by NSI pursuant to Section 3.4(b) shall be made no later than 10 days after notice of a Final Determination of such Restructuring Taxes or Corporate-Level Restructuring Taxes. Any payment not so made within 10 days shall thereafter bear interest at two percentage points above the applicable Federal short-term rate established pursuant to Section 6621 of the Code.

(d) If Section 3.4(a)(i) applies to the payment of Corporate-Level Restructuring Taxes, and the Tax Item creating such Corporate-Level Restructuring Taxes is a Temporary Tax Item, NSI shall pay to NUSA _____ percent of the Tax Benefit relating to such Temporary Tax Item that NSI realizes. Any payment required to be made under this Section 3.4(c) shall be made at the time the Tax Return on which such Tax Benefit is realized is filed.

(e) If NSI is otherwise required to recognize gain pursuant to Section 311 of the Code with respect to the Distribution, then, to the extent permitted by law or regulation, the parties shall elect pursuant to Section 336(e) of the Code to treat the Distribution as a disposition of all the assets of NUSA.

Section 3.5 Reduction in Corporate-Level Taxes.

(a) If there is a reduction of any Corporate-Level Taxes of NSI for a taxable period beginning after the Distribution Date, by reason of a Tax Item attributable to the NUSA Businesses arising with respect to a period on or before the Distribution Date, NSI shall pay NUSA an amount equal to such reduction in Taxes. If there is a reduction of any Corporate-Level Taxes of NUSA for a taxable period beginning after the Distribution Date, by reason of a Tax Item attributable to the NSI Businesses arising with respect to a period on or before the Distribution Date, NUSA shall pay NSI an amount equal to such reduction in Taxes.

(b) Any payment required to be made pursuant to this Section 3.5 shall be made no later than 10 days after the Tax reduction is actually or deemed received, credited or otherwise utilized by a party. Any payment not so made within 10 days shall thereafter bear interest at two percentage points above the then applicable Federal short-term rate established pursuant to Section 6621 of the Code.

Section 3.6 Payment. Pursuant to the Assumption of Liabilities and Indemnification Agreement and Article III of this Agreement, NSI will or may assume or satisfy, or make an indemnification payment with respect to, a liability of NUSA, and vice versa. If, pursuant to a Final Determination, the after-Tax position of either NUSA or NSI is different than it would have been had NSI or NUSA made all payments directly to the relevant third party obligees, then such party shall make a payment to the other party (or the other party shall make a payment to such party) in an amount such that, on an after-Tax basis, the parties will share the payment of the underlying claim in accordance with the allocation of such claim between NUSA and NSI set forth in the Assumption of Liabilities and Indemnification Agreement or this Agreement, as the case may be.

ARTICLE IV.
TAX AUDITS, TRANSACTIONS AND OTHER MATTERS

Section 4.1 Notice of Proposed Adjustments. If a notice of audit is given, an audit is begun, an audit adjustment is (or has been) proposed, or any other claim is (or has been made) by any taxing authority with respect to a Tax liability that, pursuant to the terms hereof, which could be indemnified pursuant to Article III of this Agreement (collectively, a "Notice of Proposed Adjustment"), the party receiving such Notice of Proposed Adjustment shall promptly notify the other parties to this Agreement in writing of such receipt. Thereafter, the party receiving such Notice of Proposed Adjustment shall keep the other parties, on a timely basis, informed of all material developments in connection with audits, administrative proceedings, litigation and other similar matters that may affect their respective Tax liabilities. Failure or delay in providing notification hereunder shall not relieve any party hereto of any obligation hereunder in respect of any particular Tax liability, except to the extent that (i) such failure or delay precludes the ability of such party to contest such liability administratively or in the courts, and (ii) otherwise materially and adversely prejudices such party.

Section 4.2 Tax Audits and Controversies Involving Corporate-Level Tax Items. In the event (i) either NSI or NUSA notifies the other party in writing that it wishes to settle any audit, inquiry, suit, action or proceeding (each an "Action") affecting the Tax liability of the other party (including by application of this Agreement), and (ii) the Action relates to a Permanent Tax Item, such other party shall have the right (by giving written notice to the party wishing to settle the Action within a reasonable amount of time, considering all the facts and circumstances, of having received notice of the intention to settle), to prohibit such settlement, in which case the party favoring settlement shall have the right (within 30 days of receipt of the other party's written notice prohibiting the settlement) to pay to the other party (or receive from the other party) an amount (a `Settlement Amount') equal to the aggregate amount which it would have paid (or received), after application of each provision of this Agreement other than this Section 4.2, in full satisfaction of the Action and its obligation to pay amounts (or right to receive amounts) as provided in this Agreement. The party opposing the settlement shall thereafter control, in its sole and absolute discretion, the further defense and disposition of the Action, shall be fully and wholly liable for all Taxes (and receive any refund of Taxes) resulting therefrom and shall indemnify and hold harmless the party favoring the settlement from and any and all liability for Taxes which results from the ultimate resolution of the Action in excess of the Settlement Amount. The party opposing the settlement shall have no obligation or duty to reimburse or refund to the other party any portion of the Settlement Amount, regardless of the ultimate resolution of the Action. The party favoring the settlement shall have the right, at its own expense, to participate in any Action for which the other party has assumed control under this Section 4.2. If the party favoring settlement does not on a timely basis exercise its right to make or receive a Settlement Amount, the obligations of NSI and NUSA under this Agreement shall be determined as if the proposed settlement did not exist (e.g., the party favoring settlement cannot settle an action without again complying with the procedure set forth in this Section 4.2).

Section 4.3 Retention of Books and Records. NSI agrees to retain all Tax Returns, related schedules and Workpapers, and all material records and other documents relating thereto existing on the date hereof or created through or with respect to taxable periods ending on or before the Distribution Date, until the later of (i) the expiration of the statute of limitations (including extensions) of the taxable year to which such Tax Returns and other documents relate, or (ii) ten years from the date hereof.

Section 4.4 Cooperation in Return Filings, Examinations and Controversies.

(a) In addition to any obligations imposed pursuant to the Distribution Agreement, NUSA and the Shareholders shall fully cooperate with NSI and its representatives and with the Shareholders (if necessary), in a prompt and timely manner, in connection with (i) the preparation and filing of and (ii) any inquiry, audit, examination, investigation, dispute, or litigation involving, any Tax Return filed or required to be filed by or for NSI and the Shareholders for any taxable period beginning before the Distribution Date. Such cooperation shall include, but not be limited to, making available to NSI and the Shareholders, during normal business hours, and within sixty (60) days of any request therefor, all books, records and information (which books, records and information may be copied by NSI or the Shareholders at their expense), and the assistance of all officers and employees, reasonably necessary or useful in connection with any Action.

(b) In addition to any obligations imposed pursuant to the Distribution Agreement, NSI and the Shareholders shall fully cooperate with NUSA and its representatives, in a prompt and timely manner, in connection with (i) the preparation and filing of and (ii) any inquiry, audit, examination, investigation, dispute, or litigation involving, any Tax Return filed or required to be filed by or NUSA or the Shareholders. Such cooperation shall include, but not be limited to making available to NUSA and the Shareholders, during normal business hours, and within sixty (60) days of any request therefor, all books, records and information (which books, records and information may be copied by NUSA or the Shareholders at their expense), and the assistance of all officers and employees, reasonably necessary or useful in connection with any Action.

ARTICLE V.
REPRESENTATIONS AND COVENANTS

Section 5.1 Representations of NUSA and the Shareholders. NUSA and the Shareholders hereby represent and warrant to NSI that NUSA has no present intention to undertake any of the transactions set forth in Section 5.2 or to cease to engage in the active conduct of the NUSA Businesses (within the meaning of Section 355(b)(2) of the Code).

Section 5.2 Covenants of the Shareholders and NUSA.

(a) Except as provided in Section 5.2(b), the Shareholders, both directly and on behalf of NUSA, and NUSA directly covenant and agree with NSI that during the Restricted Period:

(i) NUSA shall continue to actively conduct the NUSA Businesses in the United States (within the meaning of Section 355(b)(2) of the Code) and shall continue to maintain in the United States a substantial portion of its assets and business operations as they existed prior to the Distribution, provided that the foregoing shall not be deemed to prohibit NUSA from entering into or acquiring other businesses or operations which may or may not be consistent with NUSA's Businesses and operations as they existed prior to the Distribution so long as NUSA continues to conduct the NUSA Businesses in the United States and continues to so maintain such substantial portion of its assets in the United States;

(ii) NUSA shall not dispose of any of the assets that NUSA owned immediately after the Distribution, except for dispositions of such assets made in the ordinary course of business;

(iii) neither NUSA nor any of its directors, officers, or other representatives shall undertake, authorize, approve, recommend, facilitate, or enter into any contract, or consummate any transaction with respect to: (A) the issuance of NUSA capital stock (including options, warrants, rights or securities exercisable for, or convertible into, NUSA capital stock) in a single transaction or in a series of related or unrelated transactions or otherwise or in the aggregate which would exceed ten percent (10%) when expressed as a percentage of the outstanding capital stock of NUSA immediately following the Distribution; (B) any redemptions, repurchases or other acquisitions or capital stock of NUSA in a single transaction or a series of related or unrelated transactions or otherwise or in the aggregate which would exceed ten percent (10%) when expressed as a percentage of the outstanding capital stock of NUSA immediately following the Distribution; or (C) the dissolution, merger or complete or partial liquidation of NUSA or any announcement of such action.

(b) The Shareholders, both directly and on behalf of NUSA, and NUSA directly, may take any action or engage in conduct otherwise prohibited by Section 5.2 so long as prior to such action or conduct, as the case may be, NUSA receives: (i) an opinion from NUSA's counsel in form and substance reasonably satisfactory to NSI and upon which NSI can rely to the effect that the proposed action or conduct, as the case may be, will not cause the Distribution and Reorganization to fail to qualify for the tax-free treatment under Section 368(a)(1)(D) and Section 355 of the Code, or (ii) a ruling from the IRS in form and substance reasonably satisfactory to NSI and upon which NSI can rely to the effect that the proposed action or conduct, as the case may be, will not cause the Distribution and Reorganization to fail to qualify for tax-free treatment under Section 368(a)(1)(D) and Section 355 of the Code.

Section 5.3 Representations of NSI. NSI hereby represents and warrants to the Shareholders that NSI has no present intention to undertake any of the transactions set forth in Section 5.4 or to cease to engage in the active conduct of the NSI Businesses (within the meaning of Section 355(b)(2) of the Code).

Section 5.4 Covenants of NSI.

(a) Except as provided in Section 5.4(b), NSI covenants and agrees with NUSA and the Shareholders that during the Restricted Period:

(i) NSI shall continue to actively conduct the NSI Businesses in the United States (within the meaning of Section 355(b)(2) of the Code) and shall continue to maintain in the United States a substantial portion of its assets and business operations as they existed prior to the Distribution, provided that the foregoing shall not be deemed to prohibit NSI from entering into or acquiring other businesses or operations which may or may not be consistent with the NSI Businesses and operations as they existed prior to the Distirbution so long as NUSA continues to conduct the NSI Businesses in the United States and continues to so maintain such substantial portion of its assets in the United States;

(ii) NSI not dispose of any of the assets that NSI owned immediately after the Distribution, except for the dispositions of such assets made in the ordinary course of business;

(iii) neither NSI nor any of its directors, officers, or other representatives shall undertake, authorize, approve, recommend, facilitate, or enter into any contract, or consummate any transaction with respect to: (A) the issuance of NSI capital stock (including options, wrrants, rights or securities exercisable for, or convertible into, NSI capital stock) in a single transaction or in a series of related or unrelated transactions or otherwise or in the aggregate which would exceed ten percent (10%) when expressed as a percentage of the outstanding capital stock of NSI immediately following the Distribution; (B) any redemptions, repurchases or other acquisitions of capital stock of NSI in a single transaction or a series of related or unrelated transactions or otherwise or in the aggregate which would exceed ten percent (10%) when expressed as a percentage of the outstanding capital stock of NSI immediately following the Distribution; or (C) the dissolution, merger or complete or partial liquidation of NSI or any announcement of such action.

(b) NSI may take any action or engage in conduct otherwise prohibited by Section 5.4 so long as prior to such action or conduct, as the case may be, NSI receives (i) an opinion from NSI's counsel in form and substance reasonably satisfactory to NUSA and upon which NUSA can rely to the effect that the proposed action or conduct, as the case may be, will not cause the Distribution and Reorganization to fail to qualify for the tax-free treatment under Section 368(a)(1)(D) and Section 355 of the Code, or (ii) a ruling from the IRS in form and substance reasonably satisfactory to NUSA and upon which NUSA can rely to the effect that the proposed action or conduct, as the case may be, will not cause the Distribution and Reorganization to fail to qualify for tax-free treatment under Section 368(a)(1)(D) and Section 355 of the Code.

Section 5.5 The parties hereto recognize that failure to comply with their respective obligations under this Section 5.1 may result in irreparable harm to the other party and that the other party may not be adequately compensated by monetary damages for such failure. If either party shall fail to comply with its respective obligations under this Section 5.1, the other party shall be entitled to injunctive relief and specific performance in addition to all other remedies.

ARTICLE VI.
MISCELLANEOUS

Section 6.1 Expenses. Unless otherwise expressly provided in this Agreement or in the Distribution Agreement, each party shall bear any and all expenses that arise from their respective obligations under this Agreement.

Section 6.2 Entire Agreement; Termination of Prior Agreements. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof and supersedes all other agreements, whether or not written, in respect of any Tax between or among them. This Agreement may not be amended except by an agreement in writing, signed by the parties hereto. Anything in this Agreement or the Distribution Agreement and/or Assumption of Liabilities and Indemnification Agreement to the contrary notwithstanding, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the Distribution Agreement and/or the Assumption of Liabilities and Indemnification Agreement, the provisions of this Agreement shall control.

Section 6.3 Notices. All notices and other communications hereunder shall be in writing and shall be delivered by hand or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which such notice is received:

If to NSI:

Nu Skin International, Inc.
One Nu Skin Plaza
75 West Center Street
Provo, UT 84601
Attention: Mr. Richard M. Hartvigsen

If to NUSA:

Nu Skin USA, Inc.
One Nu Skin Plaza
75 West Center Street
Provo, UT 84601
Attention: Mr. Richard M. Hartvigsen

With a copy to:

Holland & Hart, LLP
215 South State Street, Suite 500
Salt Lake City, UT 84111
Attention: David R. Rudd

If the last day for providing any notice, communication or payment hereunder is a Saturday, Sunday or legal holiday, such due date shall be extended to the next business day.

Section 6.4 Resolution of Disputes. In the event of a dispute arising with respect to this Agreement which the parties are unable to resolve on their own, such dispute shall be resolved by arbitration conducted as described in Section 3.9 of the Assumption of Liabilities and Indemnification Agreement being executed concurrently herewith, with the parties on each side of the dispute selecting one arbitrator and the two arbitrators so selected selecting a third arbitrator.

Section 6.5 Application to Present and Future Subsidiaries. This Agreement is being entered into by NSI and NUSA on behalf of themselves and each member of the NSI Group and NUSA Group, respectively. This Agreement shall constitute a direct obligation of each such member and shall be deemed to have been readopted and affirmed on behalf of any corporation which becomes a member of the NSI Group or NUSA Group in the future. NSI and NUSA hereby guarantee the performance of all actions, agreements and obligations provided for under this Agreement of each member of the NSI Group and the NUSA Group, respectively. NSI and NUSA shall, upon the written request of the other, cause any of their respective Group members formally to execute this Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the successors, assigns and persons controlling any of the corporations bound hereby for so long as such successors, assigns or controlling persons are members of the NSI Group or the NUSA Group, respectively, or their respective successors and assigns.

Section 6.6 Term. This Agreement shall commence on the date of execution indicated below and shall continue in effect until otherwise agreed to in writing by NSI and NUSA, or their successors.

Section 6.7 Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part or to affect the meaning or interpretation of this Agreement.

Section 6.8 Legal Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without prejudice to any rights or remedies otherwise available to any party hereto, each party hereto acknowledges that damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the parties hereunder shall be specifically enforceable.

Section 6.9 Singular and Plural. As used herein, the singular shall include the plural and vice versa.

Section 6.10 Governing Law. This Agreement shall be governed by the laws of Utah.

IN WITNESS WHEREOF, the parties have executed this agreement as of the 31st day of December, 1997.

THE COMPANIES:

NU SKIN INTERNATIONAL, INC.

By: /s/ Keith Halls
Name: Keith Halls
Title: Vice President

NU SKIN USA, INC.

By: /s/ Keith Halls
Name: Keith Halls
Title: Vice President

THE SHAREHOLDERS:

/s/ Blake M. Roney
Blake M. Roney

/s/ Nedra Dee Roney
Nedra Dee Roney

/s/Sandie N. Tillotson
Sandie N. Tillotson

/s/ Craig Bryson
Craig Bryson

/s/ Craig S. Tillotson
Craig S. Tillotson

/s/ Steven J. Lund
Steven J. Lund

/s/ Brooke R. Roney
Brooke R. Roney

/s/ Kirk V. Roney
Kirk V. Roney

/s/ Keith R. Halls
Keith R. Halls

EX-10.38

ASSUMPTION OF LIABILITIES AND

INDEMNIFICATION AGREEMENT

This Assumption of Liabilities and Indemnification Agreement (the "Agreement") is made and entered into effective as of the 31st day of December, 1997 (the "Effective Date"), by and between Nu Skin International, Inc., a Utah corporation ("NSI") and 252nd Shelf Corporation, a Delaware corporation which is in the process of changing its name to Nu Skin USA, Inc. ("NUSA").

Recitals

A. Immediately prior to the Effective Date, NUSA was a wholly-owned subsidiary of NSI.

B. NSI's integrated business is being divided into two separate businesses and entities as of the Effective Date, pursuant to the terms of a Contribution and Distribution Agreement entered into between NSI and NUSA as of the Effective Date (the "Contribution and Distribution Agreement"). The separation and reorganization is being accomplished through a contribution of specified NSI assets to NUSA and a distribution of the outstanding capital stock of NUSA to NSI's stockholders.

C. As part of such separation and reorganization, NSI and NUSA have agreed to an allocation of liabilities arising from the historical operation of NSI's business. The allocation is intended to generally have the liabilities follow the entity holding the assets and continuing the business to which such liabilities relate or from which they arise.

D. The parties hereto have determined that the allocation of liabilities between NSI and NUSA is to be as provided in this Agreement.

Agreement

NOW THEREFORE, in consideration of the foregoing premises and the mutual covenants of the parties contained herein, the parties hereby agree as follows:

1. DEFINITIONS. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Contribution and Distribution Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Benefits Agreement" shall mean that certain Employee Benefits Allocation Agreement entered into by NSI and NUSA as of the Effective Date.

"Claim" shall mean: (a) A suit, proceeding or investigation by or before any court or governmental or regulatory agency or body or a written demand for payment of a Liability or cause of action, asserted against NSI, NUSA or both by a Claimant; or (b) a written demand or assertion by or on behalf of a Claimant that a cause of action giving rise or relating to a Liability exists against NSI or NUSA.

"Claimant" shall mean any person or entity asserting a Claim.

"Effective Date" shall mean December 31, 1997.

"Indemnified Claim" shall mean any Liability or Claim as to which an Indemnifying Party has agreed to indemnify an Indemnified Party.

"Indemnified Loss" shall mean a cost, expense or loss incurred in connection with an Indemnified Claim, for which an Indemnified Party receives or is entitled to receive a payment from an Indemnifying Party.

"Indemnified Party" shall mean a party or other person or entity entitled to be indemnified from any Indemnified Claims and Indemnified Losses pursuant to the terms of this Agreement.

"Indemnifying Party" shall mean a party indemnifying another party from any Indemnified Claims and Indemnified Losses pursuant to the terms of this Agreement.

"Jointly Shared Liabilities" shall mean Liabilities of NSI that are to be jointly shared, assumed and paid by NSI and NUSA as provided in this Agreement, as identified on the Listing of Liabilities or pursuant to the terms of this Agreement.

"Liabilities" of any party hereto shall mean all losses, debts, liabilities, damages, obligations, claims, demands, judgments or settlements of any nature or kind owed by such party, whether accrued or contingent, and including all penalties, costs and expenses (legal, accounting or otherwise) associated therewith, but excluding "Taxes" as such term is defined in the Tax Sharing and Indemnification Agreement.

"Listing of Liabilities" shall mean the listing of Liabilities attached hereto as Exhibit A, which lists certain NUSA Assumed Liabilities, NSI Retained Liabilities and Jointly Shared Liabilities.

"NSI Continuing Business" shall mean the business to be conducted by NSI immediately after giving effect to the transactions contemplated by the Contribution and Distribution Agreement, utilizing the NSI Retained Assets, and including: the business of marketing and distributing of Nu Skin products; managing and licensing the Nu Skin Global Compensation Plan; licensing of the right to use the Nu Skin trademarks and trade names, products and distributor lists; providing management services to local Nu Skin entities; developing new

formulas and ingredients for Nu Skin products; and all other businesses conducted by NSI prior to the Effective Date, other than the NUSA Acquired Business.

"NSI Employees" shall mean all individuals who immediately prior to the Effective Date were employed by NSI and who, after giving effect to the transactions contemplated by the Contribution and Distribution Agreement, are intended to remain employed by NSI or in the NSI Continuing Business.

"NSI Retained Assets" shall mean, collectively, all assets of NSI, other than the NUSA Acquired Assets.

"NSI Retained Liabilities" shall mean each of the Liabilities of NSI other than the NUSA Assumed Liabilities and the NUSA portion of the Jointly Shared Liabilities. The NSI Retained Liabilities shall include each of those Liabilities identified as such on the Listing of Liabilities or pursuant to the terms of this Agreement.

"NUSA Acquired Assets" shall mean, collectively, those assets of NSI transferred to and acquired by NUSA pursuant to the terms of the Contribution and Distribution Agreement, as identified in Exhibit E attached thereto.

"NUSA Acquired Business" shall mean the business to be conducted by NUSA immediately after giving effect to the transactions contemplated by the Contribution and Distribution Agreement, utilizing the NUSA Acquired Assets, and including the marketing and distribution of Nu Skin products in the United States as permitted by the Intercompany Agreements (as defined in the Contribution and Distribution Agreement).

"NUSA Assumed Liabilities" shall mean each of the Liabilities of NSI that are to be assumed by NUSA as of the Effective Date as provided in this Agreement and identified as NUSA Assumed Liabilities in the Listing of Liabilities or pursuant to the terms of this Agreement.

"NUSA Employees" shall mean all individuals who immediately prior to the Effective Date were employed by NSI and who, after giving effect to the transactions contemplated by the Contribution and Distribution Agreement, are intended to be employed by NUSA, as identified in the Benefits Agreement.

"Settlement Payment" shall mean a payment made by a party hereto to the other party pursuant to and in exercise of its rights under Section 4.10 hereof.

"Tax Sharing and Indemnification Agreement" shall mean that certain Tax Sharing and Indemnification Agreement entered into by NSI and NUSA as of the Effective Date.

2. ASSUMPTION AND ALLOCATION OF LIABILITIES.

2.1 NSI Retained Liabilities. Except as may be otherwise specifically provided herein, NSI shall retain, assume, pay, perform and discharge all of the NSI Retained Liabilities.

2.2 NUSA Assumed Liabilities. Except as otherwise specifically provided herein, from and after the Effective Date, NUSA shall assume, pay, perform and discharge the NUSA Assumed Liabilities. In addition to those items specifically referenced as NUSA Assumed Liabilities on the Listing of Liabilities, NUSA Assumed Liabilities shall include the following:

(a) Liabilities that result from a Claim arising out of the operation of the NUSA Acquired Business, whether based on events occurring prior to or after the Effective Date; and

(b) Liabilities that arise out of or relate to any activity undertaken by, or any failure to act by, NUSA after the Effective Date.

2.3 Jointly Shared Liabilities. From and after the Effective Date, NSI shall assume, pay, perform and discharge 50%, and NUSA shall assume, pay, perform and discharge 50% of the Jointly Shared Liabilities, unless a different allocation of any particular Jointly Assumed Liabilities is specified in the Listing of Liabilities. In addition to those Liabilities identified as Jointly Shared Liabilities in the Listing of Liabilities, Jointly Shared Liabilities shall include the following:

(a) Liabilities arising from Claims based on events occurring prior to the Effective Date and which: (i) are not identified in the Listing of Liabilities as either NSI Retained Liabilities or as NUSA Assumed Liabilities, and (ii) arise, in more than a de minimis way, from the businesses or operations of both the NSI Continuing Business and the NUSA Acquired Business.

(b) Liabilities not identified as either NSI Retained Liabilities or NUSA Acquired Liabilities in the Listing of Liabilities, which result from Claims for indemnification (and the advancement of expenses in connection with a proceeding as to which such a Claim may later be asserted) arising out of facts or circumstances existing on or events occurring on or prior to the Effective Date, made against NSI pursuant to any law or any provision in any certificate of incorporation, bylaws or agreement, by any director, officer, employee or agent of NSI whose duties involved, in more than a de minimis way, both the NSI Continuing Business and the NUSA Acquired Business.

2.4 Intent of Assumption and Allocation. In applying Sections 2.1, 2.2 and 2.3, the parties intend that Liabilities not specifically identified in the Listing of Liabilities but incurred (or based on facts existing) prior to the Effective Date ("Unidentified Existing Liabilities") be allocated by a fair and reasonable application of the principle that: (i) NSI shall be solely responsible for Liabilities arising from or relating to the NSI Retained Assets or the conduct of the NSI Continuing Business and in which the NUSA Acquired Assets and NUSA Acquired Business had no more than a de minimis role; and (ii) NUSA shall be solely responsible for Liabilities arising from or relating to the NUSA Acquired Assets or the conduct of the NUSA Acquired Business and in which the NSI Retained Assets and NSI Continuing Business had no more than a de minimis role. Unidentified Existing Liabilities in which both (i) the NSI Retained Assets or NSI Continuing Business and (ii) the NUSA Acquired Assets or NUSA Acquired Business have more than a de minimis role shall be shared by NSI and NUSA in accordance with the provisions of Section 2.3, as Jointly Shared Liabilities.

2.5 Liability Insurance Coverage. If any Liabilities to which this Section 2 applies are covered by any liability insurance carried by NSI for periods prior to the Effective Date, NSI and NUSA shall each have access to such insurance within the aggregate limits thereof, in proportion to their respective obligations pursuant to this Section 2. Any insurance recoveries covering Liabilities to be assumed and allocated pursuant to Section 2.3 shall be shared by the parties in the proportions provided in Section 2.3

2.6 Actions to Effect Assignment and Assumption of NUSA Assumed Liabilities.

(a) NSI and NUSA shall use their reasonable best efforts to cause all rights and obligations of NSI in respect of the NUSA Assumed Liabilities to be assigned to and assumed by NUSA effective as of the Effective Date, or as promptly thereafter as practicable.

(b) From and after the Effective Date, NSI and NUSA shall use their reasonable best efforts to obtain from each obligee to which the NUSA Assumed Liabilities are owed a full release of NSI from any liability or obligation in respect of such NUSA Assumed Liabilities, effective as of the Effective Date or as of the earliest possible date.

(c) Each of NSI and NUSA shall cooperate with the other and execute such instruments and documents as may be necessary or reasonably requested by the other party in connection with the assignment, assumption and release of any NUSA Assumed Liabilities as contemplated herein.

(d) If and to the extent that NSI and NUSA are unable to obtain the assignment, assumption and release of any NUSA Assumed Liabilities as contemplated herein, as between NSI and NUSA, effective as of the Effective Date, NUSA agrees to pay and perform as and when due all Liabilities and obligations of NSI in respect of such NUSA Assumed Liabilities, whether arising prior to, on or after the Effective Date, and, in the event that for any reason NUSA does not make any such payment or perform any such obligation as and when due or NSI makes any such payment or performs any such obligation, NUSA shall promptly reimburse NSI for all costs and expenses incurred by NSI in connection therewith.

3. INDEMNIFICATION.

3.1 By NSI. NSI shall indemnify and hold harmless NUSA, and each officer, director, employee and agent of NUSA, from and against any and all Liabilities and Claims which NSI has agreed to assume, pay, perform and discharge pursuant to the terms of this Agreement including: (i) all NSI Retained Liabilities; (ii) NSI's proportionate share of all Jointly Shared Liabilities; (iii) all Claims relating to or arising from such Liabilities; and (iv) all costs, expenses and obligations arising from, relating to or incurred in connection with such Liabilities and Claims.

3.2 By NUSA. NUSA shall indemnify and hold harmless NSI, and each officer, director, employee and agent of NSI, from and against any and all Liabilities and Claims which NUSA has agreed to assume, pay, perform and discharge pursuant to the terms of this Agreement, including: (i) all NUSA Assumed Liabilities; (ii) NUSA's proportionate share of all Jointly Shared Liabilities; (iii) all Claims relating to or arising from such Liabilities; and (iv) all costs, expenses and obligations arising from, relating to or incurred in connection with such Liabilities and Claims.

3.3 Payment Terms. All payments to be made by an Indemnifying Party pursuant to its obligations under this Section 3 shall be made within ten (10) business days of receipt of notice from the Indemnified Party that an Indemnified Loss has been incurred by the Indemnified Party and stating the amount of such Indemnified Loss and the basis for the indemnification obligation, unless the Indemnifying Party contests the obligation to indemnify the Indemnified Party with respect to a claimed Indemnified Loss, as set forth in Section 3.9 below.

3.4 Taxes and Employee Benefits. Concurrently with the execution of this Agreement, the parties are executing the Tax Sharing and Indemnification Agreement and the Benefits Agreement. Obligations relating to allocations of Liabilities for taxes, as well as the effect of taxes on a party in respect of an Indemnified Loss, shall be governed by the Tax Sharing and Indemnification Agreement. Obligations with respect to accrued and ongoing benefits payable to the NSI Employees and NUSA Employees will be as set forth in the Benefits Agreement.

3.5 Insurance. The indemnification provisions of this Agreement are not to be construed to be insurance coverage and do not amend or affect in any manner any insurance policies purchased by NSI prior to the Effective Date. Each party shall use its best efforts to collect on insurance as to which it is the insured party, without regard to whether it is the Indemnified Party or the Indemnifying Party hereunder with respect to the subject of the insurance claim. If either party receives insurance proceeds relating to an Indemnified Loss after the receiving party has received a payment from the other party with respect to such Indemnified Loss, the receiving party shall promptly remit to the paying party a portion of such insurance proceeds equal to the paying party's proportion of the Indemnified Loss. If an Indemnified Party receives insurance proceeds relating to an Indemnified Loss prior to receipt of payment from the Indemnifying Party, then the amount of the Indemnified Loss to be paid by the Indemnifying Party shall be appropriately reduced.

3.6 Effect of Other Reductions of Indemnified Loss. If the amount of any Indemnified Loss shall at any time prior or subsequent to indemnification pursuant to this Agreement be reduced by recovery, settlement or otherwise, the amount of the Indemnified Loss paid or to be paid by the Indemnifying Party shall be adjusted by an amount equal to the Indemnifying Party's share of such reduction (determined in the same proportion as parties' assumption and allocation of such Liabilities as provided in Section 2 hereof), less any expenses reasonably incurred in connection therewith, and in the event the Indemnifying Party has previously paid the Indemnified Loss, the amount of the Indemnifying Party's share of the reduction shall promptly be repaid by the Indemnified Party to the Indemnifying Party.

3.7 Waiver of Subrogation. Each party hereby waives any right of subrogation it may have with respect to any Indemnified Loss.

3.8 In Event of Unenforceability. To the extent that any party's undertakings as an Indemnifying Party set forth in this Section 3 may be unenforceable, such party shall contribute the maximum amount it is permitted to contribute under applicable law to the payment and satisfaction of Indemnified Losses incurred by an Indemnified Party.

3.9 Disputes Relating to Claims for Indemnification.

(a) If an Indemnifying Party contests its obligation to indemnify an Indemnified Party with respect to any claimed Indemnified Losses, the Indemnifying Party may deliver a written objection to the claim within ten (10) business days following receipt of the notice provided by the Indemnified Party as described in Section 3.3 above.

(b) In the event an Indemnifying Party gives such notice of objection to an Indemnified Party, the parties shall attempt in good faith to agree upon the rights of the respective parties with respect to the disputed Indemnified Claim, consistent with the terms of this Agreement. If no such agreement can be reached after good faith negotiation, either the claiming Indemnified Party or the Indemnifying Party may demand arbitration of the matter. The Indemnified Party and the Indemnifying Party shall each select one arbitrator, and the two arbitrators so selected shall select a third arbitrator. The decision of the arbitrators so selected as to the validity and amount of any Indemnified Claim shall be binding and conclusive upon the parties to this Agreement.

(c) Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction. Any such arbitration shall be held in Utah County, Utah under the rules then in effect of the American Arbitration Association. In any arbitration hereunder in which the amount of any Indemnified Losses to which an Indemnified Party is entitled is at issue, the fees and expenses payable to the arbitrators, to the American Arbitration Association and to the parties' attorneys, shall be allocated between the Indemnified Party and the Indemnifying Party in the same proportion that the aggregate amount of the disputed Indemnified Losses submitted to arbitration which are unsuccessfully disputed or claimed by each party (as determined by the arbitrators) bears to the total amount of the disputed Losses so submitted.

4. CONTROL OF CLAIMS.

4.1 NSI Retained Liabilities. Subject to the restrictions and provisions set forth in this Section 4, NSI shall have full control over any action taken with respect to NSI Retained Liabilities and all related Claims and Indemnified Losses.

4.2 NUSA Assumed Liabilities. Subject to the restrictions and provisions set forth in this Section 4, NUSA shall have full control over any action taken with respect to NUSA Acquired Liabilities and all related Claims and Indemnified Losses.

4.3 Jointly Shared Liabilities. Subject to the restrictions and provisions set forth in this Section 4, NSI shall have full control over any action taken with respect to Jointly Shared Liabilities and related Claims.

4.4 Specified Claims. Claims identified on the Listing of Liabilities as being subject to control other than as provided herein shall be controlled as provided in the Listing of Liabilities.

4.5 Rights Arising From Control of Claims.

(a) A party entitled to control a Claim shall have the right, without limitation, to select counsel, to settle the Claim on any terms it deems advisable and in its discretion (except as otherwise specifically provided herein, and except that an Indemnified Party may not settle a Claim for which an Indemnifying Party shall be responsible without the consent of the Indemnifying Party, except as provided in Section 4.10), to appeal any adverse decision rendered in any court, to discontinue any action, and otherwise to make any decision with respect thereto as it in its discretion deems advisable, provided however, that with respect to any such Claim with a value, or potential value, of $250,000 or more, the party controlling the claim shall obtain the prior written consent of the other party hereto to the selection of counsel, which consent shall not be unreasonably withheld.

(b) Notwithstanding anything to the contrary herein, if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate in the judgment of an Indemnified Party for the same counsel to represent both such Indemnified Party and the Indemnifying Party, then the Indemnified Party shall be entitled to retain its own counsel, in each jurisdiction for which the Indemnified Party determines counsel is required, at the expense of the Indemnifying Party. In the event an Indemnifying Party exercises the right to undertake the defense of a Claim as provided herein, the Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party, at the Indemnifying Party's expense, all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party. Similarly, in the event the Indemnified Party is, directly or indirectly, conducting the defense against a Claim, the Indemnifying Party shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the Indemnifying Party's expense, all such witnesses, records, materials and information in the Indemnifying Party's possession or under the Indemnifying Party's control relating thereto as is reasonably required by the Indemnified Party.

4.6 Legal Action. If either party is served with any judicial or administrative process concerning any Claim, the defense of which such party believes should be conducted by the other party, such party shall: (a) take all steps necessary or appropriate to preserve both parties' legal rights and remedies; (b) notify the other party of the pendency of the action; and (c) request that the other party assume conduct of the defense and that the other party use its reasonable best efforts to have itself substituted as a party to the action. Unless and until the parties agree to a transfer of control of a particular action, the party originally notified or served shall have full control over, and responsibility for, the conduct of the proceedings, and shall be solely liable for any default. If both parties are served with judicial or administrative process concerning any Claim covered by this Agreement, each party shall use its reasonable best efforts to reach agreement with the other as to which party should control the conduct of the proceedings. Pending such agreement, each party shall have full control over, and responsibility for, preserving its legal rights and remedies, and shall be solely responsible for any default entered against it.

4.7 Other Actions. If either party receives from a Claimant any demand, not related to judicial or administrative action, for payment against which such party believes it is entitled to be indemnified pursuant to this Agreement, the Indemnified Party shall promptly forward such demand to the Indemnifying Party with a request that the Indemnifying Party assume control of the Claim and acknowledge its obligation to indemnify the Indemnified Party with respect to such Claim. The Indemnifying Party shall respond to such a request from the Indemnified Party within 30 days.

4.8 Consultation and Cooperation. NSI and NUSA agree to cooperate fully with each other in connection with all Claims as to which either such party may claim a right to indemnification hereunder, in order to minimize the effects of such Claims on the businesses of both parties. NUSA shall consult and cooperate with NSI's counsel concerning any action taken with respect to Claims relating to Jointly Assumed Liabilities.

4.9 Costs of Defense. Costs of defense of Claims relating to Jointly Assumed Liabilities shall be by each party in proportion to its assumption and agreement to pay and discharge such Claims as provided in this Agreement. NSI shall provide to NUSA a monthly accounting of expenses (other than counsel fees directly billed to each party as provided above) incurred in connection with defense of Claims relating to Jointly Assumed Liabilities, and NUSA shall promptly pay to NSI its share of such expenses, determined in the proportion that Jointly Shared Liabilities are assumed and allocated as provided herein.

4.10 Settlement Rights. If either party hereto or any Claimant proposes settlement or compromise of any Claim subject to an indemnification obligation hereunder, each party shall use all reasonable efforts to agree on such settlement, considering minimization of the Liability resulting from such Claim and the adverse effects on the businesses of both parties. If the parties cannot agree, the party favoring acceptance of the proposal shall have the right to pay to the other party a Settlement Payment equal to its proportionate share of the dollar value of the proposal in full satisfaction of its assumption and agreement to pay and discharge the Claim as provided in this Agreement. The party receiving the Settlement Payment shall thereafter solely control the further defense and disposition of the Claim, shall be totally liable for all Liability resulting therefrom and shall indemnify and hold harmless the party making the Settlement Payment from any and all Liability over and above the amount of the Settlement Payment. The party receiving the Settlement Payment shall have no obligation or duty to reimburse or refund any part of the Settlement Payment, regardless of the ultimate resolution of the Claim.

4.11 Resolution of Disputes. In the event of any controversy or dispute between the parties hereto arising out of or in connection with this Agreement, the parties shall attempt, promptly and in good faith, to resolve any such dispute. If the parties are unable to resolve any such dispute within a reasonable time (not to exceed 90 days), all unresolved disputes arising under this Agreement shall be submitted to mandatory and binding arbitration in Utah County, Utah under the then applicable rules of the America Arbitration Association or any successor organization, consistent with the procedures set forth in Section 3.9 above.

5. MISCELLANEOUS PROVISIONS.

5.1 Notice. All notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been given (i) on the date of personal delivery or (ii) provided such notice, request, demand or communication is actually received by the party to which it is addressed in the ordinary course of delivery, on the date of (A) deposit in the United States mail, postage prepaid, by registered or certified mail, return receipt requested, (B) transmission by telegram, cable, telex or facsimile transmission, or (C) delivery to a nationally-recognized overnight courier service, in each case, addressed as follows, or to such other person or entity as either party shall designate by notice to the other in accordance herewith:

If to NSI:

Nu Skin International, Inc.
One Nu Skin Plaza
75 West Center Street
Provo, UT 84601
Attention: Mr. M. Truman Hunt

With a copy to:

Holland & Hart, LLP
215 South State Street, Suite 500
Salt Lake City, UT 84111
Attention: David R. Rudd

If to NUSA:

Nu Skin USA, Inc.
One Nu Skin Plaza
75 West Center Street
Provo, UT 84601
Attention: Mr. Richard M. Hartvigsen

With a copy to:

Holland & Hart, LLP
215 South State Street, Suite 500
Salt Lake City, UT 84111
Attention: David R. Rudd

5.2 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Utah applicable to contracts entered into and to be performed entirely within such State.

5.3 Severability. The parties agree that each provision to this Agreement shall be construed independent of any other provision of this Agreement. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof. This Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

5.4 Entire Agreement. This Agreement, together with the Contribution and Distribution Agreement, constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes all prior written or contemporaneous oral agreements related to the subject matter hereof. The Listing of Liabilities constitutes a part of this Agreement and is incorporated herein by reference in its entirety.

5.5 Amendment and Modifications. No amendment or other modification to this Agreement shall be binding upon any party unless executed in writing by all of the parties hereto.

5.6 Waiver. No waiver by any party of any of the provisions of this Agreement will be deemed, or will constitute, a waiver of any other provision, whether similar, nor will any waiver constitute a continuing waiver. No waiver will be binding unless executed in writing by the party making the waiver.

5.7 Assignment. Neither party may assign, by operation of law, merger or otherwise, license, sublicense or otherwise transfer any of its rights or obligations under this Agreement to any other person or entity without obtaining the prior written consent of the other party.

5.8 Captions. All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning and construction of any provision hereof.

5.9 Cumulative Remedies. No right or remedy conferred upon or reserved to any of the parties under the terms of this Agreement is intended to be, nor shall it be deemed, exclusive of any other right or remedy provided herein or by law or equity, but each shall be cumulative of every other right or remedy.

5.10 Binding Effect of Agreement. Except as otherwise specifically provided herein, this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by, the parties hereto, and their respective affiliates, successors and assigns.

5.11 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, shall confer on any person other than the parties any rights or remedies under or by virtue of this Agreement.

5.12 Counterparts. This Agreement may be executed in counterparts and each taken together shall constitute one and all the same document.

IN WITNESS WHEREOF, the parties by their duly authorized officers, have executed and delivered this Agreement on the date first written above.

NU SKIN INTERNATIONAL, INC.

By: /s/ Steven J. Lund
Name: Steven J. Lund
Title: Executive Vice President & Secretary

NU SKIN USA, INC.

By: /s/ Keith Halls
Name: Keith Halls
Title: Vice President

EXHIBIT A

LISTING OF LIABILITIES

I. NSI Retained Liabilities. The NSI Retained Liabilities as defined in the attached Agreement shall include the following:

A. Those distribution compensation exceptions listed on Schedule A-1 attached hereto.

B. Legal expenses, losses and Liabilities arising from the following pending or threatened litigation, claims and legal ations:

1. Nu Skin v. Leviton Manufacturing Co., Inc., et al.
2. Nu Skin v. Neways, Inc., et al.
3. Lane v. Spector Management Group, Salt Lake County, NSI
4. Rebecca Smith, et al v. NSI

II. NUSA Acquired Liabilities. The following Liabilities shall be considered NUSA Acquired Liabilities for purposes of the attached Agreement:

A. The following Liabilities, as referenced in the NSI financial statements (copies of which are attached hereto as Schedule A-2):

	Estimated Amount
1. Accounts payable	542,720
2. Related party payables	932,622
3. Accrued commissions	5,799,511
4. Other accrued liabilities (Gallery of Gifts, payroll and sales tax)	4,170,961
5. Other current liabilities (Deferred income, funds collected but orders not shipped)	1,876,673
6. Independent warehouse deposits	115,186
Total financial statement liabilities to be transferred	13,437,673

B. Contractual and other obligations:

1. Canada office and warehouse lease agreement
2. Obligation to fund and support Merasoft
3. Obligation to fund and support Big Planet
4. US Olympic Committee agreement
5. Other than the exceptions listed in the Disclosure Schedule, or in Schedule A-1 attached hereto, the obligation to fund any distributor commission exceptions granted by NUSA is transferred to NUSA if such exceptions cumulatively combined with all commissions paid on the sale of Products in the USA exceed 42%
6. UPS Contract
7. Convention Technology Services Agreement
8. Free-Flow Packaging Contract
9. Obligations under intercompany agreements applicable to U.S. operations, including support services, license fees, distributor incentives, trademark royalties and distribution agreement
10. Abravenel Hall contract
11. Salt Lake Fine Arts Division Contract
12. Pinnacle Group (Kurt Bestor - convention)
13. Vertex Contract
14. Fast Tax Contract
15. Currently the State of Utah is auditing unclaimed distributor checks. If an obligation results from this audit, it will be the responsibility of NUSA.
16. Obligations owed to Craig Bryson as described in Section 3.08 of the Disclosure Schedule attached to the Stock Acquisition Agreement.
17. All existing US convention related obligations (see item III B).

C. Pending or threatened litigation, claims or assessments

1. Splash Product Liability Case
2. Any liabilities relating to the Big Planet operations.

III. Jointly Assumed Liabilities. The following Liabilities shall be treated as Jointly Assumed Liabilities, for purposes of Section 2.3 of the attached Agreement:

A. Pending or threatened litigation, claims or assessments

1. Cappone v. NSI, et al — Obligation to be split 50/50 between NUSA and NSI

B. Convention Expenses - NSI has agreed to reimburse a portion of the net loss (total convention expenses to a maximum of $5 million less convention registration fees). NUSA will bear the portion of the loss which corresponds with the percentage of the attendees who are US distributors and NSI will bear the portion of the loss that corresponds witch the percentage of total attendees who are not US distributors

SCHEDULE A-1

LIST OF DISTRIBUTOR COMPENSATION
EXCEPTIONS TO BE RETAINED BY NSI

Lang Chou @@####
Betty Sung ###-##-####
Tim Sales ###-##-####
Lisa Fairbanks ###-##-####
Craig Bryson ###-##-####
Craig Tillotson ###-##-####
CJM - Claram McDermott ##-#######
World Network - Richard Kall ##-#######
MillerTime - Murray and Susan Miller ##-#######
Janice Aruta - ###-##-####
Resource Marketing - Mark and Lana Barrett ##-#######
International Enterprises - Mike Chapman ##-#######
Paul Cook-Erlich ###-##-####
Duel Forces - Kathleen Duel ##-#######
Samco Marketing - Seth Ferman ##-#######
Karen Johnson ###-##-####
Gloria Miller ###-######
Nancy Rawle ###-##-####
Planet Network -- Eric Sheranian ##-#######
Career Development - Kay Smith ##-#######
Speaks/Ellis Group - Jerry Speaks ##-#######
Bryan Stepanian ###-##-####
Jerry Sude ###-##-####
Dean Marchi ###-##-####
Deborah Lipner ###-##-####
Winwood Brokerage - Raymond Goodwin (or Bud Corkin) ##-#######
Kathy Dennison - ###-##-####
Jerry Campisi ##-#######
Jack Pfeifer ###-##-####
Suzzane Brudge ### ## ####

EX-10.39

EMPLOYEE BENEFITS ALLOCATION AGREEMENT

This Employee Benefits Allocation Agreement (this "Agreement") is effective as of the date of execution by and between Nu Skin International, Inc., a Utah corporation ("NSI"), and Nu Skin USA, Inc., a Delaware corporation ("NUSA").

Recitals:

Whereas, pursuant to the terms of the Contribution and Distribution Agreement (the "C&D Agreement") effective as of December 31, 1997 by and between NSI and NUSA, NSI and NUSA have agreed to determine each party's rights and obligations as applied to employee benefits.

Whereas, as a result of the events contemplated in the C&D Agreement, NSI will transfer certain employees to NUSA (the "NUSA Employees").

Whereas, following the execution of the Stock Acquisition Agreement between the stockholders of NSI and Nu Skin Asia Pacific, Inc. ("NSAP"), a Delaware Corporation, it is reasonably likely that NSI and NUSA will no longer be in the same "controlled group" under Section 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended (the "Code"), but neverthless will continue to have substantial common ownership.

Agreement:

Now, therefore, the parties do agree as follows:

1. Nu Skin International, Inc. 401(k) Plan (the "401(k) Plan").

(a) Employee Participation; Participating Employer Status.

Subject to compliance with applicable law, NUSA Employees shall continue to participate in the 401(k) Plan on the same terms and conditions under which they participated prior to the execution of this Agreement. NUSA shall become a participating employer in the 401(k) Plan as soon as possible following the execution of the Agreement, and in no event later than the next following payroll date of NUSA. NUSA shall execute the original of the 401(k) Plan or a supplemental participation agreement as a participating employer in a multiple employer plan. NSI shall continue to serve as plan sponsor and plan administrator of the 401(k) Plan. The power to amend the 401(k) Plan shall remain exclusively with NSI, subject to NUSA's right to withdraw from the 401(k) Plan.

(b) 401(k) Plan Contributions/Expenses.

Contributions made to the 401(k) Plan by NUSA and administrative expenses incurred by the 401(k) Plan on behalf of NUSA Employee participants of the 401(k) Plan shall be paid by NUSA in accordance with the terms of the 401(k) Plan and shall be paid either directly to the trustee and service providers of the 401(k) Plan or through an internal accounting charge from NSI to NUSA; provided, that in all cases, all NUSA Employee participant elective deferrals shall be forwarded to the 401(k) Plan trustee within the legally required time frame.

(c) Application of "Same Desk" Rule.

The "same desk" rule of Code section 401(k) shall apply to all NUSA Employees for purposes of restricting the ability of any NUSA Employee to receive a distribution from the 401(k) Plan following their transfer from NSI to NUSA. No "separation from service" shall be deemed to have occurred with respect to the NUSA Employees transferred under the Agreement.

2. Nu Skin International Employee Medical Benefit Plan (the "Medical Plan").

(a) Employee Participation; Participating Employer Status.

NUSA Employees shall continue to participate in the Medical Plan on the same terms and conditions under which they participated prior to the execution of this Agreement. NSI shall amend the Medical Plan to permit participation by NUSA Employees in the Medical Plan.

(b) Notification to Carriers; Additional Actions.

NSI agrees to notify all of its insurance carriers who provide welfare benefits under the Medical Plan as soon as possible following the execution of this Agreement that NUSA Employees are to be covered employees of the NSI insured group pursuant to the terms of the respective insurance arrangements. Such notification shall be provided to the following insurance carriers: Blue Cross/ValueCare; FHP Healthcare; Standard Insurance Company; and Sun Life Assurance Company of Canada. NSI also agrees to provide notification of the coverage of NUSA Employees as part of the NSI insured group to any other medical, life or disability insurance

carrier that may cover any of the NSI employees who become NUSA Employees. NSI and NUSA agree to take any actions that may be required by any insurance carrier to ensure coverage of the NUSA Employees on an uninterrupted basis.

(c) Premiums/Plan Expenses.

Premiums, administrative expenses and claims incurred or paid by the Medical Plan on behalf of NUSA Employee participants of the Medical Plan shall be paid by NUSA, either directly by NUSA, by NUSA to the insurance carriers of the Medical Plan, or through an internal accounting charge from NSI to NUSA.

3. Nu Skin USA, Inc. Cafeteria Plan (the "Cafeteria Plan").

(a) Implementation of New Cafeteria Plan.

Effective as soon as possible following the execution of the Agreement, but in no event later than the first payroll date of NUSA, NUSA shall adopt the Cafeteria Plan, which shall be identical to the Nu Skin International, Inc. Cafeteria Plan (the "NSI Cafeteria Plan") in which NUSA Employees participated while employed by NSI. NUSA Employees shall participate in this Cafeteria Plan on the same terms and conditions under which they participated in the NSI Cafeteria Plan prior to the execution of the Agreement. No "change in family status" under Section 5.4 of the NSI Cafeteria Plan shall be deemed to have occurred as a result of the transfer of NUSA Employees from NSI to NUSA.

(b) Transfer of Accounts.

NSI and NUSA shall transfer to the Cafeteria Plan following its adoption all amounts deferred into the NSI Cafeteria Plan medical flexible spending account by NUSA Employees year-to-date.

4. Nu Skin International, Inc. Deferred Compensation Plans and Trust Plan (the "Deferred Compensation Plans").

(a) Employee Participation; Participating Employer Status.

NUSA Employees who are currently participating in the Deferred Compensation Plans shall continue to participate in the Deferred Compensation Plans on the same terms and conditions under which they participated prior to the execution of this Agreement. NSI shall amend the Deferred Compensation Plans to permit participation by NUSA Employees in the Deferred Compensation Plans.

(b) Crediting of Service.

The transfer of the NUSA Employees from NSI to NUSA shall not be deemed to cause a "Retirement Date" to occur under section 10 of the Deferred Compensation Plans. All service with NUSA shall be recognized for purposes of vesting pursuant to section 13.2 of the Deferred Compensation Plans.

5. Nu Skin USA, Inc. 1998 Stock Incentive Plan (the "Stock Plan").

(a) Implementation of New Stock Plan.

Effective as soon as possible following the execution of this Agreement and, if required, with appropriate approval by the stockholders of NSAP, NUSA shall adopt the Stock Plan, which shall be identical in form and substance to the Nu Skin International, Inc. 1996 Stock Incentive Plan (the "NSI Stock Plan") in which NUSA Employees participated while employed by NSI. NUSA Employees shall participate in the Stock Plan on the same terms and conditions under which they participated in the NSI Stock Plan prior to the execution of this Agreement.

(b) Transfer of Shares.

Following the adoption by NUSA of the Stock Plan, NSI and NUSA shall take all actions necessary to transfer to NUSA shares of NSAP Class A Common Stock in accordance with the terms of the C&D Agreement. NUSA shall bear all costs of such transfer and subsequent holding of such shares including, but not limited to: (1) any filing fees in the event that additional registration or other filing with the Securities and Exchange Commission or state securities regulatory body is required; and (2) NUSA's allocable portion of any costs associated with updating any previously filed registration statement covering such shares.

(c) Assumption of Outstanding Awards.

NUSA shall assume all award agreements governing the terms of awards made pursuant to the NSI Stock Plan to NUSA Employees. The transfer of NUSA Employees from NSI to NUSA under the C&D Agreement shall not constitute a termination of employment for purposes of awards granted under the NSI Stock Plan. Prior service with NSI shall be recognized for purposes of the vesting of awards granted under the NSI Stock Plan and assumed by NUSA.

6. Vacation/Sick Leave and Severance Policies.

(a) Adoption of Identical Policies.

Effective on the first day following the execution date of the Agreement, NUSA shall adopt vacation/sick leave and severance policies which are identical to those provided by NSI immediately prior to the execution of the Agreement.

(b) Crediting of Service; Accounting of Leave Used .

Any service to NSI resulting in the accrual of vacation/sick leave or severance by an NUSA Employee prior to his or her transfer from NSI shall be recognized by NUSA for purposes of accrual under the NUSA programs. Correspondingly, any vacation or sick leave used by an NUSA Employee during the 1998 calendar year prior to his or her transfer from NSI shall be treated as if used while employed by NUSA

7. Family and Medical Leave Act ("FMLA").

NUSA shall be a "successor in interest" to NSI under the terms of FMLA. As such, NUSA shall count for NUSA Employees periods of employment with NSI to determine eligibility for FMLA leave, grant or continue leave to NUSA Employees who had previously provided notice to NSI, and comply with job restoration requirements for NUSA Employees at the conclusion of FMLA leave.

8. Other Non-Enumerated Benefits.

It is the parties' intent that NUSA Employees be provided with the same benefits following the execution of this Agreement as were provided to them by NSI prior to the execution of this Agreement, subject to compliance with applicable law. With respect to benefit plans or programs that are not specifically discussed herein, where legally permissible and advisable, the parties shall construe this Agreement liberally so as to permit continued participation by NUSA employees in NSI benefit plans or programs. Participation shall be continued without the imposition of new restrictions, including, but

not limited to (where applicable) new eligibility periods, new vesting periods, new deductibles, new out-of-pocket maximums or new service accrual periods. Where participation by NUSA Employees in NSI benefit plans is not legally permissible, administratively practicable or finanically feasible (for either NSI or NUSA), NUSA shall adopt parallel plans and policies to replicate the benefits previously available to NUSA Employees while employed by NSI. A termination of employment shall not be deemed to have occurred for benefits purposes with respect to the NUSA Employees transferred under the C&D Agreement.

9. Appropriate Action.

As soon as possible following the execution of this Agreement, to permit NUSA to become a participating employer in the 401(k) Plan, the Medical Plan and the Deferred Compensation Plans, NSI and NUSA shall: (1) execute appropriate Board resolutions approving NUSA's participation as a participating employer in such plans; (2) adopt an amendment to each such plan reflecting NUSA's participation; and (3) take any other actions necessary or advisable to permit such participation. With respect to all other employee benefit plans or policies, NSI and NUSA agree to take all actions necessary or advisable to carry out the parties' stated intent.

10. Incorporation by Reference. To the extent not inconsistent with the terms of this Agreement, Article V of the C&D Agreement shall be incorporated herein by reference.

In Witness Whereof, the parties have caused this Agreement to be duly executed as of this _____ day of _____, 199__.

Nu Skin International, Inc.

By: /s/ Steven J. Lund
Name: Steven J. Lund
Title:

Nu Skin USA, Inc.

By: /s/ Keith Halls
Name: Keith Halls
Title:

EX-10.40

NU SKIN
INTERNATIONAL, INC.

AND

BIG PLANET, INC.

LICENSING
AGREEMENT

TABLE OF CONTENTS

LICENSING AGREEMENT

THIS LICENSING AGREEMENT is effective the 1st day of April, 1998, between Nu Skin International, Inc., a Utah corporation, ("NSI"), and Big Planet, Inc., a Utah corporation ("BP"). NSI and BP may collectively be referred to as the "Parties."

W I T N E S S E T H

A. NSI is engaged in the design, production and marketing of products and related sales aids, for multi-national distribution through a network of independent distributors. NSI possesses essential direct selling industry know-how, proprietary information and competitive advantages that BP desires to utilize for its commercial activities.

B. BP desires to make use of such know-how, information and competitive advantages in the United States, Canada and their territories through the licensed use of NSI's Licensed Property (as defined below) to promote the sale of BP's products, services, sales aids and other commercial activities in the direct selling industry.

C. NSI is willing to license to BP certain information pursuant to the terms and conditions of this Licensing Agreement.

NOW THEREFORE, in consideration of the mutual promises, covenants, and warranties hereinafter set forth and for other valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS

For the purposes of this Agreement, the following words and terms shall have the meaning assigned to them in this Article I:

1.1 "Agreement" shall mean this Licensing Agreement, together with any attached exhibits and schedules, as the same may be modified, amended or revised from time to time pursuant to Section 10.7.

1.2 "Bonus Payments" shall mean, for any BP Independent Representative, all monetary obligations due to such Representative under the terms of the BP Sales Compensation Plan.

1.3 "BP Independent Representative" shall mean a person or business entity that has executed a BP Independent Representative Agreement with BP to sell Products as of the effective of this Agreement or during the term of this Agreement.

1.4 "BP Sales Compensation Plan" shall mean the method BP employs to calculate Bonus Payments earned by BP Independent Representatives.

1.5 "Business Information" shall mean any information that NSI elects to provide to BP hereunder, including without limitation, any commercial or business information, lists, marketing or customer service methods, marketing surveys, processes, specifications, quality control reports, drawings, photographs, or any other information owned by NSI , whether or not considered proprietary, relating to NSI's network of NSI Independent Distributors, Distributor Lists, NSI's sales compensation plan or other valuable commercial information related to the direct selling industry and NSI.

1.6 "Distributor Agreement" shall mean, for any NSI Independent Distributors, his/her contract with NSI by which NSI authorizes the NSI Independent Distributor to distribute its products.

1.7 "Distributor Lists" shall mean any and all individual or accumulated names, addresses, identification numbers, sponsor names and/or similar lists of all present or future NSI Independent Distributors that NSI elects to provide to BP hereunder.

1.8 "Independent Distributor Network" shall mean the network of NSI Independent Distributors and BP Independent Representatives that executed either a Distributor Agreement or Independent Representative Agreement.

1.9 "Independent Representative Agreement" shall mean, for any BP Independent Representative, his/her contract with BP by which BP authorizes the BP Independent Representative to distribute BP Products.

1.10 "Licensed Property" shall mean the Proprietary Information, Distributor Lists and Business Information that NSI elects to provide to BP hereunder.

1.11 "Net Revenue" or "Net Revenues" shall mean, for any period, the number of Products sold by BP during such period, multiplied by BP's then current selling price to its customers less costs, applicable sales taxes, returns, or refunds reasonably accepted and credited by BP during such period.

1.12 "NSI Independent Distributors" shall mean a person or business entity that has executed an NSI distributor agreement for the purchase and resale of NSI products.

1.13 "Products" shall mean those goods, services and sales aids that carry an assigned point value or other fixed amount of compensation under the terms of the BP Sales Compensation Plan.

1.14 "Proprietary Information" shall mean, without limitation, all information other than information made available to the public or expressly designated by NSI in writing as non-confidential that NSI elects to provide BP hereunder, regardless of the form in which it is disclosed, relating in any way to the following property owned by NSI or which NSI has been licensed to use or sub-license: (1) proprietary technical information; (2) information respecting actual or potential customers or customer contacts and customer sales strategies, names, addresses, phone numbers, identification numbers, database information and its organization, unique business methods; (3) market studies, penetration data, customers, products, contracts, copyrights, computer programs, applications, technical data, licensed technology, patents, inventions, procedures, methods, designs, strategies, plans, liabilities, assets, cost revenues, sales costs, production costs, raw material sources and other market information; (4) other sales and marketing plans, programs and strategies; (5) trade secrets, processes and formulae with respect to manufacturing, assembly, design or processing products and any component, part or manufacture thereof; (6) profits, organization, employees, agents, representatives, Distributor Lists, suppliers, and services; (7) other business and commercial practices in general relating directly or indirectly to the foregoing; and, (8) computer disks or other records or documents, originals or copies, containing in whole or in part any of the foregoing.

1.15 "Territory" shall mean the United States of America, Canada and their respective territories.

ARTICLE II
GRANT OF LICENSE AND; LICENSE FEES

2.1 Assignment of Big Planet Independent Representatives. NSI acknowledges that BP and the BP Independent Representatives have executed Independent Representative Agreements that detail the rights, duties and obligations of the parties. In consideration for the licenses granted in this Agreement, Big Planet sells, assigns, and transfers to NSI all its right, title, interest, duties and obligations in and to the Independent Representative Agreements with the BP Independent Representatives. The Big Planet Representatives shall become part of the Independent Distributor Network, which is exclusively owned by NSI and is licensed to BP hereunder, with all concurrent proprietary rights therein.

2.1.1 As owner of the BP Independent Representatives, NSI licenses to BP and BP assumes the obligation to perform all of the duties and obligations required under the Independent Representative Agreement with BP Independent Representatives, including the obligation to make commission and bonus payments to the Independent Representatives and BP shall remain liable at all times for such payments on a monthly basis pursuant to the terms of BP's sales compensation plan for BP Independent Representatives.

2.2 Grant of License. Subject to the terms and conditions of this Agreement, NSI hereby grants to BP a non-exclusive license to use the Licensed Property to sell Products in the Territory; provided that all such uses shall comply in all material respects with the terms of this Agreement and; provided further that BP shall not grant any right, title, use or sublicense to the Licensed Property except as permitted in this Agreement in the ordinary course of business. The license to use the Licensed Property shall be limited to the sale of Products in the Territory. BP agrees not to use the Licensed Property or to conduct business outside of the Territory without the prior written consent of NSI.

2.3 NSI's Interest in Licensed Property. NSI hereby retains legal title to the Licensed Property for all purposes, including but not limited to, the bringing or defending of any legal action in the Territory which it deems reasonable to protect its rights therein. BP agrees to assist NSI in any reasonable manner to protect NSI's rights in the Licensed Property. NSI shall reimburse BP for any reasonable out-of-pocket costs incurred by BP in providing such assistance.

2.4 Recitals of Value of Licensed Property. BP recognizes and agrees that NSI has expended considerable time, effort and resources to develop, maintain and enhance the Licensed Property. BP further agrees it will derive a considerable benefit from its use of the Licensed Property in the Territory and from NSI's efforts and expenditures respecting the Licensed Property.

2.5 Warranty of Title. NSI hereby warrants and represents that it is the sole and exclusive owner of the Licensed Property and that to the best of its knowledge no claim exists or has been made contesting the ownership and title of the Licensed Property.

2.6 Modifications. BP shall not attempt to modify any or all of the Licensed Property without the express, prior written consent of NSI.

2.7 Scope of License. During the term of this Agreement, the Licensed Property shall be used by BP to sell or distribute technology products and services, whether hardware or software, that either are, or a function of, telecommunications, paging, internet access, internet service, on-line education, unified communication systems, and internet commerce. Any Products sold by BP shall not directly compete with the existing or planned products, product categories or services of Nu Skin, IDN or Pharmanex ("Nu Skin Products") at the time of BP's introduction of said product or service. If any Product does directly or substantially compete with the Nu Skin Products, then BP may only sell said products or service with the prior written consent of NSI.

2.8 License Fee. As compensation for the licenses granted pursuant to the terms of this Agreement, BP shall pay to NSI a license fee equal to one percent (1%) of its Net Revenue ("License Fee").

ARTICLE III
COMPUTATION AND PAYMENT TERMS

3.1 Statement of Net Revenues. Within thirty (30) days following the close of each month, BP shall deliver to NSI, by electronic transmission or such other medium as the Parties shall agree to from time to time, a statement of BP's Net Revenues during such month. Upon the written request of NSI, BP shall provide sales reports and such other information as NSI may reasonably request from time to time (the "Detailed Sales Report"), but no more than four times per year.

3.2 License Fee. The procedures for payment of the License Fee payable hereunder are as follows:

3.2.1 Within thirty (30) days following the delivery of the statement of Net Revenues("Payment Date") , BP shall deliver to NSI, the License Fee, as calculated by BP .

3.2.2 For purposes of computing the License Fee, Products shall be considered sold when recognized for accounting purposes as a sale by BP based on generally accepted accounting principles.

3.3 Records. Each Party shall keep complete and accurate records of its compliance with its obligations under this Agreement which shall be open to inspection by authorized representatives of the other Party at any reasonable time during business hours, but no more than once a quarter and so long as the inspection does not interfere with normal business operations.

3.4 Payments to NSI. Payments made by BP to NSI under this Agreement shall be payable in United States Dollars. Payments shall be made either directly to NSI in immediately available funds by wire transfer to an account designated by NSI or by such other reasonable means of payment acceptable to NSI.

3.5 Default Rate. Without limiting any of the Parties other rights and remedies under this Agreement, undisputed amounts outstanding under the terms of this Agreement not paid within sixty (60) days from the date due and payable, shall bear interest at the prime interest rate as reported in the western edition of the Wall Street Journal as of the Payment Date plus two percent (2%) for the full period outstanding.

ARTICLE IV
CERTAIN OBLIGATIONS OF THE PARTIES UNDER THE AGREEMENT

4.1 Certain Obligations, Rights and Duties of NSI. NSI agrees that, in addition to its other obligations under this Agreement, NSI will maintain and provide support for the services provided by NSI pursuant to the Management Services Agreement between the Parties effective as of April 1, 1998. NSI agrees, among other things: (1) to maintain a computer system, including hardware, software, data links, computer peripherals, printers, etc. to adequately fulfill NSI's obligations hereunder; (2) to provide necessary training and support to BP relating to the BP Independent Representatives, including information relating to training methods, motivational strategies, convention and event planning, technical policies and procedure knowledge, etc; (3) to maintain any record or any other information related to Bonus Payments that BP may reasonably request; and (4) to perform any other function or provide the necessary support to comply with the terms of this Agreement.

4.2 Certain Obligations, Rights and Duties of BP. In addition to its other obligations under this Agreement BP agrees, among other things: (1) to maintain, at its sole cost and expense, such facilities and places of business within the Territory necessary to effect the purposes and intentions of this Agreement and to bear all costs and expenses it incurs in the negotiation, memorialization, execution and performance of all leases, rentals, equipment, salaries, taxes, licenses, insurance, permits, telephone, telegraph, promotional, advertising, travel, accounting, legal and such similar expenses, relating to the business of BP, unless otherwise agreed to in writing by the Parties; (2) to manage its business affairs in such a reasonable manner that the reputation of NSI is not materially damaged; (3) to employ commercially reasonable efforts to comply with all applicable laws and industry standards; and (4) to employ commercially reasonable efforts to monitor and supervise the activities of BP Independent Representatives.

ARTICLE V
GOVERNMENTAL APPROVALS, LAWS AND REGULATIONS

5.1 Compliance with Laws. Each party agrees to refrain from any action that will cause the other party to be in violation of any applicable law, regulation, or ordinance of any jurisdiction in the Territory or elsewhere or any international convention or bilateral or multilateral treaty to which the United States is a signatory, including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, the U.S. Export Control Laws, and the U.S. Anti-Boycott laws.

5.2 Compliance of Licensed Property. NSI agrees to take, or cause to be taken, at its sole cost and expense, all actions necessary to ensure the compliance of the Licensed Property with applicable laws, regulations and ordinances in the Territory, provided, however, BP is responsible for compliance with all laws, regulations and ordinances applicable to BP. NSI agrees to keep BP informed of its progress in obtaining all such government approvals.

ARTICLE VI
TERM AND TERMINATION

6.1 Term. NSI grants to BP a perpetual license which shall commence on the effective date of April 1, 1998. BP shall pay NSI a monthly License Fee that will allow it to retain a perpetual license or until it is terminated as set forth in this Section 6. Upon termination of the Agreement, the obligation to pay the License Fee shall terminate.

6.2 Termination for Cause. In the event that either party hereto materially or repeatedly defaults on the performance of any of its duties or obligations under this Agreement, which default shall not be substantially cured within sixty (60) days after written notice is given to the defaulting party specifying the default, then the party not in default may, by giving written notice thereof to the defaulting party, terminate this Agreement as of a date specified in such notice of Termination.

6.3 Termination for Insolvency. In the event that either party hereto becomes or is declared insolvent or bankrupt, is the subject of any proceedings related to its liquidation, insolvency or for the appointment of a receiver or similar action, makes an assignment for the benefit of all or substantially all of its creditors, or enters into an agreement as to the composition, extension, or readjustment of all or substantially all of its obligations, then the other party hereto may, by giving written notice to such party, terminate this Agreement as of a date specified in such notice of termination.

6.4 Survival of Obligations. The obligations of the Parties to pay any sums which are due and payable as of the expiration or termination of this Agreement and their obligation under Section Article VII and Article IX hereof shall survive the expiration or termination of this Agreement. If the date of termination is prior to the expiration of the Initial Term or a succeeding term, BP shall only be obligated to pay monies due as of the date of termination and not the remainder of any term.

6.5 Reversion of Rights. Upon termination of this Agreement, all rights and licenses herein granted to BP shall immediately cease and shall revert to NSI, and BP shall cease using any Licensed Property or representing to any third party that it has any right in or to Licensed Property.

ARTICLE VII
INFRINGEMENT; INDEMNIFICATION

NSI hereby represents and warrants that, as of the date hereof, there are no infringement or misappropriation suits pending or filed or, to its knowledge, threatened against NSI within the Territory that relate to the Licensed Property and NSI is not presently aware of any such infringement or misappropriation. NSI shall indemnify and hold BP harmless from and against all claims, actions, suits, proceedings, losses, liabilities, costs, damages and attorneys' fees in respect of a third party claim alleging infringement or misappropriation by BP in respect of its use of the Licensed Property in the Territory; provided that BP shall give NSI prompt written notice of any claim, action, suit or proceeding and without limiting the generality of Section 2.3 hereof, shall cooperate with NSI in the defense of any such claim, action, suit or proceeding. NSI shall have the right to select counsel in any such claim, action, suit or proceeding. In the event that any such claim, action or proceeding is successful, NSI shall use reasonable efforts to make such changes in the Licensed Property to permit BP to continue to make use of the Licensed Property free and clear of all infringement and misappropriation. BP shall give NSI prompt written notice of any infringement or misappropriation of the Licensed Property by any third party. NSI shall have the sole right to initiate any and all legal proceedings against any such third party and, without limiting the generality of Section 2.3 hereof; BP shall cooperate with NSI in the pursuit of any such proceeding. NSI shall retain any damage award obtained from such third party. If NSI elects not to pursue any infringement, BP shall have the right to do so at its own expense and shall retain any damage award obtained from any third party.

ARTICLE VIII
NATURE OF RELATIONSHIP

The relationship of BP and NSI shall be and at all times remain, respectively, that of Licensee and Licensor. Nothing contained or implied in this Agreement shall be construed to constitute either party as the legal representative or agent of the other or to constitute or construe the Parties as partners, joint venturers, co-owners or otherwise as participants in a joint or common undertaking. Neither party is authorized to conclude any contract or agreement or make any commitment, representation or warranty that binds the other or otherwise act in the name of or on behalf of the other.

ARTICLE IX
CONFIDENTIALITY

All confidential information or other non-public or proprietary business or technical information owned or used by NSI or BP and supplied to or acquired by the other whether in oral or written form (the "Confidential Information") shall be supplied and acquired in confidence and shall be solely for the use of the receiving party pursuant to this Agreement and such party shall keep the Confidential Information confidential and shall not disclose the same, at any time during the term of this Agreement or after its termination, except to its employees, or its affiliates or its affiliates' employees for the purposes of its business in accordance with this Agreement and except as may be required by law; provided that if the receiving party determines that a disclosure is required by law, the receiving party shall notify the disclosing party in order to give the disclosing party an opportunity to seek an injunction or otherwise attempt to keep the Confidential Information confidential. The receiving party shall, at the request of the disclosing party, destroy or return the Confidential Information without retaining copies if, as and when this Agreement is terminated or expires. For purposes of this Agreement, the term "Confidential Information" shall not include information or documents that (i) become generally available to the public other than as a result of a disclosure by the receiving party, (ii) were otherwise lawfully available to the receiving party, or (iii) were generated independently by the receiving party. The provisions of this Article shall survive termination of this Agreement for a period of five (5) years.

ARTICLE X
MISCELLANEOUS

10.1 Assignment. This Agreement shall be binding on and inure to the benefit of the heirs, successors, assigns and beneficiaries of the Parties; provided that neither party may assign this Agreement or any rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other party, which shall not be unreasonably withheld. Any such attempted assignment, without the written consent provided herein, shall be void and unenforceable.

10.2 Force Majeure. The Parties shall not be responsible for failure to perform hereunder due to force majeure, which shall include, but not be limited to: fires, floods, riots, strikes, labor disputes, freight embargoes or transportation delays, shortage of labor, inability to secure fuel, material, supplies, equipment or power at reasonable prices or on account of shortage thereof, acts of God or of the public enemy, war or civil disturbances, any existing or future laws, rules, regulations or acts of any government (including any orders, rules or regulations issued by any official or agency or such government) affecting a party that would delay or prohibit performance hereunder, or any cause beyond the reasonable control of a party. If an event of force majeure should occur, the affected party shall promptly give notice thereof to the other party and such affected party shall use its reasonable best efforts to cure or correct any such event of force majeure.

10.3 Governing Law and Dispute Resolution. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah. Any action brought to enforce this Agreement must be brought in Utah County, Utah. The parties consent to the personal jurisidiction of said court within the State of Utah and waive any objection to improper venue. In the event of legal action between the parties, reasonable attorney's fees (including inside counsel expenses) shall be awarded to the prevailing party.

10.4 Waiver and Delay. No waiver by either party of any breach or default in performance by the other party, and no failure, refusal or neglect of either party to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of the other party's obligations under this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by either party of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

10.5 Notices. All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been duly given, if delivered by hand, or if communicated by facsimile, cable or similar electronic means to the facsimile number or cable identification number as previously provided by each party to the other, at the time that receipt thereof has been confirmed by return electronic communication or signal that the message has been received, or if mailed, ten (10) days after dispatch by registered airmail, postage prepaid, from any post office addressed as follows:

If to BP:
Richard King, President
Big Planet, Inc.
75 West Center Street
Provo, UT 84601
TEL: (801) 345-1200
FAX: (801) 345-1299

If to NSI:
General Counsel
Nu Skin International, Inc.
75 West Center Street,
Provo, Utah 84601, U.S.A.
TEL: (801) 345-5000
FAX: (801) 345-5999

Either party may change its facsimile number, cable identification number or address by a notice given to the other party in the manner set forth above.

10.6 Integrated Contract. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior or contemporaneous negotiations, representations, agreements and understandings (both oral and written) of the Parties.

10.7 Modifications and Amendments. No supplement, modification or amendment of this Agreement shall be binding unless it is in writing and executed by both of the Parties.

10.8 Enforceability. To the extent that any provision of this Agreement is (or in the opinion of counsel mutually acceptable to both Parties would be) prohibited, judicially invalidated or otherwise rendered unenforceable in any jurisdiction, such provision shall be deemed ineffective only to the extent of such prohibition, invalidation or unenforceability in that jurisdiction, and only within that jurisdiction. Any prohibited, judicially invalidated or unenforceable provision of this Agreement will not invalidate or render unenforceable any other provision of this Agreement, nor will such provision of this Agreement be invalidated or rendered unenforceable in any other jurisdiction.

10.9 Counterparts and Headings. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All headings and captions are inserted for convenience of reference only and shall not affect the meaning or interpretation of any provision hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the day and year first above written.

NU SKIN INTERNATIONAL, INC.	BIG PLANET, INC.
BY: _____	BY: _____
Steven J. Lund	Richard W. King
ITS: President	ITS: President

EX-10.41

MANAGEMENT SERVICES AGREEMENT
between

NU SKIN INTERNATIONAL MANAGEMENT GROUP, INC.

and
BIG PLANET, INC.

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MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT is made effective as of April 1, 1998 between Big Planet, Inc., a Utah corporation ("BP"), and Nu Skin International Management Group, Inc., a Utah corporation ("NSIMG"). BP and NSIMG shall hereinafter be collectively referred to as the "Parties" and each shall be individually referred to as a "Party."

W I T N E S S E T H

WHEREAS, BP desires to obtain certain general and administrative services from BP so that BP will not be required to duplicate these services, and BP desires to obtain such services from NSIMG; NSIMG is willing to provide these services to BP pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meaning set out below:

1.1 "Agreement" shall mean this Management Services Agreement between BP and NSIMG, as the same may be modified, amended or revised from time to time.

1.2 "Allocable Expenses" shall mean all expenses incurred by NSIMG in providing Management and Consulting Services other than Direct Expenses including without limitation, the following: rent, utilities, telephone, equipment, recruitment, office supplies, and other overhead expenses, certain salary costs, payroll, benefits and expenses related to conventions, travel and accommodations at anniversary events, telephones calls and counseling and conference calls and meetings with BP managers and the independent distributors of Nu Skin International, Inc., and the permitted use and appropriation of the names and licenses of directors and executive officials of NSIMG or BP. Allocable Expenses shall be calculated in accordance with the terms of this Agreement.

1.3 "Consulting Personnel" shall mean employees of NSIMG or, with the consent of BP, such other persons or entities as NSIMG may retain, hire, or otherwise contract with for the provision of services on behalf of, or in conjunction with, NSIMG.

1.4 "Direct Expenses" shall mean all expenses incurred in the provision of Management and Consulting Services for BP, which expenses are incurred solely for the benefit of BP, including, without limitation, certain salary costs, benefits, business expenses, and travel expenses.

1.5 "Management and Consulting Services" shall include services requested by BP that NSIMG has the capability of providing, and shall include but not be limited to the following services: management, legal, financial, distribution support/training, public relations, information technology, commission and bonus calculations, SAP computer services as defined in attached Exhibit "A", and operations administration. Any specific services estimated to cost more then $_____ shall be requested by BP in writing.

ARTICLE 2

MANAGEMENT AND CONSULTING SERVICES

2.1 Services. NSIMG hereby agrees to provide Management and Consulting Services to BP as BP may request from time to time, until termination of this Agreement. BP agrees to reimburse and compensate NSIMG for Management and Consulting Services in accordance with the applicable compensation and invoicing provisions hereof.

2.2 Performance of Services. Unless otherwise agreed between the Parties, the Management and Consulting Services shall be provided through Consulting Personnel, as requested by BP. The Management and Consulting Services provided by NSIMG will be performed by appropriately qualified and experienced personnel. Upon the reasonable request of BP, NSIMG will not use any personnel for services under this Agreement that are deemed by BP to be incompetent, careless, or unqualified to perform the work assigned, or that is otherwise unsatisfactory to BP.

2.3 Approval of Services. Unless BP disputes any invoices delivered to BP hereunder by written notice within one hundred eighty (180) days of the date of the invoice, BP hereby agrees that, by paying any undisputed invoices as provided in Article 3 herein, BP shall be deemed to have approved the nature and extent of the costs and expenses invoiced. If BP disputes an invoice in a timely manner, then within a mutually agreeable time NSIMG shall permit BP to have access to audit NSIMG's records and books of account for the purpose of determining whether the appropriate expenses have been invoiced to BP. The audit shall be conducted by a firm of certified public accountants chosen by BP. Any auditors shall be required to execute a non-disclosure agreement with NSIMG that protects NSIMG's rights to confidential information and restricts the information provided by the auditor to BP to only that information necessary to indicate whether BP has been properly billed. If the auditors' report reveals a discrepency, then within thirty (30) days the party in whose favor the error was made will pay the amount of the error to the other party. If the auditors report reveals that NSIMG owes BP a refund of an amount greater than five percent (5%) of the total invoiced amount during the audit period, then the refund shall bear interest at eight percent (8%) and NSIMG shall reimburse BP for the cost of the audit.

2.4 Revision of Services. For greater certainty, the Parties agree that any one or more of the specific services to be provided by NSIMG to BP, as described in this Agreement, may be reasonably expanded or curtailed by the Parties if mutually agreed to in writing by the Parties.

ARTICLE 3
COMPENSATION OF SERVICE PROVIDER

3.1 Compensation for Management and Consulting Services. BP shall pay NSIMG the total of all Direct Expenses and Allocable Expenses plus three percent (3%) ("Fee") of the total of such Direct Expenses and Allocable Expenses. The Fee may be adjusted from time to time by mutual agreement of the Parties. Unless otherwise agreed between the Parties, Allocable Expenses shall not, for any billing period, exceed one and one-half percent (1.5%) of BP's revenues for such billing period.

3.2 Determination of Allocable Expenses. Allocable Expenses for any period shall be equal to the total Allocable Expenses incurred by NSIMG for such period multiplied by the percentage of such Allocable Expenses allocable to BP pursuant to and the then applicable time allocation study prepared pursuant to Section 4.1 hereof.

3.3 Payment and Invoicing. Within thirty (30) days after the end of each month, NSIMG shall prepare and deliver an invoice to BP setting forth the fees due and owing under this Agreement during such month.

3.4 Due Date. Payments due under this Agreement shall be due and payable within sixty (60) days after the date of receipt of the invoice for such payments ("Payment Date").

3.5 Delinquent Payments. Without limiting any of the Parties' other rights and remedies under this Agreement, any amounts outstanding under the terms of this Agreement that are not paid by the Payment Date, shall bear interest at the prime interest rate as reported in the western edition of the Wall Street Journal, on the Payment Date, plus two percent (2%) for the full period outstanding. Whether or not interest charges are actually levied is at the discretion of NSIMG.

ARTICLE 4
PREPARATION AND SHARING OF REPORTS AND INFORMATION

4.1 Periodic Reports on Management and Consulting Services. BP may, upon thirty (30) days written notice to NSIMG, request operations reports of NSIMG setting forth specific information regarding the Management and Consulting Services provided under this Agreement and for such time periods as BP shall reasonably request. NSIMG shall maintain accurate and ongoing records of the allocation of time of Consulting Personal, including executive management and other employees rendering services to BP. NSIMG shall provide full access to BP and its auditors to all records and documentation relating to the Management and Consulting Services and any other services provided under this Agreement, and will permit BP, at its expense, to make any copies as may be reasonably requested. NSIMG has prepared a study accurately reflecting the allocation of time spent by NSIMG's internal department and Consulting Personnel on the services provided to BP under this Agreement. The study shall be updated on a quarterly basis. BP may request a copy of the then applicable time application study from NSIMG upon thirty (30) days written notice. All of the information, reports and studies referenced in this Section 4.1 shall be referred to collectively as the "Information".

4.2 Sharing of Information and Witnesses. At all times during the term of this Agreement and for a period of three years thereafter, each Party shall maintain at its principal place of business full, complete and accurate records of the Information. The parties shall provide to each other reasonable access to the Information. In the event of any claims made against a Party, the other Party shall make available Information and/or witnesses as reasonably requested. The Party providing Information or making available witnesses shall be entitled to receive from the other Party, upon presentation of invoices therefore, payment for its reasonable out-of-pocket expenses incurred in connection therewith. Nothing in this Agreement shall require either Party to reveal to the other any information that would violate such Party's written and enforceable duty of confidence to a third party from whom or which such information was obtained; under such circumstances, however, the parties shall work together to obtain a release of such information without violation of such duty of confidence.

ARTICLE 5
NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

All trade secrets, proprietary technology, know-how or other non-public or proprietary business or technical information owned or used by NSIMG or BP and supplied to or acquired by the other whether in oral or documentary form (the "Confidential Information") shall be supplied and acquired in confidence and shall be solely for the use of the receiving party pursuant to this Agreement and such party shall keep the Confidential Information confidential and shall not disclose the same, at any time during the term of this Agreement or for a period of seven (7) years after its termination, except to its employees for the purposes of its business in accordance with this Agreement and except as may be required by law; provided that if the receiving party determines that a disclosure is required by law, the receiving party shall notify the disclosing party in order to give the disclosing party an opportunity to seek an injunction or otherwise attempt to keep the Confidential Information confidential. The receiving party shall, at the request of the disclosing party, destroy or return the Confidential Information without retaining copies if, as and when this Agreement is terminated or expires. For purposes of this Agreement, the term "Confidential Information" shall not include information or documents that (i) become generally available to the public other than as a result of a disclosure by the receiving party, (ii) was otherwise lawfully available to the receiving party, or (iii) was generated independently by the receiving party. The provisions of this Article shall survive termination of this Agreement.

ARTICLE 6
TERM

This Agreement shall be effective beginning April 1, 1998, and shall be for an initial term of five (5) years ("Initial Term") unless otherwise terminated pursuant to Article 7. This Agreement shall be renewed automatically upon expiration of the Initial Term for successive one year terms, unless otherwise terminated as provided in Article 7.

ARTICLE 7
TERMINATION

7.1 This Agreement may be terminated by either Party without cause upon ninety (90) days written notice to the other Party, or at any time after the occurrence of any of the following events:

(a) the other Party shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, compensation or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar action; or

(b) there shall be commenced against the other Party any case, proceeding or other action of a nature referred to in clause (a) above which (A) results in the entry of an order for relief or any such adjudication or appointment desribed above, or (B) remains undismissed, undischarged or unbonded for a period of 90 days. Events described in clauses (a) and (b) of Section 7.1(a) shall be referred to as a ?Bankruptcy Event?. If a Bankruptcy Event occurs, all amounts owing under this Agreement shall become immediately due and payable, without any notice thereof; or

(c) if the other Party causes or allows a judgment in excess of Twenty-Five Million dollars ($25,000,000.00) to be entered against it or involuntarily allows a lien, security interest, or other encumbrance to attach to its assets which secures an amount in excess of Twenty-Five Million Dollars ($25,000,000.00).

7.2 This Agreement may be immediately terminated by either Party, if the other Party is in default in the performance of any material obligation under this Agreement and such default has not been cured within sixty (60) days after receipt of written notice of such default by the defaulting Party; or

7.3 BP may terminate any specific service of the Management or Consulting Services by providing written notice thereof to NSIMG not less than sixty (60) days prior to the date for cessation of said service. NSIMG may discontinue providing any specific part of the Management and Consulting Services by providing written notice to BP not less than sixty (60) days prior to the desired date for cessation of said service.

ARTICLE 8
EFFECT OF TERMINATION

8.1 Cessation of Rights. Upon expiration or termination (collectively, the "Termination") of this Agreement for any reason whatsoever, all rights and obligations of the Parties hereunder shall cease, provided, however, that upon Termination of this Agreement, no Party shall be released from its obligations to pay monies due or to become due as of the date of Termination or to complete any unfulfilled obligations under this Agreement, and the provisions of Article 5 shall survive such Termination. If the date of Termination is prior to the expiration of the Initial term or a succeeding term, BP shall only be obligated to pay monies due as of the date of Termination and not for the remainder of any term.

8.2. Damages. Except provided in paragraph 8.1, upon Termination of this Agreement for any reason, no Party shall be liable or obligated to the other Party with respect to any payments, future profits, exemplary, special or consequential damages, indemnifications or other compensation regarding such termination, and each Party hereby waives and relinquishes any rights, pursuant to law or otherwise, to any such payments, indemnifications or compensation.

ARTICLE 9
COMPLIANCE WITH APPLICABLE LAWS

9.1 Compliance Generally. In the performance of their obligations under this Agreement, the Parties shall, at all times, strictly comply with all applicable laws, regulations and orders of the countries and jurisdictions in which they operate.

9.2 Authorizations. Each Party shall, at its own expense, make, obtain and maintain in force at all times during the term of this Agreement, all filings, registrations, reports, licenses, permits and authorizations required under applicable law, regulations or orders in order for it to perform its obligations under this Agreement.

ARTICLE 10
GENERAL PROVISIONS

10.1 Assignment. This Agreement shall be binding on and inure to the benefit of the heirs, successors, assigns and beneficiaries of the Parties; provided that no Party may assign this Agreement or any rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other Party which shall not be unreasonably withheld. Any attempted assignment by any Party without the prior written consent of the other Party shall be void and unenforceable.

10.2 Notices. All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been duly given, if delivered by hand, or if communicated by facsimile to the facsimile number as may be provided from time to time by each Party to the other, at the time that receipt thereof has been confirmed by return electronic communication signal that the message has been received, or if sent by reputable international courier service three (3) days after dispatch addressed to the Parties at the addresses outlined hereafter. Either Party may change its facsimile number or address by a notice given to the other Party in the manner set forth as follows:

If to NSIMG: Attn.: Secretary
Nu Skin International, Inc.
75 West Center
Provo, Utah 84601 USA
(801) 345-5500
(801) 345-5999 Fax

If to BP: Attn.: President
Big Planet, Inc.
Provo, Utah 84601 USA
(801) 345-7000
(801) 345-1299 Fax

10.3 Waiver and Delay. No waiver by any Party of any breach or default in performance by any other Party, and no failure, refusal or neglect of any Party to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of the other Party's obligations under this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by any Party of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

10.4 Force Majeure. The Parties shall not be responsible for failure to perform hereunder due to force majeure, which shall include, but not be limited to: fires, floods, riots, strikes, labor disputes, freight embargoes or transportation delays, shortage of labor, inability to secure fuel, material, supplies, equipment or power at reasonable prices or on account of shortage thereof, acts of God or of the public enemy, war or civil disturbances, any existing or future laws, rules, regulations or acts of any government (including any orders, rules or regulations issued by any official or agency or such government) affecting a Party that would delay or prohibit performance hereunder, or any cause beyond the reasonable control of a Party. If an event of force majeure should occur, the affected Party shall promptly give notice thereof to the other Party and such affected Party shall use its reasonable best efforts to cure or correct any such event of force majeure.

10.5 Governing Law and Dispute. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah. Any action brought to enforce this Agreement must be brought in Utah County, Utah. The parties consent to the personal jurisdiction of said court within the State of Utah and waive any objection to improper venue. In the event of legal action between the parties, reasonable attorney's fees (including inside counsel expenses) shall be awarded to the prevailing party.

10.6 Integrated Contract. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior or contemporaneous negotiations, representations, agreements and understanding (both oral and written) of the Parties.

10.7 Modifications and Amendments. No modification or amendment of this Agreement shall be binding unless it is in writing and executed by both Parties.

10.8 Severability. To the extent that any provision of this Agreement is (or, in the opinion of counsel mutually acceptable to both Parties, would be) prohibited, judicially invalidated or otherwise rendered unenforceable in any jurisdiction relevant to the Parties, such provision shall be deemed ineffective only to the extent of such prohibition, invalidation or unenforceability in that jurisdiction, and only within that jurisdiction. Any prohibited, judicially invalidated or unenforceable provision of this Agreement will not invalidate or render unenforceable any other provision of this Agreement, nor will such provision of this Agreement be invalidated or rendered unenforceable in any other jurisdiction.

10.9 Counterparts and Headings. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All headings and captions are inserted for convenience of reference only and shall not affect the meaning or interpretation of any provision hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the day and year first-above written.

NU SKIN INTERNATIONAL MANAGEMENT GROUP, INC.

By: _____
Name: Steven J. Lund
Its: President

BIG PLANET, INC.

By: _____
Name: Richard W. King
Its: President

EX-10.42

WAREHOUSE LEASE AGREEMENT

This Warehouse Lease Agreement ("Lease") is entered into on this day of March, by and between Nu Skin International, Inc. ("Lessee") having a place of business at 75 West Center Street, Provo, Utah 84061 and Aspen Investments, Ltd., having a place of business at 75 West Center Street, Provo, Utah 84601 ("Lessor"). The Lessor and Lessee are collectively hereinafter referred to as the "Parties."

RECITALS

A. Lessor is the sole owner of the premises described below, having warehouse space for lease in such premises.

B. Lessee is in the business of marketing and selling personal and health care products and desires to lease warehouse and office space from Lessor.

AGREEMENT

In consideration of the mutual covenants contained herein, the Parties agree as follows:

1. Leased Premises.

1.1 Lessor hereby leases to Lessee the premises ("Premises") located at 180 East 1325 South, Provo, Utah 84601, commonly known as the Nu Skin Warehouse.

1.2 The Premises shall be used as a warehouse and offices.

2. Term.

2.1 The term ("Term") of this Lease shall be two (2) years and shall commence retroactively on February 1, 1996 and shall terminate on February 1, 1998 unless otherwise renewed.

2.2 Lessee shall surrender the Premises to Lessor immediately upon termination of this Lease.

3. Rent.

3.1 Lessee shall pay to Lessor as fixed rent for the term of this Lease, the sum of Six Hundred Seventy Five Thousand and No/100 Dollars ($675,000.00) per year payable at the rate of Fifty Six Thousand Two Hundred Fifty Dollars ($56,250.00) per month due on the first day of each month.

3.2 Lessee acknowledges that the late payment by Lessee to Lessor of rent or other sums due under this Lease will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which would be extremely difficult and impractical to ascertain. In the event Lessee should fail to pay any installment of rent or any other sum due under his Lease within 10 days after such sum is due, Lessee shall pay to Lessor, as additional rent, a late charge equal to 10 percent (10 %) of each installment or sum. Waiver of the late charge with respect to any installment or sum shall not be deemed to constitute a waiver with respect to any subsequent installment or sum so due.

4. Triple Net Lease. As provided hereafter, Lessee is responsible for the payment of all taxes, utilities, insurance and maintenance incurred with respect to the use of the leased Premises, and hereby releases and holds Lessor harmless for the payment of the same.

5. Use.

5.1 Lessee shall use the Premises solely for the main and related purposes of inventory storage, shipping, packaging and office space. Lessee shall comply with all rules, regulations, ordinances, statutes, and other lawful requirements of governmental agencies, consistent with Lessee's use thereof.

5.2 Lessee shall not use or permit the Premises, or any part of the building, to be used for any purposes other than those set forth in this Lease. Lessee shall neither permit on the Premises any act, sale, or storage that may be prohibited under standard forms of fire insurance policies, or use the Premises for any such purpose. In addition, no use shall be made or permitted to be made that shall result in hazardous waste, or improper, unlawful, or objectionable use, including sale, storage, or preparation, of food, alcoholic beverages, or materials generating an odor on the Premises.

6. Abandonment. Lessee shall not vacate or abandon the Premises at any time during the Term of this Lease. If Lessee does vacate or abandon the Premises or is dispossessed by process of law, any personal property belonging to Lessee and left on the Premises shall be deemed abandoned at the option of Lessor and shall become the property of Lessor.

7. Taxes.

7.1 Lessee shall pay prior to delinquency all taxes, assessments, charges, and fees assessed against and levied upon the real

property as well as personal property including trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. 7.2 Lessee shall pay the total amount of an increase in real property taxes resulting from any and all improvements of any kind whatsoever placed on or in the Premises for the benefit of or at the request of Lessee regardless of whether said improvements were installed of construction either by Lessor or Lessee.

8. Utilities.

8.1 Heat and Air Conditioning - Lessee shall arrange for and pay all heat and air conditioning needs throughout the year.

8.2 Electricity - Lessee shall provide for its own electricity needs.

8.3 Janitorial - Lessee shall provide janitorial service and maintain the Premises in a clean and orderly manner.

8.4 Water, Sewer, and Garbage - Lessee shall provide for hot and cold water, sewer service and garbage service.

8.5 Snow Removal - Lessee shall ensure the removal of snow in the parking and walkway areas during applicable seasons. Lessee shall further keep walkways salted and free from snow buildup.

9. Alterations, Modifications, and Repairs.

9.1 Lessee shall take good care of the Premises and shall not alter, repair, or change the Premises, including, but not limited to addition of cables, electrical wires, etc. that may damage the walls, without the prior, express, and written consent of Lessor.

9.2 All alterations, improvements, and changes that Lessee may desire shall be done either by or under the direction of Lessor, but at the expense of Lessee and shall become the property of Lessor and remain on the Premises, except that at the option of Lessor, Lessee shall, at its expense, remove from the Premises all such alterations, improvements, and changes.

9.3 All damage or injury done to the Premises by Lessee, its agents or employees, or any person who may be in or on the Premises with the consent of Lessee shall be paid for by Lessee.

9.4 Lessee shall, at the termination of this Lease, surrender the Premises to Lessor in as good condition or same condition as when entered upon by Lessee except for ordinary wear and tear.

9.5 Lessor shall be responsible for making all routine repairs, maintaining the landscape, and for performing routine maintenance. Lessee shall permit Lessor and Lessor's agent to enter the Premises at all reasonable times to inspect and maintain the building and Premises, make repairs, alterations, or additions to the Premises, or any portion of the building, including the erection of scaffolding, props, or other mechanical devices, to post notices of nonliability for alterations, additions, or repairs, or to place on the premises any usual or ordinary "For Sale" signs, without any rebate of rent to Lessee or damages for any loss of occupation or quiet enjoyment of the Premises. Lessor may place "To Let" or "to Lease" signs wherever Lessor sees fit. Lessor and Lessor's agents may, during the last-mention period, enter on the Premises at reasonable hours, and exhibit them to prospective tenants.

10. Insurance.

10.1 Lessee shall obtain and keep in force during the Term of this Lease, a policy of comprehensive general liability insurance insuring Lessee and Lessor (as an additional named insured thereon) against any liability arising out of the ownership, use, occupancy or maintenance of the premises. Such insurance shall have a combined single limit of at least One Million ($1,000,000.00) dollars, including both liability and property damage and insure against any liability for personal injury, death or property damage, as set forth above, and shall be written on and "occurrence basis." The limits of said insurance shall not, however, limit the liability of the Lessee hereunder. Lessee shall provide to Lessor a certificate of insurance and keep said policy current.

11. Liability of Lessor.

11.1 Lessee will indemnify Lessor on account of any damage or injury to any person, or to the goods of any person, arising from the use of the Premises by Lessee, or arising from the failure of Lessee to keep the Premises in good condition as provided in this Lease.

11.2 Lessor shall not be liable to Lessee for any damage by or from any act or negligence of any other occupant of the same building, or by any owner or occupant of adjoining or contiguous property.

11.3 Lessee agrees to pay for all damage to the building, as well as all damage or injury suffered by tenants or occupants of the building caused by the misuse or neglect of the Premises by Lessee.

12. Assignment and Sublease.

12.1 Lessee shall not assign any rights or duties under this Lease nor sublet the Premises or any part of the Premises, nor allow any other person to occupy or use the Premises without the prior, express, and written consent of Lessor. A consent to one assignment, sublease, or occupation or use by any other person shall not be a consent to any subsequent assignment, sublease, or occupation or use by another person. Any assignment or subletting without consent shall be void.

12.2 This Lease shall not be assignable without the written consent of Lessor.

13. Breach or Default.

13.1 The occurrence of any one or more of the following events shall constitute a material default in breach of this Lease by Lessee:

13.1.1 Vacation or abandonment of the Premises. Vacation and abandonment includes, but is not limited to, any absence of Lessee from the Premises for 30 business days or longer.

13.1.2 Failure by Lessee to make any payment required under this Lease as and when due, where such failure shall continue for a period of 15 days after written notice from Lessor.

13.1.3 Failure by Lessee to observe or to perform any of the covenants, conditions, or provisions of this Lease, other than the making of any payment, where such failure shall continue for a period of 15 days after notice of such failure from Lessor or such additional period of time as is reasonably necessary to cure such failure, provided Lessee diligently prosecutes such cure.

13.2 In the event of any default by Lessee, in addition to any other remedies available to Lessee at law or in equity, Lessor shall have the immediate option to terminate this Lease and all rights of Lessee under this Lease. In the event that Lessor shall so elect to terminate this Lease, then Lessor may recover from Lessee the worth at the time of the award of any unpaid rent that was due and owing at the time of termination

13.3 In the event of any such default by Lessee, Lessor shall also have the right, adhering to applicable legal processes, with or without terminating this Lease, to reenter the demised premises and remove all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of or on the account of Lessee.

13.4 In the event of any such default by Lessee, Lessor shall also have the right, adhering to applicable legal processes, with or without terminating this Lease, to reenter the Premises and to relet them.

14. Indemnification.

14.1 Lessee shall indemnify, defend, and hold Lessor harmless from any and all claims and damages (including reasonable attorney fees and costs) arising from Lessee's use of the Premises or the conduct of its business or from any activity, work, or thing done, permitted, or suffered by Lessee, in or about the Premises and/or the building in which the Premises are located, unless caused by the negligent acts of Lessor or Lessor's agents or employees.

14.2 Lessee shall further indemnify, defend, and hold Lessor harmless from any and all claims and damages (including reasonable attorney fees and costs) arising from any breach or default in any of the terms or conditions of this Lease, or arising from any act of negligence, faulty, or omission of Lessee or Lessee's agents, employees, or invitees, and from and against any and all cost, reasonable attorney fees, expenses, and liabilities incurred in or about such claim or any action or proceeding brought on such claim.

15. General.

15.1 Governing Law. It is agreed that this Lease shall be governed by, construed, and enforced in accordance with the laws of the State of Utah.

15.2 Waivers. Waivers by Lessor of any breach of any covenant or duty of Lessee under this Lease is not a waiver of a breach of any other covenant or duty of Lessee, or of any subsequent breach of the same covenant or duty.

15.3 Entire Agreement. This Lease shall constitute the entire agreement between the parties. Any prior understanding or representation of any kind preceding the date of this Lease shall not be binding upon either party except to the extent incorporated in this Lease Agreement.

15.4 Modification of Agreement. Any modification of this Lease or additional obligation assumed by either party in connection with this Lease shall be binding only if evidenced in a writing signed by each party.

15.5 Notices. All notices, demands, or other writing in this Lease provided to be given, made, or sent, or which may be given, made, or sent, by either party to the other, shall be deemed to have been fully given, made, or sent when made in writing and either personally delivered or deposited in the United States mail, return receipt requested, and addressed to the applicable party at the address set forth at the beginning of this Lease.

15.6 Lessor covenants that no conveyances, encumbrances, assignment or other change of interest of Lessor in the Premises whether recorded or unrecorded, shall be binding upon Lessee.

15.7 Unless exempt under the rules and regulations of the Secretary of Labor or other proper authority, this Lease is subject to applicable laws and executive orders relating to equal opportunity and non-discrimination in employment.

15.8 The conditions and provisions of this Lease shall inure to the benefit of and be binding upon the parties; the personal representatives, executors, administrators of Lessor; and the receivers, trustees in bankruptcy, successors and assigns of both Lessor and Lessee.

15.9 The invalidity or illegality of any provision of this Lease shall not affect the remainder of this Lease.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease on the date first above written.

NU SKIN INTERNATIONAL, INC.	ASPEN INVESTMENTS, LTD.
	For Nu Skin International, Inc. the General Partner for Aspen Investments, Ltd.
By: Michael D. Smith	By: Keith Halls, a General Vice President
Its: General Counsel	for Nu Skin International, Inc.

EX-10.43

LEASE AGREEMENT

This Lease Agreement (the "Lease") dated this 27th day of January, 1995, by and between Scrub Oak, Ltd., a Utah Limited Partnership (the "Landlord") with a place of business at 75 West Center and Nu Skin International, Inc. (the "Tenant") with a place of business at 75 West Center Street, Provo, Utah 84601.

1. Premises. Landlord hereby leases to Tenant and Tenant hires from Landlord for the term of this Lease upon the conditions set forth below certain commercial property located at approximately 75 West Center Street, Provo, Utah, ("Premises") and more specifically described on Exhibit A. The lease of the Premises is subject to all conditions, covenants and restrictions, reciprocal easements and other matters that are now or that may hereafter become of record with respect to the Premises.

2. Term. The term of this Lease shall be for twenty (20) years commencing on the date first above written and ending twenty (20) years thereafter.

3. Rent. Tenant shall pay to Landlord as fixed rent for the first five (5) years of this lease, the sum of One Million Six Hundred Eighty Thousand and No/100 Dollars ($1,680,000.00) per year payable at the rate of One Hundred Forty Thousand and No/100 Dollars ($140,000.00) per month. All rent shall be payable in advance in lawful money of the United States on or before the first business day of each calendar month of the term, without demand therefore or any deduction or offset, at the offices of Landlord located at the address set forth above or such other place as the Landlord may direct by written notice given to Tenant.

4. Triple Net Lease. As provided hereafter, Tenant is responsible for the payment of all taxes, utilities, insurance and maintenance incurred with respect to the use of the leased premises, and hereby releases and holds Landlord harmless for the payment of the same.

5. Use of Premises. The Premises shall be used and occupied by Tenant solely for the main and related purposes of office space. Tenant shall, at Tenant's expense, comply promptly with all applicable statues, ordinances, rules, regulations, orders and requirements in effect during the term of this Lease regulating the use by Tenant of the Premises. Tenant shall not use or permit the use of the Premises in any manner than will tend to create waste or a nuisance or which shall tend unreasonably to disturb other tenants of the Building. Notwithstanding any other provision of this Lease, Tenant shall not use, keep or permit to be used or kept on the Premises any foul or noxious gas or substance, nor shall Tenant do or permit to be done anything in and above the Premises, either in connection with activities hereunder expressly permitted or other wise, which would cause a cancellation of any policy of insurance (including fire insurance) maintained by Landlord in connection with the Premises or the Building. Tenant shall forthwith pay to Landlord upon demand therefor the amount of any additional insurance assessed to Landlord with respect to the Premises and the Building on account of activities of Tenant or Tenant's vacation of the Premises, whether or not they are permitted by this Lease. Tenant shall comply with all restrictive covenants, easements and requirements that may be of record either presently or in the future and that burden the Premises. Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate respecting use and occupancy of the Building. Such rules and regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible to Tenant for the breach thereof by any other tenants of the Building or occupants if applicable. Tenant's occupancy of the Premises shall be deemed to be an acceptance of the Premises "as is" and an acknowledgement that the Premises have been satisfactorily completed and are in good condition, except for latent defects.

6. Maintenance, Repairs and Alterations.

a. Landlord's Maintenance Obligations. Subject to the provisions of paragraph 7 below, and except for damage caused by Tenant, its agents or invitees, Landlord shall keep in good condition and repair the foundations, exterior walls and roof of the Building, utility lines to the Premises (but not including utility distribution services within the Premises), and major repaving work in parking areas adjacent to the Building, normal wear and tear excepted. Unless otherwise agreed in writing Landlord shall not be obligated to make any repairs under this subparagraph until a reasonable time after receipt of written notice of the need for such repairs; and Tenant shall not be entitled to any damages or abatement of rent during the period of such repairs.

b. Tenant's Alteration of Premises. Tenant shall not, without Landlord's prior written consent , make any alterations, improvements or additions in or about the Premises, including, without limitation, the extension of any utility lines within the Premises. As a condition to giving consent, Landlord may require that Tenant remove any such alterations, improvements or additions at the expiration of the term, and restore the Premises to their prior condition. Before commencing any work relating to alterations, additions, or improvements affecting the Premises, Tenant shall notify Landlord in writing of the of the expected date of commencement thereof and shall, at Landlord's option, and at Tenant's expense, provide Landlord a payment and performance bond in an amount equal to one and one-half times the estimated cost of such improvements to insure completion of the work. Tenant shall provide workmen's compensation, public liability and property damage insurance that are satisfactory to Landlord during the period of construction. Landlord shall then have the right at any time and from time to time to stop and maintain on the Premises such notices as Landlord reasonably deems necessary to protect the Premises and Landlord from mechanics' liens, or any other liens. In any event, Tenant shall pay, when due, all claims for labor or materials furnished to or for Tenant at or for use in the Premises. Tenant shall not permit any mechanics' or materialsmen's liens to be levied against the Premises for any labor or

material furnished to Tenant or claimed to have been furnished to Tenant or to Tenant's agents or contractors in connection with work of any character performed or claimed to have been performed on the Premises by or at the direction of Tenant and shall indemnify Landlord against its costs (including attorneys fees) for defending against the same. If Tenant defaults under any of its obligations hereunder, then Landlord may, but shall not be required to, pay any lien or claim and any costs (including a reasonable attorney's fee) associated therewith, whereupon Tenant shall immediately pay Landlord the entire amount that is so advanced by Landlord. Unless Landlord requires their removal, as set forth above, all alterations, improvements or additions which may be on the Premises shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the term; provided, however, that Tenant's machinery, equipment and trade fixtures, other than any which may be affixed to the premises so that they cannot be removed without material damage to the Premises, shall remain the property of Tenant and may be removed by Tenant, if Tenant is not then in default hereunder.

7. Indemnity.

a. Indemnification by Tenant. Tenant shall indemnify, defend, and hold Landlord harmless from any and all claims arising from Tenant's use of the Premises or from the conduct of its business or from any activity, work, or thing, which may be permitted or suffered by Tenant in or about the Premises and shall further indemnify, defend, and hold Landlord harmless from and against any and all claims from any breach or default in the performance of any obligation or Tenant's part to be performed under the provisions of this Lease or assigning from any negligence of Tenant of any of its agents, contractors, employees, or invitees and from any all cost, attorney's fees, expenses, and liabilities incurred in the defense of any claim or any action or proceeding brought thereon, including negotiations in connection therewith. Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, excepting where said damage arises out of Landlord's negligence or intentional acts.

b. Landlord's Obligation. Tenant hereby agrees Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Premises; nor, unless through Landlord's negligence or intentional torts, shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents or contractors and invitees, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from condition arising upon the Premises or upon other portions of the Building, or from other sources or places, and regardless of whether the cause of such damage or injury of the means of repairing the same is inaccessible to Landlord or Tenant. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the Building, or such other Tenant's agents, contractors, employees or invitees.

8. Damage or Destruction.

a. Complete Insurance Coverage. If during the term of this Lease the Premises are totally or partially destroyed, or any other portion of the Building is damaged in such a way that Tenant's use of the Premises is materially interfered with, from a risk which is wholly covered by insurance, then Landlord shall proceed with reasonable diligence to repair the damage or destruction and the Lease shall not be terminated; provided, however, that if in the opinion of the Landlord's architect, contractor, or engineer, the work of repair cannot be completed in ninety (90) days, then Landlord may at its election terminate the Lease upon written notice given to Tenant.

b. Partial Insurance Coverage. If during the term of this Lease the Premises are totally or partially destroyed, or any other portion of the Building is damaged in such a way that Tenant's use of the Premises is materially interfered with, from a risk which is wholly covered by Landlord's insurance, then Landlord may at its election restore the Premises or terminate this Lease.

c. Abatement of Rent. In case of destruction or damage which materially interferes with the Tenant's use of the Premises, where the Lease is not terminated as above provided, and in case such damage was not caused or contributed to be the act of negligence of Tenant, its agents, employees, invitees or those from whom Tenant is responsible, rent shall be abated during the period required for the work of repair as to that portion of the Premises that is rendered untenantable. Except for abatement of rent, Tenant shall have no claim against Landlord for any loss suffered by Tenant due to damage or destruction of the Premises or any work of repair undertaken as herein provided.

d. Insurance Proceeds. In no event shall Tenant be entitled to receive any insurance proceeds that are payable to Landlord as a result of damage to the Premises, whether or not Landlord elects to make any repairs pursuant to this paragraph.

9. Real and Personal Property Taxes.

a. Tenant's Obligation. Tenant shall pay the prior to delinquency all taxes, assessments, and fees assessed against and levied upon the real property as well as personal property including trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere.

b. Tax Increase Due to Tenant's Improvements. Tenant shall pay the total amount of any increase in real property taxes resulting from any and all improvements of any kind whatsoever placed on or in the Premises or the Building for the benefit of or at the request of Tenant regardless of whether said improvements were installed or constructed either by Landlord or Tenant, except those items included with the original Premises.

10. Assignments and Subletting.

a. Tenant shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises without Landlord's prior written consent, which consent Landlord shall not unreasonably withhold. Any attempted assignment, transfer, mortgage, encumbrance, or subletting without such consent shall be void and shall constitute a breach of the Lease.

b. Landlord's Costs. Tenant shall pay all costs and expenses, including reasonable attorney's fees, incurred by Landlord in connection with Landlord's review of and participation in any proposed assignment, subletting, encumbrance or other transfer.

c. Landlord's Assignment. Regardless of Landlord's consent, no subletting or assignment shall release Tenant of Tenant's obligation to pay the rent and perform all other obligations to be performed by Tenant hereunder for the Term of this Lease. The acceptance of rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment of subletting.

d. Landlord's Assignment. Landlord shall have the right to transfer, encumber, and assign, in whole or part, its right, title estate and obligations in the Premises and the Building. From and after the date of such assignment or transfer, Landlord shall be released from all liability with respect to Landlord's obligations hereunder; provided however, that any security deposits with respect to the Premises shall be delivered to Landlord's assignee, and provided that the terms herein shall be binding upon transferees and assignees for the term of this Lease. Tenant shall be bound to such assignee in accordance with the provisions of this Lease and shall attorn to such assignee.

e. Landlord's Lien. As security for Tenant's performance of its obligations hereunder, Tenant, hereby grants Landlord a security interest in all equipment inventory and other personal property that is owned in whole or in party by Tenant and that is located either presently or subsequently upon the Premises. To the extent that this paragraph grants Landlord greater rights then are provided by the Utah Lessor's Liens law, Utah Code Annotated ss. 38-3-1 to ss. 38-3-8 (1974, Supp. 1981, 1987 and as amended from time to time), this paragraph shall be construed as a security agreement under the Utah Uniform Commercial Code. At Landlord's request shall execute and deliver to Landlord a Financing Statement for the purpose of perfecting Landlord's security interest under this Lease.

11. Tenant's Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

a. Abandonment. The vacating or abandonment of the Premises by Tenant.

b. Failure to Pay Amounts Due. The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due

c. Failure to Perform Other Covenants. The failure by Tenant to observe or to perform any of the covenants, conditions or provision of this Lease to be observed or performed by Tenant, where such failure continues for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

d. Tenant's Insolvency. The making by Tenant of any general assignment, or general arrangement for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

12. Landlord's Remedies. In the event of any such default or breach of Tenant, Landlord at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any other right or remedy which Landlord may have by reason of such default or breach, shall have the following rights and remedies:

a. Termination of Lease. Landlord may terminate this Lease and all rights of Tenant hereunder by giving Tenant written notice of such termination. If Landlord so terminates this Lease, then Tenant shall immediately surrender the Premises to Landlord and Landlord may recover from Tenant the sum of:

(1) Past Due Rent. The worth at the time of award of any unpaid rent which had been earned at the time of termination;

(2) Rent From Termination to Time of Award. The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(3) Rent After Time of Award. The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided;

(4) Landlord's Detriment. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations hereunder or which, the ordinary course of things, would be likely to result therefrom, including leasing commissions, attorney's fees, and Tenant improvement expenses incurred in reletting the Premises.

(5) Miscellaneous Amounts. All such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Utah law, and

(6) Calculation of Rental Amounts. As used in subparagraph 12(a)(2), the "worth at the time of award" shall be computed by allowing interest at the rate of eighteen percent (18%) per annum. As used in subparagraph 12(a)(3) above, the "worth at the time of award" shall be computed by discounting such amount at the rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). As used in this paragraph the term "rent" shall include both charges equivalent to rent and any other periodic payments to be made by Tenant hereunder (including, without limitation, Tenant's share of parking lot, common area and landscape maintenance cost; utility costs and real property taxes).

b. Recovery of Rent if Lease Not Terminated. If Tenant vacates, abandons, or surrenders the Premises without Landlord's consent, of if Landlord re-enters the Premises as provided below or takes possession of the Premises pursuant to legal proceedings (less the net proceeds, if any, of reletting the Premises after deducting Landlord's expenses in connection with such reletting, including without limitation attorneys' fees, lease commissions and alteration costs) and if Landlord may, from time to time recover all rent and other amounts payable hereunder as they become due and/or relet the Premises, any part thereof or the Premises and additional portions of the Building on behalf of Tenant for such term (which may be shorter or longer than the original term thereof) at such rent and pursuant to such other provisions (which may include the alteration and repair of the Premises) as Landlord in its sole discretion may deem advisable. Landlord reserves the right following such re-entry and/or reletting to exercise its right to terminate this Lease upon giving Tenant written notice.

c. Removal of Property From Premises. Upon an event of default hereunder, Landlord shall also have the right, with or without terminating this Lease, to re-enter the Premises and to remove all persons and property therefrom. Landlord may cause property so removed from the Premises to be stored in a public warehouse or elsewhere at the expense and for the amount of Tenant and may cause the same to be disposed of in accordance with the provisions of Utah law.

d. Non-Termination of Lease. None of the foregoing remedial actions, singly or in combination, shall be construed as an election by Landlord to terminate this Lease unless Landlord has in fact given Tenant written notice that this Lease is terminated or unless a court of competent jurisdiction decrees termination of this Lease: any act by Landlord to maintain or preserve the Premises; any efforts by Landlord to relet the Premises; any re-entry, repossession or reletting of the Premises by Landlord pursuant to the foregoing provisions; the appointment of a receiver, upon the initiative of Landlord's interest under this Lease; or a notice from Landlord under a forcible entry and unlawful detainer statute.

e. Default by Landlord. If Tenant fails to perform any of its obligations hereunder, then Landlord, in its sole discretion, may advance sums or take action that may be necessary to cure Tenant's breach. Tenant shall repay Landlord all such amounts, together with interest thereon, as herein provided, immediately upon Landlord's making demand therefore.

13. Default by Landlord. Landlord shall not be in default hereunder unless Landlord fails to perform obligations required of Landlord hereunder within a reasonable time, but in no event later than thirty (30) days after written notice is given by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

14. Condemnation.

a. Definitions.

(1) "Condemnation" means the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor and (b) a voluntary sale or transfer by Landlord to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

(2) "Date of taking" means the date the condemnor has the right to possession of the property being condemned.

(3) "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial condemnation.

(4) "Condemnor" means any public or quasipublic authority, or private corporation, or individual, having the power of condemnation.

b. Total Taking. If during the Term of this Lease the Building is totally taken by Condemnation, then this Lease shall terminate on the date of taking.

c. Partial Taking. If during the Term of this Lease any portion of the Building or attached parking facility, if any, is taken by Condemnation, then this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if such taking renders the Premises unsuitable for Tenant's continued use and occupation. If Tenant elects to terminate the Lease pursuant to this provision, then Tenant must do so by written notice given to the Landlord no later than (30) days after the date of taking. If Tenant does not terminate the Lease within such period, then the Lease shall continue in full force and effect, subject to abatement of rent as provided below.

d. Abatement of Rent. If any portion of the Building or the attached parking facility, if any, is taken by condemnation and if this Lease is not terminated then as of the date of taking the monthly rental otherwise payable hereunder shall be abated as to that portion of the Premises that is rendered untenantable.

e. Right to Award. The award shall belong to and be paid over to Landlord. Tenant waives any interest therein based upon the value of its leasehold interest thereunder, excepting any claim that Tenant may have against Condemnor only for Tenant's moving expenses.

15. Notices. Any notice to be given by either party hereto shall be in writing and shall be either personally delivered or mailed by certified mail, postage prepaid to Landlord at the office where rent is payable as provided above and to Tenant at the Premises. Such notice shall be deemed to be given at the time of delivery if delivered personally, or three (3) business days after the date of the postmark, if mailed, as to the case may be.

16. Estoppel Certificate.

a. Tenant's Execution of Certificate. Tenant shall at any time upon not less than five (5) days prior to written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (1) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent, security deposit, and other charges are paid in advance, if any, and (2) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults, if any, which are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

b. Failure of Tenant to Execute Certificate. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant (1) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (2) that there are no uncured defaults in Landlord's performance and (3) that not more than one (1) month's rent has been paid in advance.

c. Delivery of Financial Statements. If Landlord desires to finance or refinance the Premises or the whole or a portion of the Building, then Tenant shall deliver to any lender designated by Landlord such financial statements of Tenant as may be reasonably required by such lender. All such financial statements shall be received by Landlord in confidence and shall be used for the purposes herein set forth.

17. Subordination.

a. Subordination. This Lease, at Landlord's option, shall be shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon the real property of which Premises are part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to tenant, then this Lease shall be deemed prior to such mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent on the date of said mortgage, deed of trust, or ground lease or the date of recording thereof.

b. Documentation. Tenant shall execute any documents required to effectuate such subordination or to make this lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be, and Tenant's failing to do so within ten (10) days after receiving Landlord's written demand does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place and stead, to do so.

18. Attorney's Fees. If any legal action is taken to interpret or enforce any provision of this Lease or on account of a breach thereof, then the prevailing party shall be entitled, in addition to any other remedy available in law or equity, to recover its costs, expenses and reasonable attorney's fees actually incurred in connection therewith or in connection with negotiations prior thereto, whether such costs, expenses or fees are incurred with or without suit, at trial or on appeal.

19. Signs. Tenant shall no place or suffer to be placed or maintained on any exterior door, wall, or window of the Premises or the Building, any sign, awning, or canopy, or advertising matter or other thing of any kind, and will not place or maintain any decoration , lettering, or advertising matter on the glass of any window or door of the Premises without first obtaining Landlord's written approval. Tenant shall maintain any such sign, awning, canopy, decoration, lettering, advertising matter, or other things as may be approved in good condition and repair at all times and at Tenant's expense shall remove such signs and advertising matter at the termination of this Lease. Tenant's installation, maintenance and removal of said signs and advertising matter shall be made in such manner so as to avoid any damage to the Premises and the Building.

20. General Provisions.

a. Interpretation. This Lease shall be governed by and construed in accordance with the laws of the State of Utah. The captions that precede the paragraphs of this Lease are for convenience of reference only and shall in no way affect the manner in which any provision herein is construed as if such covenant is independent, and Tenant shall not be entitled to any offset of the amounts that are due to Landlord hereunder if Landlord does not perform its obligations hereunder.

b. Invalidity. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

c. Complete Agreement. This Lease contains all agreements of the parties with respect to any matter mentioned herein. This Lease may be modified only in writing signed by the parties hereto. No representations have been made to induce the parties to enter into this Lease except as are set forth herein.

d. Waiver. No waiver by Landlord of any provision hereof shall be deemed a waiver of any provision hereof or of any subsequent breach by Tenant of the same or any other Provision. Landlord's consent to or approval of any act shall be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord shall not be a waiver of any proceeding breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No failure or delay of Landlord in the exercise of any rights shall constitute a waiver thereof, nor shall any single or partial exercise of any rights preclude other or further exercises thereof or of any other right.

e. Recordation. Tenant shall not record this Lease. Any such recordation shall be a breach hereof.

f. Holding Over. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term hereof with the consent of Landlord then such occupancy shall be a tenancy from month to month at a rental in the amount of the last month's rental during the Term hereof plus all other charges payable hereunder, and upon all other terms hereof.

g. Remedies. No remedy or election hereunder shall be deemed exclusive, but shall, wherever possible, be cumulative with all other remedies at law or in equity, by statute or otherwise and including without limitation, injunctive relief and specific performance.

h. Covenants and Conditions. Each provision of this Lease that is performable by Tenant shall be deemed both a covenant and a condition.

i. Investment. Subject to the provisions of this Lease restricting assignment or subletting by Tenant, this Lease shall bind and shall inure to the benefit of the parties hereto, their personal representatives, successors and assigns.

j. Inspection of Premises. Landlord and Landlord's agent shall have the right to enter the Premises at all reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, or lenders and making such alterations, repairs, improvements or additions to the premises or to the Building or which they are a part as Landlord may deem necessary or desirable. Landlord may at any time place on or about the Premises any ordinary "For Sale" signs and Landlord may at any time during the last one hundred twenty (120) days of the term hereof place on or about the Premises any ordinary "For Sale or Lease" signs, all without rebate of rent or liability to Tenant.

k. Auctions. Tenant shall not conduct any auction at the Premises, without Landlord's prior written consent.

l. Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

m. Authority. If Tenant is a corporation, then each individual executing this Lease on behalf of said corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation and that this Lease is binding upon said corporation in accordance with its terms.

n. Landlord. The term "Landlord" as used herein means the owner of the Building for the time being only and in the event of a sale of such Building, Landlord shall be automatically relieved of all obligations of Landlord hereunder, except for acts or omissions of Landlord theretofore occurring.

o. Interest and Service Charge. If Tenant fails to pay any rent, additional rent or other sum that is due hereunder when the same is due, then Tenant shall pay Landlord interest on such unpaid amounts at the rate of eighteen percent (18%) per annum from the due date thereof to the date of payment. In addition thereto, at Landlord's option, Tenant shall pay Landlord a sum of Fifty Dollar ($50.00) for each delinquent payment as a service fee.

p. Additional Documents. The parties thereto shall do such further acts and things and shall execute, acknowledge and deliver such additional documents and instruments as may be necessary or desirable to carry out the intent of the Lease or as the other party, or its counsel, may reasonably require to consummate, evidence or confirm the provisions contained herein.

q. Time of the Essence. Time is the essence of this Lease.

r. Force Majeure. Landlord and Tenant shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause of causes beyond Landlord's or Tenant's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any materials or services, or acts of God.

s. Recourse by Tenant. Notwithstanding anything contained in this Lease to the contrary, Tenant shall look solely to the estate and property of Landlord in the land and buildings comprising the Building, subject to prior rights of any mortgagee of the Building, or any part thereof, for the collection of any judgment or other judicial process requiring the payment of money by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed and/or performed by Landlord, and no other assets of Landlord shall be subject to levy, execution, or other procedures for the satisfaction of Tenant's remedies.

t. Joint and Several Liability. If there is more than one Tenant, then all liability of Tenant hereunder shall be joint and several.

u. Authority of Signatories. Each person executing this individually and personally represents and warrants that he is duly authorized to execute and deliver the same on behalf of the entity for which he is signing (whether it be a corporation, general or limited partnership, or otherwise), and that his Lease is binding upon said entity in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the day and year first above written.

LANDLORD: SCRUB OAK, LTD.
BY: NU SKIN INTERNATIONAL, INC. (General Partner)

By: /s/Michael D. Smith
Name: Michael D. Smith
Its: General Counsel

TENANT: NU SKIN ENTERPRISES, INC.

By: /s/Michael D. Smith
Name: Michael D. Smith
Its: General Counsel

EXHIBIT A - LEGAL DESCIPTION OF THE PREMISES

State of Utah, County of Utah:

PARCEL 1: Commencing at the Southwest corner of Block 66, Plat "A", Provo City Survey of Building Lots; and running thence North 396.00 feet, more or less to the Northwest corner of said Block 66; thence East 110.00 feet; thence South 396.00 feet more or less, to a point due East of the point of beginning; thence West 110.00 feet to the place of beginning.

PARCEL 2: Commencing at a point 110.00 feet East of the Northwest corner of Block 66, Plat "A", Provo City survey of Building lots; and running thence East 60.00 feet; thence South 233.00 feet; thence West 60.00 feet; thence North 233.00 feet to the point of beginning.

PARCEL 3: Commencing at a point South 89(degree)38'45" East 110.00 feet from the Southwest corner of Block 66, Plat "A", Provo City survey of Building Lots; thence North 00(degree)18'34" East 165.675 feet; thence South 89(degree)30'01" East 15.0 feet; thence South 00(degree)18'34" West 165.74 feet; thence North 89(degree)38'52" West 15.0 feet to the point of beginning.

Together with all buildings, fixtures, and improvements thereon and all water rights, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereto belonging now, or hereafter used, or enjoyed with said property or any parts thereof ("Premises").

EX-10.44

NU SKIN INTERNATIONAL, INC.
NU SKIN USA, INC.
SUBLEASE AGREEMENT

This Sublease Agreement ("Lease") is entered into and made effective this 1st day of January 1998 (the "Effective Date") by and between Nu Skin International, Inc. ("Lessor"), having a place of business at 75 West Center Street, Provo, Utah 84601 and Nu Skin USA, Inc. ("Lessee"), having a place of business at 75 West Center Street, Provo, Utah 84601. The Lessor and Lessee may be hereinafter referred to individually as a "Party" or collectively as the "Parties."

RECITALS

A. Lessor is the lessee of the premises described below, having space for sublease on such premises; and

B. Lessee desires to lease space from Lessor in such premises on the terms and conditions hereafter set forth.

AGREEMENT

In consideration of the mutual covenants contained herein, the Parties agree as follows:

1. Leased Space.

A. Lessor hereby leases to Lessee certain office, warehouse, distribution, and other related space collectively hereinafter referred to as "Space") in the amounts of square footage and located in the office buildings as set forth on Exhibit "A" attached hereto. As of the Effective Date, the occupied area used by Lessee consists of approximately 114, 123 sq. ft. of Space.

B. The Space shall be used for the purposes set forth in Exhibit B hereto.

2. Term.

A. The initial term ("Term") of this Lease shall be for a period of 5 years commencing on the Effective Date and continuing year-to-year thereafter. This Lease shall renew automatically for subsequent terms of 1 year, unless either Party notifies the other in writing at least ninety (90) days prior to the expiration of the initial or any renewal Term(s).

B. Lessee shall surrender the Space to Lessor immediately upon termination or expiration of this Lease.

3. Rent.

A. During the first year of the Term hereof, Lessee shall pay an annual rent of $1,744,135.00 (the "Annual Rent"). The Annual Rent reflects a blended per square foot rental amount of US$15.28 per square foot. The Annual Rent shall be satisfied through monthly payments of $US 145,344.58, due and payable on the first day of each month.

B. Effective as of January 1, 1999 and as of each January 1 thereafter during the Term of this Lease and any renewals thereof, the Annual Rent Asahi be adjusted in accordance with changes in the Consumer Price Index. The Consumer Price Index shall mean the average for "all items" shown on the "United states city average for urban wage earners and clerical workers, all items, groups, sub-groups, and special groups of items as promulgated by the Bureau of Labor Statistics of the United States Departments of Labor." using the period 1982-1984 as a base of 100.

C. In no event, however, shall the Annual Rent be less than $1,744,000.00 ($ 15.28/blended sq. ft.) nor more than $2,000,000.00 ($ 17.52/blended sq. ft.). In the event that the Consumer Price Index is substantially revised, an adjustment shall be made in the revised Consumer Price Index which would produce results equivalent, as nearly as possible, to those which would have been obtained if the Consumer Price Index shall become unavailable to the public because publication discontinuation or otherwise, then the Prorates shall agree to an alternative measurement.

D. In the event Lessee should fail to pay any installment of rent or any other sum due under this Lease with 30 days after such sum is due, Lessee shall pay to Lessor, as additional rent, a late charge equal to 10 percent of each installment or sum. Waiver of the late charge equal to 10 percent of each installment or sum. Waiver of the late charge with respect to any installment or sum shall not be deemed to constitute a waiver with respect to any subsequent installment or sum so due.

4. Use.

A. In addition to being used for the purposes specified in Exhibit "B" attached hereto, Lessee shall comply with the Rules and Regulations attached hereto as Exhibit "C" and with

all rules, regulations, ordinances, statues, and other lawful requirements of governmental agencies, consistent with Lessee's use thereof.

B. Lessee shall not use or permit the Space to be used for any purpose(s) other than those set forth in this Lease and the Exhibits hereto. Lessee shall neither permit on the Space any activity, including any act, sale or storage of any substance that may be prohibited under standard forms of fire insurance policies, nor use the Space for any such purpose. In addition, no use shall be made or permitted to be made that shall result in:

1. The use or storage of hazardous materials or waste;
2. Public or private nuisance that may disturb the quiet enjoyment of other tenants in the buildings;
3. Improper, unlawful, or objectionable use, including sale, storage, or preparation of food, alcoholic beverages, or materials generating an odor on the Space; or
4. Noises or vibrations that may disturb other tenants.

5. Security Deposit.

No deposit is requested and no deposit has been made.

6. Abandonment.

Lessee shall not vacate or abandon the Space, or any portion thereof, at any time during the Term of the Lease. If Lessee does vacate or abandon the Space (or any portion thereof) of is dispossessed by process of law, any personal property belonging to Lessee and left in or on the Space shall be deemed abandoned at the option of Lessor and shall become the property of Lessor.

7. Taxes.

Lessor shall pay real property taxes and assessments associated with the Space during the Term of this Lease.

8. Utilities, Other Costs.

A. Lessor shall pay all charges for water, sewer, garbage removal, power and gas.

B. Lessor shall provide for Space and common area janitorial service and maintain the Space in a clean and orderly manner.

C. Lessor shall ensure the removal of snow in the parking and walkway areas during applicable seasons., lessor shall further keep walkways salted and free from snow buildup.

D. Lessor shall provide office furniture, equipment (including reasonable computer, printing and photocopying equipment), and office supplies that may be reasonably requested by Lessee and in accordance with Lessor's polices with respect to its business operations in the Space. Less shall have access to all facilities and services available within the Space at no additional cost to Lessee.

9. Alterations, Modifications and Repairs.

A. Lessee shall maintain the Space in a reasonable and well kept and shall not alter, repair or change the Space including, but not limited to addition of cables, electrical wires, etc., that may damage walls, without prior, express, and written consent of Lessor.

B. All alterations, improvements, and changes that Lessee may desire shall be done either by or under the direction of Lessor, and at the expense of Lessor and shall become the property of Lessee and remain on the Space.

C. All damage or injury done to the Space by Lessee, its agents or employees, or any person who may be in or on the Space with the consent of Lessee shall be paid for be Lessee.

D. Lessee shall, at the termination of the Lease, surrender the Space to Lessor in as good condition or the same condition as when entered upon by Lessee excepting ordinary wear and tear.

E. Lessor shall be responsible for making all routine repairs, maintaining the landscape and performing routine maintenance. Lessee shall permit Lessor and Lessor's agent to enter the Space at all reasonable times to inspect and maintain the building and Space, make repairs, alternation, or additions to the Space, or any portion of the building, including the erection of scaffolding, props or other mechanical devices, to post notices or non-liability for alternations, additions or repairs.

10. Insurance.

The Parties shall each obtain and keep in force during the Term of this Lease, a policy of comprehensive general liability insurance naming the other Party as an additional insured.

11. Assignment and Sublease.

A. Lessee shall not assign any rights or duties under this Lease nor sublet the Space or any part of the Space nor allow any other person to occupy or use the Space without the prior, express, and written consent of lessor. A consent to one assignment, sublease or occupation or use by any other person shall not be consent to any subsequent assignment, sublease, or occupation or use by another person. Any assignment or subletting without consent shall be void.

B. This Lease shall not be assignable without the written consent of both Parties.

12. Breach or Default.

A. The occurrence of any one or more of the following events shall constitute a material default in breach of this Lease by Lessee:

1. Vacation or abandonment of the Space, including, but not limited to, any absence of Lessee from the Space for 30 business days or longer.

2. Failure by Lessee to make any payment required under this Lease as and when due, where such failure shall continue for a period of 30 days after written notice form Lessor.

3. Failure by Lessee to observe or to perform any of the covenants, conditions, or provisions of this Lease, other than the making of any payment, where such failure shall continue for a period of 60 days after notice of such failure from Lessor or such additional period of time as is reasonably necessary to cure such failure, provided Lessee diligently prosecutes such cure.

B. In the event of any default by Lessee, in addition to any other remedies available to Lessee at law or in equity, Lessee shall have the immediate option to terminate this Lease and all rights of Lessee under this Lease.

C. In the event of any such default by Lessee, Lessor shall also have the right, adhering to applicable legal processes, with or without terminating this Lease, to re-enter the Space and remove all persons and property from the Space. Such property may be removed and stored in a public warehouse or elsewhere at the cost of or on the account of Lessee.

D. In the event of any such default by Lessee, Lessor shall also have the right, adhering to applicable legal processes, with or without terminating this lease, to reenter the Space and to relet it.

E. In the event of any default by Lessor, which default shall remain uncured after 30 days' notice to Lessor, Lessee shall have all rights and remedies provided by applicable law, including, but not limited to , rights of offset against the Annual Rent, injunctive relief and other equitable and legal remedies.

13. Indemnification.

A. Lessee shall indemnify, defend, and hold Lessor harmless from any and all claims and damages (including reasonable attorney fees and costs) arising from Lessee's use of the Space or the conduct of its business or from any activity, work or thing done, permitted or suffered by Lessee, in or about the Space and/or the buildings in which the Space is located, unless caused by the negligent acts of Lessor or Lessor's agents or employees.

B. Each Party Lessee shall indemnify, defend, and hold the other harmless from any and all claims and damages (including reasonable attorney fees and costs) arising from their respective breach or default in any of the terms or conditions of this Lease, or arising form any act of negligence, fault, or omission of their respective agents, employees or invitees, and from and against any and all cost, reasonable attorney fees, expenses and liabilities incurred in or about such claim or any action or proceeding brought on such claim.

14. General.

A. Governing Law. It is agreed that this Lease shall be governed by, construed, and enforced in accordance with the laws of the State of Utah.

B. Waivers. Waivers by Lessor of any breach of any covenant or duty of lessee under this Lease is not a waiver of a breach of any other covenant or duty of Lessee. or of any subsequent breach of the same covenant of duty.

C. Entire Agreement. This Lease shall constitute the entire agreement between the Parties. Any prior understanding or representation of any kind preceding the date of this Lease shall not be binding upon either Party except to the extent incorporated in this Lease Agreement.

D. Assignment/Modification of Agreement. Any assignment or other modification of this Lease or additional obligation assumed by either Party in connection with this Lease shall be binding only if evidenced in writing signed by each Party.

E. Notices. All notices, demands, or other writing in this Lease to be given, made or sent or which may be given, made or sent be either Party to the other, shall be deemed to have been fully given , made, or sent when made in writing and either personally delivered or deposited in the United States mail, return receipt requested, and addressed as follows:

TO LESSOR: At the address set forth at the beginning of this Lease.
TO LESSEE: At the address set forth at the beginning of this Lease.

F. Invalidity. The invalidity or illegality of any provision of this Lease shall not affect the remaining provision of this Lease.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease on the Effective Date above written.

NU SKIN INTERNATIONAL, INC.	NU SKIN USA, INC.
By: /s/ Steven J. Lund	By: /s/Keith R. Halls
Name: Steven J. Lund	Name: Keith R. Halls
Its: Executive Vice President	Its: Vice President

EXHIBIT A

LOCATION AND DESCRIPTION OF SPACE

One Nu Skin Plaza
75 West Center Street
Provo, Utah 84601

Space	Common Area	Sub Total	%Allocation	Total
17,942	8,016			25,958

Kress Building
40 South 100 West
Provo, Utah 84601

Space	Common Area	Sub Total	%Allocation	Total
1,315	501			1,816

Distribution Center
275 East 1325 South
Provo, Utah 84606

Space	Common Area	Sub Total	%Allocation	Total
74,215	12,024			86,349

EXHIBIT B

PURPOSES

Name of Building/Space	Permitted Uses
One Nu Skin Plaza 75 West Center Street Provo, Utah 84601	Office Space
Kress Building 40 South 100 West Provo, Utah 84601	Office Space
Nu Skin Distribution Center 275 East 1325 South Provo, Utah 84606	-Office Space -Packaging/Shipping Center

EXHIBIT C

Lessee agrees to comply fully with the following rules and regulations and with such reasonable modifications of and additions to such rules and regulations as lessor may make from time to time.

Any sign, lettering, picture, notice, or advertisement installed within the Space that is visible to the public from within the building shall be installed in such a manner and be of such character and style as Lessor shall approve in writing. No sign, lettering, picture, notice, or advertisement shall be placed on any outside window or in a position to be visible from outside the building.

Lessee shall not advertise the business, profession, or activity of Lessee conducted in the building in any manner that violates any code of ethics adopted by an recognized association or organization pertaining to the business, profession, or activity, shall not use the name of the building for any purpose other than that of the business address of Lessee.

Lessee shall not obstruct sidewalks, entrances, passages, courts, corridors, vestibules, halls, or stairways in or about the building, nor shall Lessee place objects against doors or windows that would be unsightly from the building's corridors or from the exterior of the building.

No animals or pets or bicycles or other vehicles shall be brought or permitted to be in the building or the Space.

Lessee shall not make excessive noises, cause disturbances or vibrations, or use or operate any devices that emit loud sound or air waves that may disturb or annoy other tenants or occupants of the building or that would interfere with the operation or any device or equipment or radio or television broadcasting or reception from or within the building or elsewhere.

Lessee shall not make any room-to-room canvass to solicit business from other tenants of the building.

Lessee shall not create any odors that may be offensive to other tenants or occupants of the building.

The building is a no-smoking building and Lessee shall not, nor allow its invitees to smoke while in the building or Space.

Lessee shall not waste electricity, water, or air conditioning, and shall cooperate fully with Lessor to assure the most efficient operation of the building's heating and air conditioning system. Lessee shall not adjust any controls other than room thermostats installed for Lessee's use. Lessee shall not tie, wedge, or otherwise fasten open any water faucet or outlet. Lessee shall keep all corridor doors closed.

No additional locks or similar devices shall be attached to any door and no locks shall be changed without lessor's prior written consent.

Lessee assumes full responsibility for protecting the Space from theft, robbery, and pilferage. Except during Lessee's normal business hours, Lessee shall keep all doors to the Space locked and other means of entry to the Space closed and secure.

No peddlers, solicitors, or beggars shall be allowed in the building, and if present, shall be reported by Lessee to Lessor.

No person not employed, contracted for, or approved by Lessor shall perform any window washing, cleaning, repairing, janitorial, decorating, painting, or other services or work in or about the Space.

Lessee shall not in any manner deface or injure the building.

Lessee shall not bring into the building or the Space inflammables such as gasoline, kerosene, naphtha, and benzene, or explosives, or any other articles or any intrinsically dangerous nature. If by reason of the failure of Lessee to comply with the provisions of this paragraph, any insurance premium payable by Lessor for all or any part of the building shall at any time be increased, Lessor shall have the option either to terminate the Lease Agreement or to require lessee to make immediate payment of the amount of such increase.

Lessee shall not install or operate any steam or internal combustion engine, boiler, machinery, refrigeration or heating device or air conditioning apparatus, or carry on any mechanical business in or about the building or Space.

Lessee shall be responsible for the observance of all of the rules and regulations by Lessee's employees, agents, clients, customers, invitees, and guests, Lessor shall not be responsible for any violation of the rules and regulations by other tenants of the building and shall have no obligation to enforce the rules and regulations against other tenants.

The work "Building" as uses herein means the building of which the Space is a part.

HIGH RISE	$32 PER SQ FOOT
USA HIGH RISE SQUARE FOOTAGE	25,958
RENT (INCLUDES SPACE, UTILITIES, EQUIPMENT)	
SPACE-$14.00 PER SQUARE FOOT	363,412
UTILITIES-$3.5 PER SQUARE FOOT	90,853
PROPERTY TAXES-$1.70 PER SQUARE FOOT	4,413
FURNITURE & FIXTURES-$12.80 PER SQUARE FOOT	332,262
	790,940
USA KRESS BUILDING SQUARE FOOTAGE	1,816
RENT (INCLUDES SPACE, UTILITIES, EQUIPMENT)	
SPACE - $10 PER SQUARE FOOT	18,160
UTILITIES - $3.5 PER SQUARE FOOT	6,356
PROPERTY TAXES - $1.70 PER SQUARE FOOT	3,087
FURNITURE & FIXTURES - $12.80 PER SQUARE FOOT	23,245
	50,848
USA DISTRIBUTION CENTER SQUARE FOOTAGE	86,349
RENT (INCLUDES SPACE, UTILITIES, EQUIPMENT)	
SPACE- $3.5 PER SQUARE FOOT	302,222
UTILITIES - $3.5 PER SQUARE FOOT	302,222
PROPERTY TAXES - $1.70 PER SQUARE FOOT	146,793
FURNITURE & FIXTURES - $1.75 PER SQUARE FOOT	151,111

EX-10.45

WAREHOUSE LEASE AGREEMENT

This Warehouse Lease Agreement ("Agreement") was made and entered into on October 1, 1993 by and between Nu Skin International, Inc. ("Lessee") a Utah Corporation with a principal place of business at 75 West Center Street, Provo, Utah 84601 and Aspen Investments, Ltd. ("Lessor") a Utah Limited Partnership with a place of business at 75 West Center, Provo, Utah 84601.

In consideration of the mutual covenants contained in this triple net lease Agreement, the parties agree as follows:

1. Description of Premises: Lessor hereby leases to Lessee that part of the premises located at 1085 South 250 East, Provo Utah, otherwise known as the Annex (or old Wicat building) and more particularly described as:

   The Lessors building and ground 160 feet East and West by 300 feet North and South, located at 1085 South 250 East, Provo, Utah, together with the use with Lessor of a 200 foot by 140 foot asphalt parking lot located at the corner of 1000 South 350 East, containing approximately 100 parking spaces.

   And as set forth on Exhibit A (hereinafter referred to as the "Leased Premises") attached hereto and incorporated herein by this reference for the term and at the rental provided for in this Agreement.

2. Rental: In consideration of the lease of the Leased Premises, Lessee shall pay Lessor a monthly rental of Seven Thousand Seven Hundred and no/100 Dollars ($7,700.00) beginning on October 1, 1993 with succeeding payments due on the first day of each month during the term of this Agreement plus other charges as hereinafter set forth.

3. Term: This Agreement shall have a term of five (5) years commencing on October 1, 1993 and shall renew automatically for like terms unless otherwise terminated pursuant to this Agreement.

4. Use of Leased Premises:

   4.1 The Leased Premises shall be used and occupied for the storage of property and for whatever lawful business activities Lessee deems necessary.

   4.2 Lessee shall not store any items that Lessee possesses illegally or items that are unlawful to be possessed. Lessee shall not store any flammable, explosive, or dangerous material or illegal drugs in the Leased Premises.

5. Access To Leased Premises by Lessor: Lessee shall, for the purpose of storage or removal of any merchandise, goods, or other property in the Leased Premises, be permitted easy and convenient passage at any and all times, through any part of the abutting premises occupied or controlled by Lessor.

6. Facilities of Lessor:

   6.1 For the convenient moving of merchandise, goods, and other property to or from the Leased Premises, Lessee may use, at no extra cost, pulleys, scales or any other fixture or appliances located in the Leased Premises.

   6.2 Lessee may place any marks, signs, or other evidences of possession in or on the Leased Premises or on the merchandise or goods stored in the Leased Premises that Lessee may deem necessary or desirable.

7. Entry in Leased Premises by Lessor: Lessor reserves the right to enter the Leased Premises at any time to inspect the Leased Premises, perform required maintenance and repairs, or make additions, alterations, or modifications to any part of Leased Premises, and Lessee shall permit Lessor to do so. Lessor may erect scaffolding, fences, and similar structures, post relevant notices, and place movable equipment in connection with making alterations, additions, or repairs, all without incurring liability to Lessee for disturbance of quiet enjoyment of the Leased Premises, or loss of use of the Leased Premises.

8. Repairs and Maintenance: Lessee shall maintain the Leases Premises and keep such Leased Premises in good repair at Lessee's expense. Lessee shall maintain and repair windows, doors, skylights, adjacent sidewalks, the building front, and interior walls.

9. Utilities:

   9.1 Lessee shall contract for all utility services required on the Leased Premises in the name of Lessee and shall be liable for payment for all services received. Lessor shall arrange and grant all necessary easements to utility service suppliers to facilitate installation, maintenance, and repairing of utility services required by Lessee.

   9.2 Toilet and washroom facilities for the use of the Lessee and employees of Lessee are designated to be used in common with Lessor and shall be maintained by lessee.

10. Insurance: Lessee shall, during the term of this Agreement and any other period of occupancy of the Leased Premises, at Lessees's sole expense, maintain a reasonable amount of insurance on the Leased Premises and its

property stored therein.

11. Taxes and Other Charges: Lessee shall pay and discharge when due, as part of the rental of the Leased Premises all property, state, municipal, and local taxes assessments, levies and other charges, general and special, ordinary and extraordinary, of whatever name, nature, and kind that are or may be during the term of this Agreement or any renewal, beginning with 1994, levied assessed, imposed, or charged on the land or the Leased Premises, or on improvements now on or after the date of this Agreement to be built or made on the Leased Premises.

12. Termination of Lease: Either party may terminate this Agreement for any reason upon 30 days prior written notice to the other.

13. Entire Agreement: This Agreement shall constitute the entire agreement between the parties. Any prior understanding or representation preceding the date of this Agreement shall not be binding on either party except to the extent incorporated in this Agreement.

14. Governing law. The validity of this Agreement and the interpretation and performance of all of its terms shall be governed by the substantive and procedural laws of the State of Utah. Each party expressly submits and consents to exclusive personal jurisdiction and venue in the courts of Utah County, State of Utah or in any Federal District Court in Utah.

15. Alternative Dispute Resolution (ADR): In the event of a dispute between the parties arising out of or related to this Agreement the parties shall set up an initial negotiation meeting to negotiate, in good faith, a settle the dispute. If, within thirty (30) days after such meeting, the parties have not succeeded in settling the dispute, they shall submit the dispute to mediation in accordance with the procedures of a mutually acceptable neutral ADR provider not affiliated with either party. If the parties are not successful in settling the dispute within thirty (30) days after the mediation session, then the dispute shall be submitted to binding arbitration under a mutually agreed to organization not affiliated with either party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the date first above written.

NU SKIN INTERNATIONAL, INC.

By: /s/Michael D. Smith
Name: Michael D. Smith
Its: General Counsel

ASPEN INVESTMENTS, Ltd.

By: /s/Keith Halls
Name:Keith Halls
For: Nu Skin International, Inc., The General Partner of Aspen Investments, Ltd.
Its: Vice President

EX-10.46

CONTRIBUTION AND DISTRIBUTION AGREEMENT

THIS CONTRIBUTION AND DISTRIBUTION AGREEMENT (the "Agreement") is made and entered into effective as of December 31, 1997 (the "Effective Date"), by and between NU SKIN INTERNATIONAL, INC., a Utah corporation ("NSI"), and 252nd Shelf Corporation, a recently formed Delaware corporation and a wholly-owned subsidiary of NSI, which is in the process of changing its name to Nu Skin USA, Inc. ("NUSA").

Recitals

A. NSI has determined it is appropriate and desirable to separate NSI into two companies by contributing certain assets to, and providing for an assumption of certain liabilities by, NUSA, and by distributing to the stockholders of NSI all of the outstanding shares of NUSA. These transactions are are intended to qualify as a reorganization and distribution under Sections 368(a)(1)(D) and 355 of the Code (as defined).

B. The assets to be contributed to NUSA are to include those associated with the sale and distribution of Nu Skin products within the United States.

C. The separation and contribution described above are intended to permit NSI to combine its global business operations (i.e., distribution rights for areas outside of the United States) with Nu Skin Asia Pacific, Inc. ("NSAP"). NSI understands that NSAP will not consider an acquisition of NSI's United States business operations, so the transactions described herein are necessary to facilitate a possible sale of NSI's global business operations to NSAP. It is anticipated that the acquisition by NSAP, if consummated, will be structured as a transfer of all outstanding shares of NSI and the other Acquired Entities (as defined) to NSAP (the "Stock Acquisitions"), intended to qualify, at least in part, as a tax-free exchange under Section 351 of the Code.

D. NSI and NUSA have determined that it is appropriate and desirable to set forth in this Agreement the agreement and understanding between the parties with respect to the subject matter hereof, to provide for the corporate transactions required to effect the above-referenced separation and reorganization, and to establish the terms of such contribution, assumption and distribution.

Agreement

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE I.
DEFINITIONS

Section 1.1 General Definitions. Capitalized terms as used in this Agreement and not defined elsewhere herein shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Acquired Entities" shall mean NSI and all other affiliated Nu Skin entities around the world, including Nu Skin International Management Group, Inc., but excluding NUSA, Scrub Oak, Ltd., Aspen Investments, Ltd. and the Nu Skin affiliates operating in Canada, Mexico, Guatemala and Puerto Rico.

"Assumption" shall mean the assumption by NUSA of the NUSA Assumed Liabilities.

"Assumption of Liabilities and Indemnification Agreement" or "Indemnification Agreement" shall mean the Assumption of Liabilities and Indemnification Agreement in the form attached hereto as Exhibit A, to be executed by NSI and NUSA concurrently with the execution of this Agreement and dated as of the Effective Date.

"Benefits Agreement" shall mean the Employee Benefits Allocation Agreement in the form attached hereto as Exhibit B to be executed by NSI and NUSA and dated as of the Effective Date. The Benefits Agreement relates to the NUSA Employees who are to become employees of NUSA in connection wtih the Contribution, Assumption and Distribution, and NUSA's obligations with respect to the accrued and ongoing benefits payable to the NUSA employees.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor legislation.

"Contribution" shall mean NSI's contribution of the NUSA Acquired Assets to NUSA.

"Conveyancing and Assumption Instruments" shall mean, collectively, such instruments of transfer, assignment and assumption as may be mutually agreed upon by NSI and NUSA to effect the transfer of the NUSA Acquired Assets to NUSA and the assumption of the NUSA Assumed Liabilities by NUSA in the manner contemplated by this Agreement and the other Transaction Documents.

"Distribution" shall mean the distribution of all NUSA Shares to the NSI Stockholders as provided in Section 2.4 hereof.

"Effective Date" shall mean December 31, 1997.

"Intercompany Agreements" shall mean the Intercompany Agreements in the form attached hereto as Exhibit C, to be executed by NSI, NUSA and certain affiliated entities and dated as of the Effective Date. The Intercompany Agreements relate to the provision of rights, licenses and services to NUSA in connection with NUSA's conduct of the NUSA Acquired Business, including: access to the NSI distribution network; management services to be provided to NUSA; licensing of the right to use the Nu Skin trademarks and trade names; and agreements relating to licensing, sales, and pricing of products to be offered by NUSA through the NUSA Acquired Business.

"Lease Agreement" shall mean the Lease Agreement in the form attached hereto as Exhibit D, to be executed by NSI and NUSA and certain affiliated entities and dated as of the Effective Date.

"Liabilities" of any party hereto shall mean all losses, debts, liabilities, damages, obligations, claims, demands, judgments, or settlements of any nature or kind owed by such party, whether accrued or contingent, and including all penalties, costs and expenses (legal, accounting or otherwise) associated therewith.

"NSAP" shall mean Nu Skin Asia Pacific, Inc., a Delaware corporation.

"NSI Board" shall mean the Board of Directors of NSI.

"NSI Common Stock" or "NSI Shares" shall mean the 1,000,000 currently outstanding shares of NSI Common Stock, $0.01 par value per share.

"NSI Continuing Business" shall mean the business to be conducted by NSI immediately after giving effect to the Distribution, utilizing the NSI Retained Assets, and including: the business of marketing and distributing of Nu Skin products; managing and licensing the Nu Skin Global Compensation Plan; licensing of the right to use the Nu Skin trademarks and trade names, products and distributor lists; providing management services to local Nu Skin entities; developing new formulas and ingredients for Nu Skin products; and all other businesses conducted by NSI prior to the Effective Date, other than the NUSA Acquired Business.

"NSI Employees" shall mean all individuals who immediately prior to the Effective Date were employed by NSI and who, after giving effect to the Contribution, Assumption and Distribution, are intended to remain employed by NSI or in the NSI Continuing Business.

"NSI Retained Assets" shall mean, collectively, all assets of NSI, other than the NUSA Acquired Assets.

"NSI Retained Liabilities" shall mean each of the Liabilities of NSI, other than the NUSA Assumed Liabilities, all as further described in the Assumption of Liabilities and Indemnification Agreement.

"NSI Stockholders" shall mean Blake M. Roney, Nedra Dee Roney, Sandie N. Tillotson, R. Craig Bryson, Craig S. Tillotson, Kirk V. Roney, Brooke R. Roney, Steven J. Lund and Keith R. Halls.

"NUSA Acquired Assets" shall mean, collectively, those assets of NSI which are to be transferred to and acquired by NUSA pursuant to the terms of this Agreement, as identified in Exhibit E attached hereto.

"NUSA Acquired Business" shall mean the business to be conducted by NUSA immediately after giving effect to the Contribution, Assumption and Distribution, utilizing the NUSA Acquired Assets, including the marketing and distribution of Nu Skin products in the United States as permitted by the Intercompany Agreements.

"NUSA Assumed Liabilities" shall mean each of the Liabilities of NSI that are to be assumed by NUSA as of the Effective Date, including NUSA's portion of Liabilities that will be jointly assumed by NSI and NUSA, all as provided in the Assumption of Liabilities and Indemnification Agreement.

"NUSA Board" shall mean the Board of Directors of NUSA.

"NUSA Common Stock" or "NUSA Shares" shall mean the ten (10) currently outstanding shares of NUSA Common Stock, $100 par value per share. Upon the filing of the NUSA Restated Certificate with the Delaware Secretary of State, a 100,000 for 1 stock split will be implemented, thereby increasing the number of NUSA Shares outstanding to 1,000,000.

"NUSA Employees" shall mean all individuals who immediately prior to the Effective Date were employed by NSI and who, after giving effect to the Contribution, Assumption and Distribution, are intended to be employed by NUSA, as referenced in the Benefits Agreement.

"NUSA Restated Certificate" shall mean the Restated Certificate of Incorporation of NUSA, in the form attached hereto as Exhibit F.

"NUSA Stockholders" shall, immediately after giving effect to the Distribution, mean Blake M. Roney, Nedra Dee Roney, Sandie N. Tillotson, R. Craig Bryson, Craig S. Tillotson, Kirk V. Roney, Brooke B. Roney, Steven J. Lund and Keith R. Halls, and any permitted designees thereof.

"Stock Acquisitions" has the meaning set forth in the Recitals to this Agreement.

"Tax Sharing and Indemnification Agreement" shall mean the Tax Sharing and Indemnification Agreement to be executed by NSI and NUSA concurrently with the execution of this Agreement, in the form attached hereto as Exhibit G.

"Transaction Documents" shall mean this Agreement, the Benefits Agreement, the Conveyancing and Assumption Instruments, the Assumption of Liabilities and Indemnification Agreement, the Intercompany Agreements, the Lease Agreement and the Tax Sharing and Indemnification Agreement.

Section 1.2 Exhibits, Etc. References to an "Exhibit" or to a "Schedule" are, unless otherwise specified, to one of the Exhibits or Schedules attached to this Agreement, and references to a "Section" are, unless otherwise specified, to one of the Sections of this Agreement.

ARTICLE II.
CONTRIBUTION, ASSUMPTION, DISTRIBUTION AND RELATED TRANSACTIONS

Section 2.1 General Description of Transactions.

(a) Pursuant to the terms of this Agreement, the Contribution, Assumption and Distribution will be consummated as of the Effective Date, subject to such actions as are to be taken after the Effective Date, as provided herein. Pursuant to the terms and conditions of this Agreement, NSI's entire right, title and interest in and to the NUSA Acquired Assets will be transferred to NUSA, NUSA will assume the NUSA Assumed Liabilities and will indemnify NSI from such Liabilities, and the NUSA Shares will be distributed to the NSI Stockholders. These transactions will result in the separation of NSI's current assets and business into two entities, with NSI continuing to hold the NSI Retained Assets and to conduct the NSI Continuing Business, and with NUSA acquiring the NUSA Acquired Assets, assuming the NUSA Assumed Liabilities, and being entitled to conduct the NUSA Acquired Business. The reorganization and separation contemplated by this Agreement as described above (the "Reorganization") are being effected to facilitate the potential Stock Acquisitions, in a transaction intended to qualify, in part, for United States federal income tax purposes as a tax-free exchange under Section 351 of the Code, while retaining the NUSA Acquired Business for the benefit of the NSI Stockholders. The Reorganization is intended to qualify as a reorganization and disposition within the meaning of Sections 368(a)(1)(D) and 355 of the Code.

(b) To facilitate the transactions described above, each of NSI and NUSA will, concurrently with the execution of this Agreement (or promptly thereafter, as requested by the other party), execute and deliver all of the other Transaction Documents (and/or, where applicable, cause its respective subsidiaries or affiliates to do so).

Section 2.2 The Contribution.

(a) Concurrently with the execution of this Agreement, NSI agrees to, and does hereby, transfer, assign, and contribute to the capital of NUSA, NSI's entire right, title and interest in and to all of the NUSA Acquired Assets, subject to the NUSA Assumed Liabilities.

(b) Concurrently with the execution of this Agreement, NSI shall deliver, or undertake to deliver, to NUSA possession of all of the NUSA Acquired Assets.

(c) To the extent that NSI has established and maintains separate cash management systems, and maintains separate bank accounts, lock boxes, cash balances and other investments with respect to the NSI Continuing Business and the NUSA Acquired Business, from and after the date hereof, NSI shall be entitled to all such accounts, lock boxes, balances and investments related to the NSI Continuing Business and NUSA shall be entitled to all such accounts, lock boxes, balances and investments related to the NUSA Acquired Business. Following the date hereof, (i) NSI shall, and shall cause its affiliates to, remit to NUSA, no less frequently than weekly, any amounts (net of returned checks and similar items) received by any of them on or after the Distribution which constitute NUSA Acquired Assets and (ii) NUSA shall, and shall cause its affiliates to, remit to NSI, no less frequently than weekly, any amounts (net of returned checks and similar items) received by any of them on or after the date hereof which constitute NSI Retained Assets.

Section 2.3 The Assumption and Related Matters.

(a) In consideration for the transfer to NUSA of the NUSA Acquired Assets, NUSA agrees to, and does hereby, assume the NUSA Assumed Liabilities and indemnify NSI from obligations relating thereto, in accordance with the terms of this Agreement and the Assumption of Liabilities and Indemnification Agreement.

(b) NSI and NUSA shall use their reasonable best efforts to cause all rights and obligations of NSI in respect of the NUSA Assumed Liabilities to be assigned to and assumed by NUSA effective as of the Effective Date.

(c) From and after the Effective Date, NSI and NUSA shall use their reasonable best efforts to obtain from each holder or obligee of such NUSA Assumed Liabilities a full release of NSI from any liability or obligation in respect of such NUSA Assumed Liabilities, effective as of the date hereof or as of the earliest possible date.

(d) Each of NSI and NUSA shall cooperate with the other and execute such instruments and documents as may be necessary or reasonably requested by the other party in connection with the assignment, assumption and release of any NUSA Assumed liabilities contemplated by this Section 2.3.

(e) If and to the extent that NSI and NUSA are unable to obtain the assignment, assumption and release of any NUSA Assumed Liabilities as contemplated by this Section 2.3, as between NSI and NUSA, effective as of the Effectuve Date, NUSA agrees to pay and perform as and when due all liabilities and obligations of NSI in respect of such NUSA Assumed Liabilities, whether arising prior to, on or after the date hereof, and, in the event that for any reason NUSA does not make any such payment or perform any such obligation as and when due or NSI makes any such payment or performs any such obligation, NUSA shall promptly reimburse NSI for all costs and expenses incurred by NSI in connection therewith.

(f) Concurrently with the execution of this Agreement, the Tax Sharing and Indemnification Agreement will be executed by the parties named therein in order to implement an allocation of Liabilities for Taxes as provided therein.

Section 2.4 Distribution of NUSA Shares. Upon the Effective Date, and concurrently with the Contribution and Assumption, the NSI Stockholders shall be entitled to a pro-rata distribution of the NUSA Shares, in accordance with the number of NSI Shares held by each of them. On the Effective Date, NSI shall deliver to Steven J. Lund or Keith R. Halls, as the representative of the NSI Stockholders, the certificate representing the NUSA Shares. NUSA agrees to promptly file the NUSA Restated Certificate with the Delaware Secretary of State. The filing of the NUSA Restated Certificate will effect a 100,000 for 1 split of the outstanding NUSA Shares. Promptly upon such filing, and against the surrender and cancellation of the originally issued certificate representing the pre-split NUSA Shares, NUSA will deliver to each of the NSI Stockholders a certificate representing such NSI Stockholder's proportionate share of the post-split NUSA Common Stock, based on the number of NSI Shares held by such NSI Stockholder. This Distribution will result in one (1) post-split share of NUSA Common Stock being distributed with respect to each outstanding share of NSI Common Stock, as reflected on Exhibit H. As a condition to the delivery of certificates to the NSI Stockholders representing the NUSA Common Stock to which they are entitled as a result of the Distribution, NUSA may require that the NSI Stockholders execute representations regarding the restricted status of the shares being distributed, their investment intent, and otherwise as reasonably requested to establish that the Distribution is conducted in compliance with applicable state and federal securities laws.

Section 2.5 Businesses to be Conducted.

(a) From and after the Effective Date, and after giving effect to the Contribution, Assumption and Distribution, NUSA shall be authorized to carry out and conduct the NUSA Acquired Business, in accordance with the terms of the Intercompany Agreements and the Lease Agreement.

(b) From and after the Effective Date, NSI shall continue to conduct the NSI Continuing Business.

(c) Except as otherwise specifically provided herein or in any of the Transaction Documents, neither party hereto shall be required to conduct any particular business for any particular period of time, or be restricted from engaging in any line of business in the future.

(d) As described in the Benefits Agreement, upon the Effective Date the NUSA Employees shall become employees of NUSA, and NUSA will assume all obligations arising from such employment relationship.

Section 2.6 Transfers Not Effectuated on Effective Date; Transfers Deemed Effective as of the Effective Date. To the extent that any transfers contemplated by this Article II shall not have been consummated on the Effective Date, the parties shall cooperate to effectuate such transfers as promptly following the Effective Date as shall be practicable. Nothing herein shall be deemed to require the transfer of any assets which by their terms or operation of law cannot be transferred; provided, however, that NSI shall cooperate with NUSA to seek to obtain any necessary consents or approvals for the transfer of all NUSA Acquired Assets contemplated to be transferred pursuant to this Article II. In the event that the transfer of any NUSA Acquired Assets has not been consummated, from and after the Effective Date, NSI, as the party retaining such NUSA Acquired Assets shall hold such assets in trust for the use and benefit of NUSA (at the expense of NUSA), and take such other action as may be reasonably requested by NUSA, in order to place NUSA, insofar as is reasonably possible, in the same position as would have existed had NSI's interests in such assets been transferred to NUSA as contemplated hereby. As and when any such asset becomes transferable, such transfer shall be effectuated forthwith. The parties agree that, as of the Effective Date, NUSA shall be deemed to have acquired NSI's entire rights, title and interests in and to all of the NUSA Acquired Assets, together with all powers and privileges incident thereto and all duties, obligations and responsibilities incident thereto, which NUSA is entitled to acquire or required to assume pursuant to the terms of this Agreement.

Section 2.7 Further Actions to Facilitate Transactions.

(a) From and after the date hereof, each party hereto shall execute all other documents and take all other actions as may be reasonably requested by the other party to fully effect and confirm the transfer and assignment of NSI's rights, title and interests in and to the NUSA Acquired Assets to NUSA, to carry out and perform their respective obligations under the Transaction Documents, and to effect the transactions contemplated by the Transaction Documents. All such actions shall be at the expense of the requesting party. As provided elsewhere herein, the parties understand and acknowledge that the NUSA Acquired Assets are being transferred to NUSA "as is, where is," without representation or warranty. Furthermore, NUSA shall bear the economic and legal risk that any conveyances of such assets shall prove to be insufficient or that NUSA's title to any such assets shall be other than good and marketable and free from encumbrances.

(b) NUSA will promptly file the NUSA Restated Certificate with the Delaware Secretary of State, to effect the change of NUSA's name to NU Skin USA, Inc., to increase the number of shares NUSA is authorized to issue, to include language limiting the liability of NUSA directors, and to provide for a 100,000 for 1 stock split, all as reflected in Exhibit F. As a result of such stock split, which will be implemented effective upon the filing of the NUSA Restated Certificate, the number of NUSA Shares outstanding will be increased to a total of 1,000,000, thereby facilitating the pro-rata Distribution to NSI Stockholders as described in Section 2.4 above. As a result of the Distribution, the post-split NUSA Shares will be held by the NSI Stockholders as set forth in Exhibit H.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations of NSI. NSI hereby represents and warrants to NUSA as follows:

(a) NSI has all requisite corporate power and authority to execute and deliver this Agreement and perform its obligations hereunder. The execution, delivery and performance of this Agreement and the other Transaction Documents by NSI have been or will be duly and validly approved or ratified by the requisite vote of the NSI Board and NSI Shareholders, and authorized by all other necessary action on the part of NSI. This Agreement has been duly and validly executed and delivered by NSI, and is the valid and binding obligation of NSI, enforceable against NSI in accordance with its terms, except as enforceability may be affected by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance and other laws affecting the rights of creditors generally, and by general equitable principles, whether enforcement is sought in an action at law or in equity.

(b) No consent, approval or authorization of, or filing of any certificate, notice, application, report or other document with, any governmental authority or person is required on the part of NSI in connection with the valid execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except as otherwise specifically referenced herein.

(c) The execution and delivery of this Agreement by NSI and the performance by NSI of its obligations hereunder do not and will not: (i) conflict with, violate, result in a breach of, or default under NSI's Certificate of Incorporation or Bylaws; (ii) violate any provision of any applicable laws, rules, regulations, or orders applicable to NSI, the violation of which would be reasonably likely to result in a material adverse effect on the business or financial condition of NUSA, or (iii) conflict with, violate, result in a breach of, constitute a default under (without regard to requirements of notice, lapse of time or elections of any third parties, or any combination thereof), or accelerate or permit the acceleration of a material performance required by, any order, instrument or agreement to which NSI is a party, the conflict, violation, breach, default or acceleration of which would be reasonably likely to result in a material adverse effect on the business or financial condition of NUSA.

(d) The NSI Shares constitute all of the issued and outstanding securities of NSI, and the NSI Shares are held by the NSI Stockholders in the amounts indicated on Exhibit H attached hereto.

(e) EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN ANY TRANSACTION DOCUMENT, NSI'S RIGHT, TITLE AND INTEREST IN AND TO THE NUSA ACQUIRED ASSETS ARE BEING TRANSFERRED TO NUSA HEREUNDER "AS IS, WHERE IS," WITHOUT REPRESENTATION OR WARRANTY AS TO CONDITION, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE. EXCEPT AS EXPRESSLY PROVIDED TO THE CONTRARY IN ANY OTHER TRANSACTION DOCUMENT, NSI IS NOT REPRESENTING OR WARRANTING IN ANY WAY (A) AS TO THE VALUE OR FREEDOM FROM ENCUMBRANCE OF, OR ANY OTHER MATTER CONCERNING, ANY OF THE NUSA ACQUIRED ASSETS, OR (B) AS TO THE LEGAL SUFFICIENCY OF THE EXECUTION, DELIVERY AND FILING OF THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT TO CONVEY TITLE TO ANY PARTICULAR ASSET, INCLUDING, WITHOUT LIMITATION, ANY CONVEYANCING AND ASSUMPTION INSTRUMENTS.

Section 3.2 Representations of NUSA. NUSA hereby represents and warrants to NSI as follows:

(a) NUSA has all requisite corporate power and authority to execute and deliver this Agreement and perform its obligations hereunder. The execution, delivery and performance of this Agreement and the other Transaction Documents by NUSA have been or will be duly and validly approved or authorized by the NUSA Board and authorized by all other necessary action on the part of NUSA. This Agreement has been duly and validly executed and delivered by NUSA, and is the valid and binding obligation of NUSA, enforceable against NUSA in accordance with its terms, except as enforceability may be affected by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance and other laws affecting the rights of creditors generally, and by general equitable principles, whether enforcement is sought in an action at law or in equity.

(b) No consent, approval or authorization of, or filing of any certificate, notice, application, report or other document with, any governmental authority or person is required on the part of NUSA in connection with the valid execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except as otherwise specifically referenced herein.

(c) The execution and delivery of this Agreement by NUSA and the performance by NUSA of its obligations hereunder do not and will not: (i) conflict with, violate, result in a breach of, or default under NUSA's Certificate of Incorporation or Bylaws; (ii) violate any provision of any applicable laws, rules, regulations, or orders applicable to NUSA, the violation of which would be reasonably likely to result in a material adverse effect on the business or financial condition of NSI, or (iii) conflict with, violate, result in a breach of, constitute a default under (without regard to requirements of notice, lapse of time or elections of any third parties, or any combination thereof), or accelerate or permit the acceleration of a material performance required by, any order, instrument or agreement to which NUSA is a party, the conflict, violation, breach, default or acceleration of which would be reasonably likely to result in a material adverse effect on the business or financial condition of NSI.

(d) The NUSA Shares constitute all of the issued and outstanding securities of NUSA. Immediately prior to the Effective Date, all of the NUSA Shares were held by NSI. Upon the filing of the NUSA Restated Certificate, 1,000,000 NUSA shares will be issued and outstanding.

ARTICLE IV
ACCESS TO INFORMATION AND SERVICES

Section 4.1 Provision of Corporate Records.

(a) As soon as practicable following the Effective Date, NSI shall arrange for the delivery, at NUSA's cost, to NUSA of existing corporate records in NSI's possession relating to the NUSA Acquired Business, including all licenses, leases, agreements, litigation files and filings with federal, state, local or foreign governments or governmental or regulatory agencies or authorities, except to the extent such items are already in the possession of NUSA or on premises included in the NUSA Acquired Assets. Such records shall be the property of NUSA, but shall be available to NSI for review and duplication until NSI shall notify NUSA in writing that such records are no longer of use to NSI. NSI may also retain copies of any of such records relating to actions commenced against NSI. To the extent such documents relate both to the NUSA Acquired Business and the NSI Continuing Business, NSI shall deliver, at NUSA's cost, copies of such documents to NUSA.

(b) The originals of any other documents containing information with respect to NSI (including accounting, tax and financial records) shall be retained by NSI. Copies of any such documents shall be delivered to NUSA, at NUSA's request, in accordance with paragraph (a) hereof. Costs of duplicating such documents shall be allocated 50% to NUSA and 50% to NSI.

Section 4.2 Access to Information. From and after the Effective Date, NSI shall afford to NUSA and its authorized accountants, counsel and other designated representatives reasonable access and duplicating rights during normal business hours to all records, books, contracts, instruments, computer data and other data and information (collectively, `Information') within NSI's possession and shall use reasonable efforts to give to NUSA and its authorized accountants, counsel and other designated representatives access to persons or firms possessing Information, insofar as such access is reasonably required by NUSA and subject to appropriate restrictions for confidential Information. Similarly, NUSA shall afford to NSI and its authorized accountants, counsel and other designated representatives reasonable access and duplicating rights during normal business hours to Information within NUSA's possession and shall use reasonable efforts to give to NSI and its authorized accountants, counsel and other designated representatives access to persons or firms possessing Information, insofar as such access is reasonably required by NSI and subject to appropriate restrictions for confidential Information. Information may be requested under this Article IV for, without limitation, audit, accounting, claims, litigation and tax purposes, as well as for purposes of fulfilling disclosure and reporting obligations and for performing this Agreement and the transactions contemplated hereby.

Section 4.3 Reimbursement. Except to the extent otherwise contemplated herein or by any other Transaction Agreement, a party providing Information to the other party under this Article IV shall be entitled to receive from the recipient, upon the presentation of invoices therefor, payments for such amounts, relating to supplies, disbursements and other direct out-of-pocket expenses as may be reasonably incurred in providing such Information.

Section 4.4 Retention of Records. Except as otherwise required by law or agreed to in writing, each of NSI and NUSA may destroy or otherwise dispose of any of the Information at any time after the tenth anniversary of this Agreement, provided that, prior to such destruction or disposal, (a) it shall provide no less than 90 days' prior written notice to the other, specifying in reasonable detail the Information proposed to be destroyed or disposed of, and (b) if a recipient of such notice shall request in writing prior to the scheduled date for such destruction or disposal that any of the requesting party, the party proposing the destruction or disposal shall promptly arrange for the delivery of such of the Information as was requested at the expense of the party requesting such Information.

Section 4.5 Confidentiality. Each of NSI and NUSA shall hold, and shall cause its directors, employees, agents, consultants and advisors to hold, in strict confidence, all Information concerning the other in its possession or furnished by the other or the other's representatives pursuant to this Agreement (except to the extent that such Information has been (a) in the public domain through no fault of such party or (b) lawfully acquired from other sources by such party), and each party shall not release or disclose such Information to any other person, except its auditors, attorneys, financial advisors, bankers and other consultants and advisors, unless compelled to disclose by judicial or administrative process or, as advised by its counsel, by other requirements of law.

ARTICLE V
MISCELLANEOUS

Section 5.1 Complete Agreement; Construction. This Agreement, including the Schedules and Exhibits and the other Transaction Documents and other agreements and documents referred to herein, shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

Section 5.2 Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement shall survive the Effective Date.

Section 5.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without regard to the principles of conflicts of law thereof.

Section 5.4 Dispute Resolution. In the event of any controversy or dispute between the parties hereto arising out of or in connection with this Agreement, the parties shall attempt, promptly and in good faith, to resolve any such dispute. If the parties are unable to resolve any such dispute within a reasonable time (not to exceed 90 days), all unresolved disputes arising under this Agreement shall be submitted to mandatory and binding arbitration in Provo, Utah under the then applicable rules of the America Arbitration Association or any successor organization.

Section 5.5 Attorneys' Fees. The prevailing party in any arbitral proceeding brought by one party against the other(s) and arising out of this Agreement shall be entitled, in addition to any other rights and remedies it may have, to reimbursement for its expenses, including its costs and attorneys' fees and arbitral costs.

Section 5.6 Notices. All notices and other communications hereunder shall be in writing and shall be delivered by hand or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which such notice is received:

To NSI:

Nu Skin International, Inc.
One Nu Skin Plaza
75 West Center Street
Provo, UT 84601
Attention: Mr. M. Truman Hunt

To NUSA:

Nu Skin USA, Inc.
One Nu Skin Plaza
75 West Center Street
Provo, UT 84601
Attention: Mr. Richard M. Hartvigsen

With a copy to:

Holland & Hart LLP
215 South State Street
Suite 500
Salt Lake City, UT 84111-2346
Attention: David R. Rudd, Esq.

Section 5.7 Amendments. This Agreement may not be modified or amended except by an agreement in writing signed by the parties.

Section 5.8 Successors and Assigns. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

Section 5.9 No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and shall not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

Section 5.10 Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 5.11 Exhibits and Schedules. The Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

Section 5.12 Legal Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without prejudice to any rights or remedies otherwise available to any party hereto, each party hereto acknowledges that damages would be an inadequate remedy for any breach of the provisions of this Agreement and agrees that the obligations of the parties hereunder shall be specifically enforceable.

Section 5.13 Counterparts. This Agreement may be executed in counterparts and each taken together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

NU SKIN INTERNATIONAL, INC.

By:
Its:

NU SKIN USA, INC.

By:
Its:

EXHIBIT A

ASSUMPTION OF LIABILITIES AND INDEMNIFICATION AGREEMENT

EXHIBIT B

EMPLOYEE BENEFITS ALLOCATION AGREEMENT

EXHIBIT C

INTERCOMPANY AGREEMENTS

EXHIBIT D

LEASE AGREEMENT

EXHIBIT E

ASSETS TO BE ACQUIRED BY NUSA FROM NSI

	Estimated Amount
1. All cash, except $2,750,000 which will be retained to pay interest on the S-Notes	38,518,015
2. Related party receivables	1,381,054
3. Amounts due from employees	377,206
4. Interest receivable	119,689
5. Other receivables	84,911
6. Inventory	2,042,251
7. Investment in Aspen partnership	540,921
8. Investment in Scrub Oak partnership	344,514
9. 679,000 shares of NSAP Stock valued at $18.25 per share as of 12/31/97	12,391,872
10. Investment in Mountain Pictures venture (Martin Anderson)	75,000
11. Investment in Global Airwaves venture (Kevin Doman and Nathan Ricks)	275,000
12. Note receivable from Scrub Oak	5,128,666
13. Note receivable from Kevin Doman	100,000
14. Other Notes	159,523
Total Assets to be transferred to Nu Skin USA	61,538,622

Note: This list reflects assets recorded in the financial records at historical cost. A copy of the financial statements reflecting these assets is attached hereto as Schedule E-1. NUSA will also obtain the rights and licenses required to carry out the NUSA Acquired Business, pursuant to the terms of the Intercompany Agreements.

EXHIBIT F

NUSA RESTATED CERTIFICATE OF INCORPORATION

EXHIBIT G

TAX SHARING AND INDEMNIFICATION AGREEMENT

EXHIBIT H

NSI SHAREHOLDER LISTING

NAME	NUMBER OF NSI SHARES HELD	PERCENTAGE INTEREST	NUMBER OF POST-SPLIT NUSA SHARES TO BE ISSUED IN DISTRIBUTION
Blake M. Roney	303,334	30.3334	303,334
Nedra Dee Roney	253,333	25.3333	253,333
Sandie N. Tillotson	141,667	14.1667	141,667
Craig Bryson	70,833	7.0833	70,833
Craig S. Tillotson	70,833	7.0833	70,833
Steven J. Lund	50,000	5.0000	50,000
Brooke R. Roney	50,000	5.0000	50,000
Kirk V. Roney	50,000	5.0000	50,000
Keith R. Halls	10,000	1.0000	10,000
TOTALS	1,000,000	100%	1,000,000

EX-10.47

Nu Skin Enterprises, Nu Skin International and Nu Skin USA
Employee Incentive Bonus Plan (the "Plan")
Effective July 1, 1998

Introduction:

A performance based incentive plan was introduced to Nu Skin Employees at the beginning of 1998. The employees of Nu Skin International ("NSI") and Nu Skin USA ("NSUSA") were participants in that plan. The acquisition of NSI by Nu Skin Asia Pacific (name changed to Nu Skin Enterprises ("NSE") led to the termination of that plan and the adoption of the Plan which is described below.

Purpose:

The purpose of the Plan is to focus employees on excellent, sustained performance that leads to long-term growth, profitability and stability.

Objectives:

- To increase revenue and profit and to improve the efficiency and effectiveness of operations
- To maintain steady long-term growth
- To create a performance based incentive program
- To motivate employees

Employee Incentive Bonus Plan Summary:

The Plan includes a base portion and a stretch portion. The base and stretch format provides increased incentive for superior performance. The incentive bonus that can be earned under the Plan is determined by how well the company, departments and employees perform relative to earnings targets, revenue targets, department goals and individual goals. Under the Plan, failure to achieve at least 90% of the earnings target disqualifies employees from receiving an incentive bonus in any area of the four areas noted. Earnings are 40%, revenue 20%, department goals 20% and individual goals 20% of the base portion bonus. The stretch bonus is 60% based on earnings performance and 40% based on revenue performance.

The base portion applies when actual performance is greater than 90% of the target but does not exceed the target. The stretch portion relates only to revenue and earnings goals and applies when actual performance exceeds the target. If the earnings performance does not exceed the target no stretch incentive can be earned for exceeding the revenue target. Individual and department goals are not applicable to the stretch portion as achievement of more than 100% of those goals is not possible. If the actual performance for earnings exceed 120% of the target a portion of the bonus will be deferred for those with a grade of 20 or higher.

The earnings and revenue performance targets are established semi-annually. Department and individual goals are also established every six months. Employees will be able to track progress toward achieving the targets by receiving on a quarterly basis, a percentage number that indicates actual performance compared to the targets.

The maximum bonus, expressed as a percentage of base salary, that can be earned under the Plan is based on the position held by the employee and the grade associated with the position. The following table contains the maximum percentage for the indicated grade categories.

Grade	(Less than 100%) Base %	(Less than 120%) Stretch %	(Greater than 120%) Double Stretch %	Maximum %
1-18	5.0% +	7.5% +	7.5% =	20.0%
19-22	10.0% +	15.0% +	15.0% =	40.0%
23-24, SC	15.0% +	22.5% +	22.5% =	60.0%
25-26, MC	20.0% +	30.0% +	30.0% =	80.0%
VP's, LC	30.0% +	50.0% +	50.0% =	130.0%
CFO, LC	35.0% +	60.0% +	60.0% =	155.0%
COO	40.0% +	75.0% +	75.0% =	190.0%

Deferred Bonuses:

Stretch incentives earned when earnings and revenue performances exceed 120% of the target will be deferred, in part, for employees with grades of 20 or higher. 1/3rd of the additional incentive is paid currently on March 15 along with any amounts due for the stretch and base portions and 1/3rd is paid in each of the two following calendar years as long as 90% of the earnings target is achieved during the following year(s) and the employee is employed by the company at the time the payment is made; otherwise the deferred portion is forfeited.

Employment Requirements:

Employees must be currently employed at the time the incentive is paid in order to receive the incentive bonus. The incentive plan was created to encourage employees to be committed to Nu Skin's long-term success and should function as an incentive for the employee to remain a contributor. Therefore, an employee is not eligible to receive an incentive bonus if the employee terminates employment, for any reason, prior to the date the incentive bonus is paid.

Individual and Department Goals:

Employees must achieve at least 80 percent of each individual goal in order for that goal to count toward their incentive bonus. Since goals are set at the distinguished level, 80 percent achievement reflects that the employee has performed at a "competent" level. If an employee gets below 80 percent achievement on a particular goal, that goal is not considered achieved and counts for zero. It is averaged in with the rest of the goals to determine the total amount of incentive bonus an employee receives. At least 80% of all individual and department goals must be achieved to receive any incentive related to those areas. In addition, if employees don't go through the process of setting goals and having those goals approved by their managers, they will be ineligible for any kind of incentive bonus.

Eligible Participants:

All employees of NSE, NSI and NSUSA who are employed prior to the beginning of the incentive period are eligible to participate.

Timing of bonus payments:

The Plan includes two six-month periods, one ending June 30 and one ending December 31.

Incentive bonuses earned under the Plan, if any, will be paid semi-annually on or near March 15 and September 15.

Other Compensation Issues:

When appropriate and as approved by the Board of Directors annual merit increases will be granted effective the first pay period which starts in July (generally the second paycheck received in July). The amount of the merit increase will vary from year to year and will be based on various relevant factors, as determined by management, including company performance, market conditions and employee performance.

In the past Executive Management has generally provided a non-cash gift to employees in December. The value and nature of this gift can change. This practice is expected to continue but could be discontinued or altered at anytime at the discretion of Executive Management.

EX-10.48

AMENDMENT IN TOTAL AND COMPLETE RESTATEMENT OF THE DEFERRED COMPENSATION PLAN

THIS AMENDMENT IN TOTAL AND COMPLETE RESTATEMENT OF THE DEFERRED COMPENSATION PLAN (hereinafter referred to as the "Amended Agreement") is entered into effective the ___ day of ___, 1998, by and between NU SKIN INTERNATIONAL, INC., a Utah Corporation, hereinafter called "Company," and by _____, hereinafter called "Employee."

WITNESSETH:

WHEREAS, the Company and the Employee entered into a Deferred Compensation Plan effective as of September 25, 1992 (the "Plan"), and an Amendment No. 1 to Plan effective as of April 4, 1997 and an Amendment No. 2 to Plan effective as of April 4, 1997 and the Company and the Employee desire to amend and restate the Plan in total to incorporate all amendments and to include affiliates of the Company within the terms of the Plan.

THEREFORE AND IN CONSIDERATION of the premises, and the mutual covenants, promises and conditions herein contained, the parties agree that the Plan as previously amended shall be amended in total and restated to become effective as of the date first written above to read as follows:

1. TERM OF PLAN. This Plan shall become effective as of the above date and shall remain in effect until the entire amount of the Deferred Compensation Trust (hereinafter referred to as "Compensation Trust") has been distributed to the Employee or his designated beneficiary. Employee hereby accepts this Plan and agrees to serve at the discretion of the Company and to devote his full time and talents to the business conducted by the Company.

2. OTHER AGREEMENTS. This Plan shall not supersede any other contract of employment, whether written or oral, between the Company and Employee. However, any article or clause of any other contract which may be in conflict with this Plan shall be deemed amended by this Plan as herein provided.

3. COMPENSATION ACCOUNTS AND TRUST. Upon the execution of this Plan, the Company will establish an Account on the Company's books for the benefit of Employee (the "Compensation Account"). The Compensation Account will contain two sub-accounts; the "Employee Compensation Sub-Account" and the "Company Compensation Sub-Account." In addition, the Company shall establish a Trust to support its deferred compensation obligation ("Compensation Trust").

4. EMPLOYEE CONTRIBUTIONS. Prior to the beginning of each fiscal year of the Company during which the Employee is employed, the Employee may elect to defer a portion of the compensation to be paid to the Employee for the coming year ("Employee Contribution"). The Employee Contribution shall be credited by the Company to the Employee Compensation Sub-Account at the times at which the compensation would have been paid except for the deferral election (i.e., if the Employee elects to defer a portion of his normal bi-weekly compensation then the deferred portion shall be credited to the Employee Compensation Sub-Account on a bi-weekly basis). For purposes of the fiscal year in which this Plan is first implemented, the election by the Employee shall be made within thirty (30) days after this Plan is effective.

5. COMPANY CONTRIBUTIONS. Until this Plan is terminated as provided for herein, the Company will make a contribution ("Company Contributions") to the Company Compensation Sub-Account, subject to and based upon the continued profitability of the Company and the continued employment and performance of the Employee. On or before the end of each fiscal year of the Company during which the Employee works, the Board of Directors of the Company shall determine in their sole discretion an amount to be credited to the Company Compensation Sub-Account for the fiscal year, which amount shall not be less than $1,000.00 per month during the term of this Plan. Upon execution of this Plan, the Company will initially contribute to the Company Compensation Sub-Account the sum of $10,000.00.

6. CONTRIBUTIONS TO COMPENSATION TRUST. On at least a annual basis, the amount in the Compensation Account shall be contributed to the Compensation Trust.

7. ACCOUNTING. At the end of each fiscal year the Company shall notify the Employee in writing as to the amount, if any, that has been credited to the Employee Compensation Sub-Account, the Company Compensation Sub- Account and contributed to the Compensation Trust for the past fiscal year and the total amount held in the Compensation Trust for the benefit of the Employee with the earnings thereon. The accounting shall specify the vested portion of amounts held pursuant to the Plan.

8. NATURE OF EMPLOYER'S OBLIGATION. The Company's obligations under this Plan shall be an unfunded and

unsecured promise to pay. The Company shall not be obligated under any circumstances to fund its financial obligations under this Plan. Any assets which the Company may acquire to help cover its financial liabilities are and remain general assets of the Company subject to the claims of its creditors. Neither the Company nor the plan created by this Plan gives the Employee any beneficial ownership interest in any asset of the Company. All rights of ownership in any such assets are and remain in the Company. All assets in the Compensation Account and in the Compensation Trust shall always be deemed to be assets of the Company subject to corporate general creditors. The Employee shall have no vested right in the Compensation Account or the Compensation Trust. The assets in the Compensation Account and Compensation Trust shall be held pursuant to this Plan and shall remain the sole and exclusive property of the Company and shall be subject to corporate general creditors.

9. EMPLOYEE RIGHT TO ASSETS.

9.1. The rights of the Employee, any Designated Beneficiary of the Employee, or any other person claiming through the Employee under this Plan, shall be solely those of an unsecured general creditor of the Company. The Employee, the Designated Beneficiary of the Employee, or any other person claiming through the Employee, shall have the right to receive those payments specified under this Plan only from the Company, and has no right to look to any specific or special property separate from the Company to satisfy a claim for benefit payments, including but not limited to the Compensation Trust.

9.2. The Employee agrees that he, his Designated Beneficiary, or any other person claiming through him shall have no rights or beneficial ownership interest whatsoever in any general asset that the Company may acquire or use to help support its financial obligations under this Plan, including but not limited to the Compensation Trust. Any such general asset used or acquired by the Company in connection with the liabilities it has assumed under this Plan, shall not be deemed to be held under any trust for the benefit of the Employee or his Designated Beneficiary. Nor shall any such general asset be considered security for the performance of the obligations of the Company. Any such asset shall remain a general, unpledged, and unrestricted asset of the Company.

9.3. The Employee also understands and agrees that his participation in the acquisition of any such general asset for the Company shall not constitute a representation to the Employee, his Designated Beneficiary, or any person claiming through the Employee that any of them has a special or beneficial interest in such general asset.

10. RETIREMENT BENEFITS. At such time as Employee terminates employment with the Company (which time shall hereafter be referred to as "Retirement Date") the Company will pay a deferred compensation benefit ("Retirement Benefit") to Employee. The amount of the Retirement Benefit shall be equal to the vested portion of the amount contributed to the Compensation Trust from the Compensation Account together with any earnings thereon as of the Retirement Date of the Employee. The Retirement Benefit shall be paid to Employee in 60 equal monthly installments, with the first payment commencing 30 days after the Employee reaches his Retirement Date. The Company may, in its discretion, accelerate any payments to the Employee and may accelerate vesting of the benefits under the plan. In addition, the Company in its discretion may pay the Retirement Benefit prior to termination of Employee's employment with the Company. The Company may, in its discretion, accelerate any payments to the Employee and may accelerate vesting of the benefits under the plan.

11. DISABILITY BENEFITS. If it is determined using social security standards that the Employee is permanently and totally disabled and unable to continue to perform his duties in the Company, and on the express condition that the Employee has satisfied all of the covenants, conditions and promises contained in this Plan (to the extent applicable) the Company shall pay to the Employee the vested portion of the amount contributed to the Compensation Trust from the Compensation Account together with any earnings thereon as of the date that disability is determined ("Disability Benefit"). The Disability Benefit shall be paid to the Employee in 60 equal monthly installments to commence 30 days after disability is established to the satisfaction of the Company. The Company may, in its discretion, accelerate any payments to the Employee and may accelerate vesting of the benefits under the plan.

12. DEATH BENEFITS.

12.1. Pre-retirement death benefit. Upon the death of Employee prior to his Retirement Date, a Death Benefit shall be paid to Employee's estate (or his

designated beneficiary) in an amount equal to sum of the following ("Death Benefit"):

12.1.1. The amount contributed to the Compensation Trust from the Employee Compensation Sub-Account together with any earnings thereon as of the date of the Employee's death; and

12.1.2. the greater of (a) the vested portion of the amount contributed to the Compensation Trust from the Compensation Account together with any earnings thereon as of the date of the Employee's death; or (b) an amount equal to five times the average of the Employee's Base Salary for the three most recent years.

The Death Benefit shall be paid in 60 equal monthly installments to commence 30 days after the death of Employee. The Company may, in its discretion, accelerate any payments due and may accelerate vesting of the benefits under the plan.

12.2. Post-retirement death benefit. If Employee dies after his Retirement Date, the Employee's estate (or his designated beneficiary) shall be entitled to receive the remaining unpaid vested portion of the Retirement Benefit. The remaining Retirement Benefit shall be paid to the Employee's estate (or his Designated Beneficiary) on the same basis as it was being paid to the Employee as of Employee's Retirement Date. The Company may, in its discretion, accelerate any payments due and may accelerate vesting of the benefits under the plan.

13. VESTING. Employee's right to receive the Benefits hereunder shall vest as follows:

13.1. The Employee shall be 100% vested in all amounts contributed to the Employee Compensation Sub-Account.

13.2. The Employee shall vest 100% in amounts contributed to the Company Compensation Sub-Account if the Employee has been continuously employed with the Company from the date of the Plan until the earlier of the following events:

13.2.1 The Employee attains 60 years of age; or

13.2.2 The Employee has been continuously employed by the Company for a period of ten (10) years.

13.2.3 The Employee's death or disability as defined in the Plan.

13.3. No amounts contributed to the Company Compensation Sub-Account shall vest unless the employee has been continuously employed by the Company from the date of the Plan until the events specified in paragraph 13.2 above.

13.4. Notwithstanding paragraphs 13.1, 13.2 and 13.3 above, Employee shall forfeit all benefits accruing under this Plan if at any time during his employment with the Company, Employee (a) directly or indirectly enters into the employment of or owns any interest in any other company, business or corporation which competes directly or indirectly with the business of the Company, or (b) the Employee allows the association of his name with or renders any service or assistance or advice, whether or not for consideration, to any other corporation, company or business which company, business or corporation is in competition with the Company.

14. NATURE OF BENEFITS. It is expressly understood that when Benefits provided for herein are payable, they are payable on account of the past services of Employee and are not payable on account of services to be rendered after the date the Employee retires or terminates. Further, all amounts to be paid hereunder do not depend on Employee serving as a consultant or the Employee serving in any capacity for the Company after the Employee's Retirement. Benefits payable hereunder are specifically meant to be paid upon the termination, retirement, death or disability of the Employee as deferred compensation.

15. NONASSIGNABILITY. It is expressly understood and agreed hereunder that the Benefits derived from this Plan are not subject to attachment for payment of any debts or judgments of Employee and neither Employee nor the Employee's spouse or heirs shall have any right to transfer, modify, anticipate, encumber, or assign any of the Benefits or rights hereunder. None of the payments which may be due to the Employee shall be transferrable by operation of law in the event the Employee becomes insolvent or bankrupt.

16. MERGER OR CONSOLIDATION. In the event the Company shall reorganize, consolidate or merge with any other company this Plan shall become an obligation of the new company or of any company taking over the duties and responsibilities of the Company. The Company agrees that if any of these events occur, Employee may request that a Rabbi trust be established to hold the Benefits.

17. LIQUIDATION AND INSOLVENCY. In the event the Company must liquidate due to insolvency or events resulting in an act of bankruptcy, or in the event the Company becomes insolvent and is incapable of paying its bills and obligations, then this Amended Agreement shall terminate and shall be considered as fully and completely discharged.

18. PAYMENTS TO OTHER PERSONS. If the Company shall find that any person to whom any payment is to be made under this Plan is unable to care for his affairs because of illness or accident, or is a minor, any Benefit due (unless a prior claim therefor shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to the spouse, a child, a parent, or a brother or sister, or to any person deemed by the Company to have incurred expenses for such person otherwise entitled to payment, in such manner and proportions as the Company may determine. Any such payment shall be a complete discharge of the liabilities of the Company under this Plan.

19. LIMITATIONS OF THIS PLAN. Nothing contained herein shall be construed as conferring upon the Employee the right to continue in the employ of the Company in any capacity.

20. OTHER BENEFITS DETERMINED BY COMPENSATION. All amounts credited to the Account under this Plan shall not be deemed to be part of the Employee's regular annual compensation for the purpose of computing benefits to which he may be entitled under any pension, profit sharing, 401(k) plan or other arrangement of the Company for the benefit of its employees.

21. BOARD OF DIRECTORS AUTHORITY. The Board of Directors of the Company shall have full power and authority to interpret, construe and administer and amend prospectively this Plan and the Board's interpretations and construction hereof and actions hereunder shall be binding and conclusive on all persons for all purposes. No Employee, representative or agent of the Company shall be liable to any person for any action taken or omitted in connection with the

interpretation and administration of this Plan unless attributable to his own willful misconduct or lack of good faith.

22. AMENDMENT. During the lifetime of the employee, this Plan may be amended or revoked at any time, in whole or part, by the mutual written agreement of the parties.

23. BINDING EFFECT. This Plan shall be binding upon the parties hereto, their heirs, assigns, successors, executors, administrators and they shall agree to execute any and all instruments necessary for the fulfillment of the terms of this Plan.

24. APPLICABLE LAW. This Plan shall be construed in accordance with and governed by the laws of the State of Utah.

25. COMPENSATION TRUST. The Company may effect such amendments to the Compensation Trust Agreement dated September 23, 1993 as convenient or required to be consistent with this Amended Agreement and/or is required to make or continue to make the Compensation Trust Agreement in compliance with Internal Revenue Service Revenue Procedure 92-64 or any amendments or replacements thereto.

26. LEAVE OF ABSENCE. For all purposes of this Amended Agreement, there shall be included as a year in which the Employee works, any year in which the Employee is on leave of absence from the Company and is serving as a full-time missionary for any legally recognized ecclesiastical organization. Further, for all purposes of this Amended Agreement, there shall be included in the time the Employee is deemed continuously employed by the Company any time in which the Employee is on leave of absence from the Company and is serving as a full-time missionary for any legally recognized ecclesiastical organization. For all purposes of this Amended Agreement, whenever the Employee is deemed employed by the Company while the Employee is on leave of absence from the Company and is serving as a full- time missionary for any legally recognized ecclesiastical organization, the Base Salary of the Employee shall be the Base Salary in effect immediately prior to the commencement of such leave of absence.

27. AFFILIATES. For all purposes of this Amended Agreement, the term "Company Contributions" will include all contributions to the Company Compensation Sub-Account by the Company or by any Affiliate of the

Company. Further, the term "Base Salary" shall include the Base Salary received by Employee from the Company or by an Affiliate of the Company. An Affiliate of the Company is a company that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Company.

IN WITNESS WHEREOF the parties hereto have set their hands the day and year first above written.

COMPANY:

NU SKIN INTERNATIONAL, INC.,

By _____
Its_____

EMPLOYEE:

_____

BENEFICIARY DESIGNATION

ENDORSEMENT:

The Employee pursuant to that certain Deferred Compensation Plan entered into on the 25th day of September, 1992, by NU SKIN INTERNATIONAL, INC. and Employee does hereby elect the following beneficiary: _____.

EMPLOYEE:

_____

DEFERRED COMPENSATION CONTRIBUTION RECONCILIATION

TO: _____(Employee)
DATE: September 25, 1992

The amounts which have been credited pursuant to the Deferred Compensation Plan for your benefit are as follows:

DEFERRED COMPENSATION PLAN CONTRIBUTION RECONCILIATION

NAME OF ACCOUNT	AMOUNT CONTRIBUTED TO DATE	ACCUMULATED VALUE	VESTED PERCENTAGE
Employee Compensation Sub Account			100%
Company Compensation Sub Account 1992			
Company Compensation Sub Account 1993			
Company Compensation Sub Account 1994			
Company Compensation Sub Account 1995			
Company Compensation Sub Account 1996			
Company Compensation Sub Account 1997			
Company Compensation Sub Account 1998			

DEFERRED COMPENSATION PLAN CONTRIBUTION RECONCILIATION (Cont.)

Company
Compensation Sub
Account 1999

Company
Compensation Sub
Account 2000

Company
Compensation Sub
Account 2001

Company
Compensation Sub
Account 2002

Company
Compensation Sub
Account 2003

This reconciliation reflects the amounts as set forth on the books and records of the Company as of the date set forth above and does not guarantee the amount or availability of any benefit under the Plan. The amount or availability of any benefit under the Plan must be determined by reference to the terms and conditions of the Plan.

EX-10.49

DEFERRED COMPENSATION PLAN
(New Participant Form)

THIS DEFERRED COMPENSATION PLAN (hereinafter referred to as "Plan") is entered into effective this _____ day of _____, 19__ , by and between NU SKIN INTERNATIONAL, INC., a Utah corporation, hereinafter called "Company" and by [Name of Employee], hereinafter called "Employee".

WITNESSETH:

FOR AND IN CONSIDERATION of the mutual covenants, promises and conditions herein contained, the parties agree as follows:

1. TERM OF PLAN. This Plan shall become effective as of the above date and shall remain in effect until the entire amount of the Deferred Compensation Trust (hereinafter referred to as "Compensation Trust") has been distributed to the Employee or his designated beneficiary, or forfeited to the Company pursuant to the terms of this Plan. Employee hereby accepts this Plan and agrees to serve at the discretion of the Company and to devote his full time and talents to the business conducted by the Company.

2. OTHER AGREEMENTS, SUPERSEDURE. This Plan shall not supersede any other contract of employment, whether written or oral, between the Company and Employee. However, any article or clause of any other contract which may be in conflict with this Plan shall be deemed amended by this Plan as herein provided.

3. COMPENSATION ACCOUNTS AND TRUST. Upon the execution of this Plan, the Company will establish an Account on the Company's books for the benefit of Employee (the "Compensation Account"). The Compensation Account will contain two sub-accounts; the "Employee Compensation Sub-Account" and the "Company Compensation Sub-Account." In addition, the Company shall establish the Compensation Trust to facilitate the performance of its deferred compensation obligation. The Compensation Trust may be amended as convenient or required to permit the inclusion therein of plans similar to the Plan as a "Plan" as defined in the Compensation Trust agreement.

4. EMPLOYEE CONTRIBUTIONS. Prior to the beginning of each fiscal year of the Company during which the Employee is employed, the Employee may elect to defer a portion of the compensation to be paid to the Employee for the coming year ("Employee Contribution"). The Employee Contribution shall be credited by the Company to the Employee Compensation Sub-Account at the times at which the compensation would have been paid except for the deferral election (i.e., if the Employee elects to defer a

portion of his normal bi-weekly compensation then the deferred portion shall be credited to the Employee Compensation Sub-Account on a bi-weekly basis). For purposes of the fiscal year in which this Plan is first implemented, the election by the Employee shall be made within thirty (30) days after this Plan is effective.

5. COMPANY CONTRIBUTIONS. Until this Plan is terminated as provided for herein, the Company will make a contribution ("Company Contributions") to the Company Compensation Sub-Account, subject to and based upon the continued profitability of the Company and the continued employment and performance of the Employee, which Company Contributions shall be as follows: On or before the end of each fiscal year of the Company during which the Employee works, the Board of Directors of the Company shall determine in their sole discretion an amount to be credited to the Company Compensation Sub-Account for the fiscal year, which amount shall not be less than ten percent (10%) of the Base Salary of the Employee for the fiscal year, determined prior to the deferral of any compensation pursuant to this Plan, and exclusive of all bonuses, commissions and other compensation paid to the Employee. For purposes of this paragraph 5, there shall be included as a year in which the Employee works, any year in which the Employee is on leave of absence from the Company and is serving as a full-time missionary for any legally recognized ecclesiastical organization, and there shall be credited to the Company Compensation Sub-Account for any such year an amount not less than ten percent (10%) of the Base Salary of the Employee for the most recent preceding fiscal year in which the Employee was employed throughout the year by the Company.

For all purposes of this Agreement, the term Company Contributions will include all contributions to the Company Compensation Sub-Account by the Company or by any Affiliate of the Company. Further, the term Base Salary shall include the Base Salary received by Employee from the Company or by an Affiliate of the Company. An Affiliate of the Company is a company that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Company.

6. CONTRIBUTIONS TO COMPENSATION TRUST. On at least a annual basis, the amount in the Compensation Account shall be contributed to the Compensation Trust.

7. ACCOUNTING. At the end of each fiscal year the Company shall notify the Employee in writing as to the amount, if any, that has been credited to the Employee Compensation Sub-Account, the Company Compensation Sub-Account and contributed to the Compensation Trust for the past fiscal year and the total amount held in the Compensation Trust for the benefit of the Employee with the earnings thereon. The accounting shall specify the vested portion of amounts held pursuant to the Plan.

8. NATURE OF COMPANY'S OBLIGATION. The Company's obligations under this Plan shall be an unfunded and unsecured promise to pay. The Company shall not be obligated under any circumstances to fund its financial obligations under this Plan. Any assets which the Company may acquire to help cover its financial liabilities are and remain general assets of the Company subject to the claims of its creditors. Neither the Company nor the Plan created hereby gives the Employee any beneficial ownership interest in any asset of the Company. All rights of ownership in any such assets are and remain in the Company. All assets in the Compensation Account and in the Compensation Trust shall always be deemed to be assets of the Company subject to the general creditors of the Company. The Employee shall have no vested right in the Compensation Account or the Compensation Trust. The assets in the Compensation Account and Compensation Trust shall be held pursuant to this Plan and shall remain the sole and exclusive property of the Company and shall be subject to corporate general creditors.

9. EMPLOYEE RIGHT TO ASSETS.

a. The rights of the Employee, any Designated Beneficiary of the Employee, or any other person claiming through the Employee under this Plan, shall be solely those of an unsecured general creditor of the Company. The Employee, the Designated Beneficiary of the Employee, or any other person claiming through the Employee, shall have the right to receive those payments specified under this Plan only from the Company, and has no right to look to any specific or special property separate from the Company to satisfy a claim for benefit payments, including but not limited to the Compensation Trust.

b. The Employee agrees that he, his Designated Beneficiary, or any other person claiming through him shall have no rights or beneficial ownership interest whatsoever in any general asset that the Company may acquire or use to help support its financial obligations under this Plan, including but not limited to the Compensation Trust. Any such general asset used or acquired by the Company in connection with the liabilities it has assumed under this Plan, shall not be deemed to be held under any trust for the benefit of the Employee or his Designated Beneficiary. Nor shall any such general asset be considered security for the performance of the obligations of the Company. Any such asset shall remain a general, unpledged, and unrestricted asset of the Company.

c. The Employee also understands and agrees that his participation in the acquisition of any such general asset for the Company shall not constitute a representation to the Employee, his Designated Beneficiary, or any person claiming through the Employee that any of them has a special or

beneficial interest in such general asset.

10. RETIREMENT BENEFITS. At such time as Employee terminates employment with the Company (which time shall hereafter be referred to as "Retirement Date") the Company will pay a deferred compensation benefit ("Retirement Benefit") to Employee. The amount of the Retirement Benefit shall be equal to the vested portion of the amount contributed to the Compensation Trust from the Compensation Account together with any earnings thereon as of the Retirement Date of the Employee. The Retirement Benefit shall be paid to Employee in 60 equal monthly installments, with the first payment commencing 30 days after the Employee reaches his Retirement Date. The Company may, in its discretion, accelerate any payments to the Employee and may accelerate vesting of the benefits under the plan. In addition, the Company in its discretion may pay the Retirement Benefit prior to termination of Employee's employment with the Company. The Company may, in its discretion, accelerate any payments to the Employee and may accelerate vesting of the benefits under the plan.

11. DISABILITY BENEFITS. If it is determined using social security standards that the Employee is permanently and totally disabled and unable to continue to perform his duties in the Company, and on the express condition that the Employee has satisfied all of the covenants, conditions and promises contained in this Plan (to the extent applicable) the Company shall pay to the Employee the vested portion of the amount contributed to the Compensation Trust from the Compensation Account together with any earnings thereon as of the date that disability is determined ("Disability Benefit"). The Disability Benefit shall be paid to the Employee in 60 equal monthly installments to commence 30 days after disability is established to the satisfaction of the Company. The Company may, in its discretion, accelerate any payments to the Employee and may accelerate vesting of the benefits under the plan.

12. DEATH BENEFITS.

a. Pre-retirement death benefit. Upon the death of Employee prior to his Retirement Date, a Death Benefit shall be paid to Employee's estate (or his designated beneficiary) in an amount equal to sum of the following ("Death Benefit"):

(i) The amount contributed to the Compensation Trust from the Employee Compensation Sub-Account together with any earnings thereon as of the date of the Employee's death; and

(ii) the greater of (a) the vested portion of the amount contributed to the Compensation Trust from the Compensation Account together with any

earnings thereon as of the date of the Employee's death; or (b) an amount equal to five times the average of the Employee's Base Salary for the three most recent years.

The Death Benefit shall be paid in 60 equal monthly installments to commence 30 days after the death of Employee. The Company may, in its discretion, accelerate any payments due and may accelerate vesting of the benefits under the plan.

b. Post-retirement death benefit. If Employee dies after his Retirement Date, the Employee's estate (or his designated beneficiary) shall be entitled to receive the remaining unpaid vested portion of the Retirement Benefit. The remaining Retirement Benefit shall be paid to the Employee's estate (or his Designated Beneficiary) on the same basis as it was being paid to the Employee as of Employee's Retirement Date. The Company may, in its discretion, accelerate any payments due and may accelerate vesting of the benefits under the plan.

c. For the purposes of this Section 12, the Employee shall be deemed employed by the Company at any time during which the Employee is on leave of absence from the Company and is serving as a full-time missionary for any legally recognized ecclesiastical organization, at the Base Salary of the employee in effect immediately prior to the commencement of such leave of absence.

13. VESTING. Employee's right to receive the Benefits hereunder shall vest as follows:

1. The Employee shall be 100% vested in all amounts contributed to the Employee Compensation Sub-Account.

2. The Employee shall vest 100% in amounts contributed to the Company Compensation Sub-Account if the Employee has been continuously employed with the Company from the date of the Plan until the earlier of the following events:

(a) The Employee attains 60 years of age; or

(b) The Employee has been continuously employed by the Company for a period of twenty (20) years.

(c) The Employee's death or disability as defined in the Plan.

3. No amounts contributed to the Company Compensation Sub-Account shall vest unless the employee has been continuously employed by the Company from the date of the

Plan until the events specified in paragraph 13.2 above.

4. Notwithstanding paragraphs 13.1, 13.2 and 13.3 above, Employee shall forfeit all benefits accruing under this Plan if at any time during his employment with the Company, Employee (1) directly or indirectly enters into the employment of or owns any interest in any other company, business or corporation which competes directly or indirectly with the business of the Company, or (2) the Employee allows the association of his name with or renders any service or assistance or advice, whether or not for consideration, to any other corporation, company or business which company, business or corporation is in competition with the Company.

5. For purposes of this paragraph 13, there shall be included in the time the Employee is deemed continuously employed by the Company any time in which the Employee is on leave of absence from the Company and is serving as a full-time missionary for any legally recognized ecclesiastical organization.

14. NATURE OF BENEFITS. It is expressly understood that when Benefits provided for herein are payable, they are payable on account of the past services of Employee and are not payable on account of services to be rendered after the date the Employee retires or terminates. Further, all amounts to be paid hereunder do not depend on Employee serving as a consultant or the Employee serving in any capacity for the Company after the Employee's Retirement. Benefits payable hereunder are specifically meant to be paid upon the termination, retirement, death or disability of the Employee as deferred compensation.

15. INVESTMENT DISCRETION. All amounts contributed to the Contribution Account under this Plan, and any and all earnings thereon may be invested or utilized by the Company as the Company, in its sole and absolute discretion, may determine, including, without limitation, in any aspect of the business or operations of the Company. The Company may exercise this discretion to determine the amount of earnings on any amounts contributed to the Contribution Account for any period.

16. NONASSIGNABILITY. It is expressly understood and agreed hereunder that the Benefits derived from this Plan are not subject to attachment for payment of any debts or judgments of Employee and neither Employee nor the Employee's spouse or heirs shall have any right to transfer, modify, anticipate, encumber, or assign any of the Benefits or rights hereunder. None of the payments which may be due to the Employee shall be transferrable by operation of law in the event the Employee becomes insolvent or bankrupt.

17. MERGER OR CONSOLIDATION. In the event the Company shall reorganize, consolidate or merge with any other company this Plan shall become an obligation of the new company or of any company taking over the duties and responsibilities of the Company. The Company agrees that if any of these events occur, Employee may request that a Rabbi trust be established to hold the Benefits.

18. LIQUIDATION AND INSOLVENCY. In the event the Company must liquidate due to insolvency or events resulting in an act of bankruptcy, or in the event the Company becomes insolvent and is incapable of paying its bills and obligations, then this Agreement shall terminate and shall be considered as fully and completely discharged.

19. PAYMENTS TO OTHER PERSONS. If the Company shall find that any person to whom any payment is to be made under this Plan is unable to care for his affairs because of illness or accident, or is a minor, any Benefit due (unless a prior claim therefor shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to the spouse, a child, a parent, or a brother or sister, or to any person deemed by the Company to have incurred expenses for such person otherwise entitled to payment, in such manner and proportions as the Company may determine. Any such payment shall be a complete discharge of the liabilities of the Company under this Plan.

20. LIMITATIONS OF THIS PLAN. Nothing contained herein shall be construed as conferring upon the Employee the right to continue in the employ of the Company in any capacity.

21. OTHER BENEFITS DETERMINED BY COMPENSATION. All amounts credited to the Account under this Plan shall not be deemed to be part of the Employee's regular annual compensation for the purpose of computing benefits to which he may be entitled under any pension, profit sharing, 401(k) plan or other arrangement of the Company for the benefit of its employees.

22. BOARD OF DIRECTORS AUTHORITY. The Board of Directors of the Company shall have full power and authority to interpret, construe and administer and amend prospectively this Plan and the Board's interpretations and construction hereof and actions hereunder shall be binding and conclusive on all persons for all purposes. No Employee, representative or agent of the Company shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Plan unless attributable to his own willful misconduct or lack of good faith.

23. AMENDMENT. During the lifetime of the employee, this Plan may be amended or revoked at any time, in whole or part, by the mutual written agreement of the parties.

24. BINDING EFFECT. This Plan shall be binding upon the parties hereto, their heirs, assigns, successors, executors, administrators and they shall agree to execute any and all instruments necessary for the fulfillment of the terms of this Plan.

25. APPLICABLE LAW. This Plan shall be construed in accordance with and governed by the laws of the State of Utah.

26. COMPENSATION TRUST. The Company may effect such amendments to the Compensation Trust Agreement dated September 23, 1993 as convenient or required to be consistent with this Amended Agreement and/or is required to make or continue to make the Compensation Trust Agreement in compliance with Internal

Revenue Service Revenue Procedure 92-64 or any amendments or replacements thereto.

IN WITNESS WHEREOF the parties hereto have set their hands the day and year first above written.

COMPANY:

NU SKIN INTERNATIONAL, INC.

By _____
Its_____

EMPLOYEE:

_____
[Name of Employee]

BENEFICIARY DESIGNATION

ENDORSEMENT:

The Employee pursuant to that certain Deferred Compensation Plan entered into on the day of , 19 , by and between NU SKIN INTERNATIONAL, INC. and Employee, does hereby designate the following beneficiary:

EMPLOYEE:

_____

[Name of Employee]

DEFERRED COMPENSATION CONTRIBUTION RECONCILIATION

TO: [Name of Employee]
DATE:

The amounts which have been credited pursuant to the Deferred Compensation Plan for your benefit are as follows:

DEFERRED COMPENSATION PLAN CONTRIBUTION RECONCILIATION

NAME OF ACCOUNT	AMOUNT CONTRIBUTED TO DATE	ACCUMULATED VALUE	VESTED PERCENTAGE
Employee Compensation Sub Account			100%
Company Compensation Sub Account 1998			
Company Compensation Sub Account 1999			
Company Compensation Sub Account 2000			
Company Compensation Sub Account 2001			

This reconciliation reflects the amounts as set forth on the books and records of the Company as of the date set forth above and does not guarantee the amount or availability of any benefit under the Plan. The amount or availability of any benefit under the Plan must be determined by reference to the terms and conditions of the Plan.

EX-10.50

AMENDMENT IN TOTAL AND COMPLETE RESTATEMENT OF
NU SKIN INTERNATIONAL, INC.
COMPENSATION TRUST

This Amendment in Total and Complete Restatement of the Nu Skin International, Inc. Compensation Trust is made as of this ____ day of _____, 1998, by and between Nu Skin International, Inc. (hereinafter called the "Company"), whose address is 75 West Center Street, Provo, Utah 84606, and Blake M. Roney, Steven J. Lund and Keith R. Halls (hereinafter called the "Trustee").

The Company created the Nu Skin International, Inc. Compensation Trust on the 23rd day of September, 1993 (hereinafter called the "Trust"), and desires to amend the Trust, in total, as follows:

RECITALS:

WHEREAS the Company has adopted non-qualified deferred compensation plans (copies of which are attached hereto) for some of the highly compensated employees or a select management group of the Company (hereinafter referred to as the "Plans"). The Company may hereafter adopt additional non-qualified deferred compensation plans which may participate in this Trust upon receipt by the Trustees of a copy of the Plan from the Company and the approval of the Trustees without additional action by the Company.

WHEREAS the Company has incurred or expects to incur liability under the terms of such Plans with respect to the individual participating in such Plans.

WHEREAS the Company wishes to establish the Trust and to contribute to the Trust assets that shall be held herein subject to the claims of the Company's creditors in the event of the Company's insolvency, as herein defined, until paid to Plan participants and their beneficiaries in such manner and at such times as specified in the Plans.

WHEREAS it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plans as unfunded plans maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974.

WHEREAS it is the intention of the Company to make contributions to the Trust to provide itself with a source of funds to assist in the meeting of its liabilities under the Plans.

NOW THEREFORE the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

Section 1. ESTABLISHMENT OF TRUST.

(a) The Company hereby deposits with the Trustee and Trust the sum of $10.00, which will become the principal of the trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement.

(b) The Trust hereby established is revocable by the Company, it shall become irrevocable upon a Change of Control as defined herein.

(c) The Trust is intended to be a grantor trust, of which the Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The principal of the Trust, and any earnings thereon, shall be held separate and apart from other funds of the Company and shall be used exclusively for the uses and purposes of Plan participants and general creditors as hereinafter set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership in, any assets of the Trust. Any rights created under the Plans and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against the Company. Any assets held by the Trust will be subject to the claims of the Company's general creditors under Federal and State law in the event of Insolvency, as defined in Section 3(a) herein.

(e) The Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property in Trust with the Trustee to augment the principal to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. Neither the Trustee nor any plan participant or beneficiary shall have any right to compel such additional deposits.

Section 2. PAYMENTS TO PLAN PARTICIPANTS AND THEIR BENEFICIARIES.

(a) The Company shall deliver to the Trustee a copy of the Deferred Compensation Plan for each Plan participant that indicates the amounts payable in respect to each Plan participant (and his or her beneficiaries), the form in which such amount is to be paid as provided for or available under the Plan(s), and the time of commencement for payment of such amounts. Except as otherwise provided herein, the Trustee shall make payments to the Plan participants and their beneficiaries in accordance with the Plans. The Trustee shall make provisions for the reporting and withholding of any Federal, State and local taxes that may be required to be withheld with respect to the payment of benefits

pursuant to the terms of the Plans and shall pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by the Company.

(b) Entitlement of the Plan participant or his or her beneficiaries to benefits under the Plans shall be determined by the Company or such party as it shall designate under the Plans, and any claim for such benefits shall be considered and reviewed under the procedure set out in the Plans.

(c) The Company may make payment of benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plans. The Company shall notify the Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plans, the Company shall make the balance of each such payment as it falls due. The Trustee shall notify the Company where principal and earnings are not sufficient.

Section 3. TRUSTEE RESPONSIBILITY REGARDING PAYMENTS TO TRUST BENEFICIARY WHEN THE COMPANY IS INSOLVENT.

(a) The Trustee shall cease payment of benefits to Plan participants and their beneficiaries if the Company is Insolvent. The Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) the Company is unable to pay its debts as they become due, or (ii) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to the claims of general creditors of the Company under Federal and State laws set forth below.

(1) The Board of Directors and the President of the Company shall have the duty to inform the Trustee in writing of the Company's Insolvency. If a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall determine whether the Company is Insolvent and, pending such determination, the Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries.

(2) Unless the Trustee has actual knowledge of the Company's Insolvency, or has received notice from the Company or a person claiming to be a creditor alleging that the Company is Insolvent, the Trustee shall have no duty of inquiry whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning solvency as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination concerning the Company's solvency.

(3) If at any time the Trustee has determined that the Company is Insolvent, the Trustee shall discontinue payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of the Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of the Company with respect to benefits due under the Plans or otherwise.

(4) The Trustee shall resume the payments of benefits to Plan participants or their beneficiaries in accordance with Section 2 of this Trust Agreement only after the Trustee has determined that the Company is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if the Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plans for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by the Company in lieu of the payments provided for hereunder during any such period of discontinuance.

Section 4. PAYMENTS TO COMPANY.

Except as provided in Section 3 hereof, after the Trust has become irrevocable, the Company shall have no right or power to direct the Trustee to return to the Company or divert to others any of the Trust assets before all payment of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plans.

Section 5. INVESTMENT AUTHORITY.

(a) The Trustee may invest in securities (including stock or rights to acquire stock) or obligations issued by the Company. All rights associated with assets of the Trust shall be exercised by the Trustee of the person designated by the Trustee, and shall in no event be exercisable by or rest with Plan participants.

(b) The Company shall have the right at any time, and from time to time in its sole discretion, to substitute assets of equal fair market value for any asset held by the Trust. This right is exercisable by the Company in a non-fiduciary capacity without the approval or consent of any person in a fiduciary capacity.

Section 6. DISPOSITION OF INCOME.

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

Section 7. ACCOUNTING BY TRUSTEE.

The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Within 60 days following the close of each calendar year and within 60 days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other actions affected by it, including the description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

Section 8. RESPONSIBILITY OF THE TRUSTEE.

(a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by the Company which is contemplated by, and in conformity with, the terms of the Plans or this Trust and is given in writing by the Company. In the event of a dispute between the Company and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) If the Trustee undertakes or defends any litigation arising in connection with this Trust, the Company agrees to indemnify the Trustee against the Trustee's cost, expenses and liabilities (including, without limitation, attorneys fees and expenses) relating thereto and be primarily liable for such payments. If the Company does not pay such costs, expenses and liabilities in a reasonably timely manner, the Trustee may obtain payment from the Trust.

(c) The Trustee may consult with legal counsel (who may also be counsel for the Company generally) with respect to any of its duties or obligations hereunder.

(d) The Trustee may hire agents, accounts, actuaries, investment advisers, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(e) The Trustee shall have, without exclusion, all powers conferred on the Trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor trustee, or to loan to any person the proceeds of any borrowing against such policy.

(f) However, notwithstanding the provisions of Section 8(e) above, the Trustee may loan to the Company the proceeds of any borrowings against an insurance policy held as an asset of the Trust.

(g) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

Section 9. COMPENSATION AND EXPENSES OF THE TRUSTEE.

The Company shall pay all administrative and the Trustee's fees and expenses. If no so paid, the fees and expenses shall be paid from the Trust.

Section 10. RESIGNATION OR REMOVAL OF THE TRUSTEE.

(a) The Trustee may resign at any time by written notice to the Company which shall be effective twenty (20) days after receiving such notice unless the Company and the Trustee agree otherwise.

(b) The Trustee may be removed by the Company on twenty (20) days notice or upon shorter notice accepted by the Trustee.

(c) Upon a Change of Control, as defined herein, the Trustee may not be removed by the Company for 5 years.

(d) If the Trustee resigns within 5 years of a Change of Control, as defined herein, the Trustee shall select a successor Trustee in accordance with the provisions of Section 11(b) hereof prior to the effective day of the Trustee's resignation or removal.

(e) Upon resignation or removal of the Trustee and appointment of the successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within thirty (30) days after receipt of notice of resignation, removal or transfer, unless the Company extends the time limits.

(f) If the Trustee resigns or is removed, a successor shall be appointed, in accordance with Section 11 hereof, by the effective date of the resignation or removal under paragraphs (a) or (b) of this section. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

Section 11. APPOINTMENT OF SUCCESSOR.

(a) If the Trustee resigns or is removed in accordance with Section 10(a) or 10(b) hereof, the Company may appoint a third party as a successor to replace the Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute every instrument necessary or reasonably requested by the Company or the successor Trustee to evidence the transfer.

(b) If the Trustee resigns or is removed pursuant to the

provisions of Section 10(e) hereof and selects a successor Trustee, the Trustee may appoint any third party as successor Trustee. The appointment of a successor Trustee shall be effective when accepted in writing by the new Trustee. The new Trustee shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the successor Trustee to evidence the transfer.

(c) The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Section 7 and 8 hereof. The successor Trustee shall not be responsible for and the Company shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any past event, or any condition existing at the time he becomes successor Trustee.

Section 12. AMENDMENT OR TERMINATION.

(a) This Trust Agreement may be amended by a written instrument executed by Trustee and the Company. Notwithstanding the foregoing comment, no such amendment shall conflict with the terms of the Plans or shall make the Trust revocable after it has become irrevocable in accordance with Section 1(b) hereof.

(b) The Trust shall not terminate until the date on which the Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plans unless sooner revoked in accordance with Section 1(b) hereof. Upon termination of the Trust, any assets remaining in the Trust shall be returned to the Company.

(c) Upon written approval of participants or beneficiaries entitled to payment of benefits pursuant to the terms of the Plans, the Company may terminate this Trust prior to the time all benefits payable under the Plans have been made. All assets in the Trust at termination shall be returned to the Company.

Section 13. MISCELLANEOUS.

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

(d) For purposes of this Trust, Change of Control shall mean the purchase or other acquisition by any person, entity or group of persons, within the meaning of Section 13(b) or 14(d) of the Securities Exchange Act of 1934 (the "Act"), or any comparable successor provisions, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 50 percent or more of the outstanding shares of common stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally, or the approval by the stockholders of the Company or a reorganization, merger, or consolidation, in each case, with respect to which persons who are stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding securities, or a liquidation or dissolution of the Company or the sale of all or substantially all of the Company's assets.

Section 14. EFFECTIVE DATE.

The effective date of this Trust Agreement shall be the 23rd day of September 1993.

Section 15. AFFILIATES.

For purposes of paragraphs 1(c), 1(d), 1(e), 2, 3, 4, 5, 7, 8, 9, 11(c), 12(b), and 12(c), the term "Company" shall include Nu Skin International, Inc. ("NSI") and any Affiliate of NSI. An Affiliate of NSI is a company that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with NSI.

However, whenever the term "Company" refers to an Affiliate, an allocation of amounts (based on contributions from the Affiliate) between NSI and the Affiliate shall be required so that each company shall only have responsibility or authority relating to those amounts related to that company. Allocations of income and principal shall be made and the Trustees shall charge income of the Trust to the company to which that income relates and each company shall be responsible to report its share of such income. Further, indemnification and similar provisions shall require apportionment between the companies. Each Affiliate which contributes to the Trust shall be deemed a grantor of the Trust and the owner as to that proportionate share of the Trust based on its percentage of contributions.

Responsibilities, including, but not limited to, the obligation to deliver copies of Deferred Compensation Plans, shall relate to those Plans to which the Affiliate contributes. However, an action taken previously by NSI or an Affiliate need not be duplicated by a succeeding Affiliate.

Insolvency of an Affiliate shall only affect that Affiliate and the percentage of the Trust owned by that Affiliate.

IN WITNESS WHEREOF the Company and the Trustee have executed this Agreement as of the date first above written.

NU SKIN INTERNATIONAL, INC.

By _____
Its _____

Attest:

_____
Secretary

Trustee:

_____
Blake M. Roney, Trustee

_____
Steven J. Lund, Trustee

_____
Keith R. Halls, Trustee

EX-10.51

WILLIAM MCGLASHAN, JR.
EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of October 5, 1998, 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 will become an indirect wholly owned subsidiary of the Parent;

WHEREAS, following the transactions contemplated by the Merger Agreement, the Company wishes to have the Executive continue to provide services for the period provided in this Agreement and Executive wishes to remain in the employ of the Company for such period; and

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 Effective Time (as defined in the Merger Agreement).

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 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 Effective Time, the Executive shall be entitled to receive a base salary ("Base Salary") at a rate of $230,000 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 as a "Large Country Manager" (as such term is defined in the Bonus Plan) and to receive an annual bonus of up to 130% of his Base Salary, based on his level of achievement of the applicable performance criteria. 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 Effective Time, 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, (ii) the Parent=s Consolidated Revenue objectives for such fiscal year for such series and set forth in Appendix B (which may be equitably adjusted from time to time, in the sole determination of the Parent's Board of Directors acting reasonably and in good faith, to reflect significant changes and developments in Company and Parent operations resulting from acquisitions or dispositions of other companies or businesses) ("Consolidated Revenue") are met or exceeded, and (iii) 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 and Consolidated Revenue of the Parent 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 or Consolidated Revenue objectives is warranted in accordance with the foregoing, such objectives shall be adjusted upward by an amount equal to the annualized gross profit (for the Gross Profit objectives) or revenue (for the Consolidated Revenue objectives) 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 (for the Gross Profit objectives) or revenue (for the Consolidated Revenue objectives) 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 and the cumulative Consolidated Revenue objectives for the period ending with the end of such fiscal year as set forth on Appendix A and Appendix B 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) at the Company's expense, maintain an executive quality apartment or condominium in Provo, Utah for use in connection with Company business; and

(b) 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

(c) 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

(d) Four (4) weeks vacation per annum.

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 C 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:

2238 Hyde Street
Apartment 9
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 with 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 D 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: /s/ Scott Farquhar
Name: Scott Farquhar
Title: Chief Financial Officer

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

NU SKIN ENTERPRISES, INC.

By: /s/ Truman Hunt
Name: Truman Hunt
Title: Vice President

EX-10.52

ASSET PURCHASE AGREEMENT

BY AND AMONG

NU SKIN ENTERPRISES, INC.,

NU SKIN UNITED STATES, INC.,

AND

NU SKIN USA, INC.

March 8, 1999

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DISCLOSURE SCHEDULE

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is entered into effective as of March 8, 1999, by and among Nu Skin Enterprises, Inc., a Delaware corporation ("Nu Skin Enterprises"), Nu Skin United States, Inc., a Delaware corporation ("Nu Skin United States"), and Nu Skin USA, Inc., a Delaware corporation ("Nu Skin USA"). Nu Skin Enterprises and Nu Skin United States are sometimes referred to herein, collectively, as the "Nu Skin Entities." Nu Skin Enterprises, Nu Skin United States, and Nu Skin USA are referred to herein, collectively, as the "Parties" and, individually, as a "Party."

RECITALS

WHEREAS, this Agreement contemplates a transaction in which (i) Nu Skin United States will purchase from Nu Skin USA certain of its assets (defined in this Agreement as the "Non-Securities Acquired Assets") in exchange for the assumption by Nu Skin United States of certain of Nu Skin USA's liabilities (defined in this Agreement, collectively, as the "Assumed Liabilities," as set forth in Section 2.2.1 below), and (ii) Nu Skin Enterprises will purchase for cash from Nu Skin USA certain shares of Nu Skin Enterprises' Class A Common Stock (defined in this Agreement as the "Class A Shares," as set forth in Section 2.1.2 below) owned by Nu Skin USA.

NOW THEREFORE, in consideration of the mutual premises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. Definitions.

"Acquired Assets" has the meaning set forth in Section 2.1.3 below.

"Acquired Contracts" has the meaning set forth in Section 2.1.1 below.

"Affiliates" means (a) Merasoft LLC, a Utah limited liability company; (b) Scrub Oak Ltd., a Utah limited partnership; (c) Aspen Investments Ltd., a Utah limited partnership, and (d) any other affiliated entity other than Nu Skin Enterprises and its subsidiaries.

"Affiliated Group" means any affiliated group within the meaning of Code Section 1504(a).

"Assumed Liabilities" has the meaning set forth in Section 2.2.1 below.

"Basis" means any past or present fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction that forms or could form the basis for any specified consequence.

"Bill of Sale and Assignment" means the Bill of Sale and Assignment in the form attached hereto as Exhibit "D".

"Cash" means cash and cash equivalents (including marketable securities and short -term investments) calculated in accordance with generally accepted accounting principles applied on a consistent basis.

"Class A Common Stock" has the meaning set forth in Section 2.1.2 below.

"Class A Purchase Price" has the meaning set forth in Section 2.2.2 below.

"Class A Shares" has the meaning set forth in Section 2.1.2 below.

"Closing" has the meaning set forth in Section 2.3 below.

"Closing Date Balance Sheet" has the meaning set forth in Section 3.2 below.

"COBRA" means the requirements of Part 6 of Subtitle B of Title I of ERISA and Code Section 4980B.

"Code" means the Internal Revenue Code of 1986, as amended.

"Controlled Group" has the meaning set forth in Code Section 1563.

"Damages" has the meaning set forth in Section 5.1 below.

"Disclosure Schedule" has the meaning set forth in Section 3 below.

"Employee Benefit Plan" means any (a) non-qualified deferred compensation or retirement plan or arrangement, (b) qualified defined contribution retirement plan or arrangement that is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement that is an Employee Pension Benefit Plan (including any Multi-employer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit or other retirement, bonus, or incentive plan or program.

"Employee Pension Benefit Plan" has the meaning set forth in ERISA Section 3(2).

"Employee Welfare Benefit Plan" has the meaning set forth in ERISA Section 3(1).

"Environmental, Health, and Safety Requirements" shall mean all federal, state, local, and foreign statutes, regulations, ordinances, and other provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law concerning public health and safety, worker health and safety, and pollution or protection of the environment, including, without limitation, all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise, or radiation, each as amended and as now or hereafter in effect.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means each entity that is treated as a single employer with Nu Skin USA for purposes of Code Section 414.

"Escrow" has the meaning set forth in Section 3.2 below.

"Escrow Agent" means U.S. Bank National Association, a national banking association.

"Escrow Agreement" means the Escrow Agreement dated of even date herewith entered into by an among Nu Skin Enterprises, Nu Skin USA, the stockholders who executed the signature page thereto, and the Escrow Agent.

"Escrow Amount" has the meaning set forth in Section 3 below.

"Excluded Assets" has the meaning set forth in Section 2.1.1 below.

"Existing Agreements" has the meaning set forth in Section 2.2.1 below.

"Fiduciary" has the meaning set forth in ERISA Section 3(21).

"Indemnification Limitation Agreement" means the Indemnification Limitation Agreement entered into by and among Nu Skin Enterprises, Nu Skin United States, Nu Skin USA, Big Planet, Inc., a Utah corporation, and the individuals indicated therein, the form of which is attached hereto as Exhibit "F".

"Indemnitees" has the meaning set forth in Section 5.1 below.

"Instrument of Assumption" means the Instrument of Assumption in the form attached hereto as Exhibit "E".

"Intellectual Property" means (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, service marks, trade dress, logos, trade names, and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (d) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (e) all computer software (including data and related documentation), (f) all other proprietary rights, and (g) all copies and tangible embodiments thereof (in whatever form or medium).

"Knowledge" means actual knowledge after reasonable investigation.

"Liability" means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

"Multi-employer Plan" has the meaning set forth in ERISA Section 3(37).

"NSE Indemnitees" has the meaning set forth in Section 7.1 below.

"NSUSA Indemnitees" has the meaning set forth in Section 7.2 below.

"Net Liabilities" means the excess of the Assumed Liabilities over the book value of the Non-Securities Acquired Assets, as determined from Nu Skin USA's Closing Date Balance Sheet.

"Non-Securities Acquired Assets" has the meaning set forth in Section 2.1.1 below.

"Nu Skin Enterprises" has the meaning set forth in the preface above.

"Nu Skin Entities" has the meaning set forth in the preface above.

"Nu Skin USA Intellectual Property" has the meaning set forth in Section 5.8.1 below.

"Nu Skin International" means Nu Skin International, Inc., a Utah corporation.

"Nu Skin United States" has the meaning set forth in the preface above.

"Nu Skin USA" has the meaning set forth in the preface above.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

"Parties" and "Party" have the meanings set forth in the preface above.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

"Prohibited Transaction" has the meaning set forth in ERISA Section 406 and Code Section 4975.

"Purchase Price" has the meaning set forth in Section 2.2.3 below.

"Reportable Event" has the meaning set forth in ERISA Section 4043.

"Security Interest" means any mortgage, pledge, lien, encumbrance, charge, or other security interest, other than (a) mechanic's, materialmen's, and similar liens, (b) liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings, (c) purchase money liens and liens securing rental payments under capital lease arrangements, and (d) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

"Tax" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

2. Basic Transaction.

2.1 Purchase of the Acquired Assets.

2.1.1 Purchase of the Non-Securities Acquired Assets. In exchange for the assignment and assumption by Nu Skin United States of the Assumed Liabilities, on and subject to the terms and conditions of this Agreement, Nu Skin United States agrees to purchase and acquire from Nu Skin USA, and Nu Skin USA agrees to sell, transfer, convey, assign, and deliver to Nu Skin United States, all of its right, title and interest in and to all of the assets of Nu Skin USA (except for the excluded assets listed on Exhibit "A" attached hereto and the contracts not expressly assumed (collectively, the "Excluded Assets" and except for the Class A Shares, which are addressed in Section 2.1.2 below), of whatever kind or nature whatsoever, including, but not limited to, (a) all leasehold improvements, (b) all equipment, (c) all inventory, (d) the name "Nu Skin USA" and all derivations thereof, (e) all intellectual property used by Nu Skin USA in its business that is not licensed to it by Nu Skin International, (f) all promotional and marketing materials related to Nu Skin USA's business, and (g) the contracts and agreements specifically listed on Exhibit "B" attached hereto, each of which is directly related to Nu Skin USA's business of network marketing Nu Skin International's personal care and nutritional products (collectively, the "Acquired Contracts"). No other contracts or agreements of Nu Skin USA other than the Acquired Contracts are being acquired by Nu Skin United States (nor is Nu Skin Enterprises acquiring any of Nu Skin USA's contracts or agreements pursuant to this Agreement). Furthermore, the Parties understand and agree that neither Nu Skin Enterprises nor Nu Skin United States is hereby acquiring any liability to, for, or in connection with Big Planet, Inc. The Parties specifically understand and agree that all of Nu Skin USA's operating assets are being acquired by Nu Skin United States pursuant to this Agreement, except for the Excluded Assets. The assets being purchased and acquired by Nu Skin United States, as identified in this Section 2.1.1, are referred to herein, collectively, as the "Non-Securities Acquired Assets."

2.1.2 Purchase of the Class A Shares. On and subject to the terms and conditions of this Agreement, Nu Skin Enterprises agrees to purchase at the Closing from Nu Skin USA, and Nu Skin USA agrees to sell, transfer, convey, assign, and deliver to Nu Skin Enterprises, in exchange for the Class A Purchase Price (as that term is defined in Section 2.2.2 below), all of Nu Skin USA's right, title, and interest in and to the six hundred twenty thousand one hundred fifty-eight (620,158) shares of Nu Skin Enterprises Class A Common Stock, $0.001 par value per share ("Class A Common Stock"), owned by Nu Skin USA (the "Class A Shares").

2.1.3 Acquired Assets. The Non-Securities Acquired Assets and the Class A Shares are referred to herein, collectively, as the "Acquired Assets."

2.2 Purchase Price Determination.

2.2.1 Purchase Price for the Non-Securities Acquired Assets. On and subject to the terms and conditions of this Agreement and in exchange for the Non-Securities Acquired Assets, at the Closing Nu Skin United States agrees to assume and become solely responsible for the categories of liabilities and the contractual obligations of Nu Skin USA specifically set forth on Exhibit "C" attached hereto (collectively, the "Assumed Liabilities"). Under the heading "Contractual Obligations Assumed by Nu Skin United States" in Exhibit "C" attached hereto, the Parties have specifically listed each contract and agreement that is being assumed by Nu Skin United States pursuant to this Agreement (which contractual obligations are deemed to be part of the Assumed Liabilities), and no other contractual obligation of Nu Skin USA of any type whatsoever is being assumed by Nu Skin United States except as so listed in Exhibit "C" attached hereto. Notwithstanding the provisions of this Agreement, the Parties hereby acknowledge and reaffirm (a) the Tax Sharing and Indemnification Agreement dated December 31, 1997 and entered into by and among Nu Skin International, Nu Skin USA, and their respective shareholders, (b) the Assumption of Liabilities and Indemnification Agreement dated effective as of December 31, 1997 and entered into by and between Nu Skin International and 252nd Shelf Corporation, a Delaware corporation (now known as "Nu Skin USA, Inc."), and (c) the Employee Benefits Allocation Agreement (undated) entered into by and between Nu Skin International and Nu Skin USA (collectively, the "Existing Agreements"), and specifically acknowledge and agree that the Existing Agreements are not included within the Assumed Liabilities. The Existing Agreements shall remain in full force and effect as originally executed and are not being terminated, modified, or amended by this Agreement. The Parties understand and agree that, except for the Assumed Liabilities, neither Nu Skin United States nor Nu Skin Enterprises (or any of their respective affiliates) is or will become liable or responsible for any other Liabilities or obligations of Nu Skin USA pursuant to this Agreement. As set forth above, the purchase price for the Non-Securities Acquired Assets shall be the assumption by Nu Skin United States of the Assumed Liabilities. The aggregate purchase price for all of the Non-Securities Acquired Assets is referred to herein as the "Non-Securities Purchase Price."

2.2.2 Purchase Price for the Class A Shares. The purchase price for the Class A Shares shall be Eight Million Six Hundred Eighty-Two Thousand Two Hundred Twelve Dollars ($8,682,212) (the "Class A Purchase Price"). The Class A Purchase Price will be paid by Nu Skin Enterprises by wire transfer or delivery of other immediately available funds to Nu Skin USA at the Closing as follows: (a) Five Million Six Hundred Eighty-Two Thousand Two Hundred Twelve ($5,682,212) to Nu Skin USA and (b) Three Million Dollars ($3,000,000) (which amount is defined in Section 3 below as the "Escrow Amount") to the Escrow Agent pursuant to the Escrow Agreement.

2.2.3 Purchase Price. The Non-Securities Purchase Price and the Class A Purchase Price are referred to herein, collectively, as the "Purchase Price."

2.2.4 Allocation of Purchase Price. The Purchase Price shall be allocated among the Acquired Assets as of the date of the Closing in accordance with Exhibit "H" attached hereto. Any subsequent adjustments to the sum of the Purchase Price shall be reflected in the allocation hereunder in a manner consistent with Treasury Regulation Section 1.1060-1T(f). For all Tax purposes, the Parties agree to report the transactions contemplated in this Agreement in a manner consistent with the terms of this Agreement, including the allocation set forth in Exhibit "H" attached hereto, and that none of them will take any position inconsistent therewith in any Tax return, Tax refund claim, litigation, or otherwise.

3. The Escrow Amount; Purchase Price Adjustments; Net Liabilities. As set forth in Section 2.2.2 above, upon the execution of this Agreement by each of the Parties, Nu Skin Enterprises will deliver Three Million Dollars ($3,000,000) of the Class A Purchase Price (the "Escrow Amount") to the Escrow Agent for deposit into the Escrow pursuant to the terms of the Escrow Agreement. As set forth below in this Section 3 and in the Escrow Agreement, the Purchase Price shall be subject to downward adjustment on a dollar for dollar basis to the extent the Net Liabilities of Nu Skin USA, as indicated in the Closing Date Balance Sheet (as that term is defined in Section 3.2 below) exceeded One Million Dollars ($1,000,000). Such downward adjustment shall be effected by disbursements of funds from the Escrow Amount in accordance with the Escrow Agreement. As further provided in the Escrow Agreement, the Purchase Price may further be adjusted by the amount of any adjustments provided for in the Foreign Entity Stock Purchase Agreement(s) (as such term is defined in the Escrow Agreement). If any conflict exists between this Agreement and the Escrow Agreement regarding the adjustment of the Purchase Price by disbursements from the Escrow Amount or other disbursements from the Escrow, the Escrow Agreement shall govern and control.

3.1 Draft Closing Date Balance Sheet. Within sixty (60) days after the date of the Closing, Nu Skin USA will prepare and deliver to Nu Skin Enterprises and the Escrow Agent a draft unaudited consolidated balance sheet (the "Draft Closing Date Balance Sheet") of Nu Skin USA as of the date of the Closing (determined on a pro forma basis as though the Parties had not consummated the transactions contemplated by this Agreement). Nu Skin USA will prepare the Draft Closing Date Balance Sheet in accordance with generally accepted accounting principles applied on a basis consistent with the preparation of Nu Skin USA's December 31, 1998 balance sheet; provided, however, that assets, liabilities, gains, losses, revenues, and expenses in interim periods or as of dates other than year-end (which normally are determined through the application of so-called interim accounting conventions or procedures) will be determined, for purposes of the Draft Closing Date Balance Sheet, through full application of the procedures used in preparing Nu Skin USA's December 31, 1998 balance sheet.

3.2 Objections to Draft Closing Date Balance Sheet; Appointment of "Big 5" Accounting Firm. If Nu Skin Enterprises has any objections to the Draft Closing Date Balance Sheet, it shall deliver a detailed statement describing its objections to Nu Skin USA and the Escrow Agent within thirty (30) days after receiving the Draft Closing Date Balance Sheet. Nu Skin Enterprises and Nu Skin USA will then use reasonable efforts to resolve any such objections themselves. If Nu Skin Enterprises and Nu Skin USA do not agree on a final resolution of such objections within thirty (30) days after Nu Skin USA receives Nu Skin Enterprises's statement describing its objections, Nu Skin Enterprises shall appoint one of the so-called "Big 5" national accounting firms to resolve any remaining objections to the Draft Closing Date Balance Sheet; provided, however, that the "Big 5" accounting firm so appointed shall not at that time be engaged by Nu Skin Enterprises to provide it with auditing services (the "'Big 5' Accountant"). The appointment of the "Big 5" Accountant by Nu Skin Enterprises, as provided by this Section 3.2, and the determinations and conclusions of the "Big 5" Accountant pursuant hereto, shall be conclusive and binding upon the Parties. Nu Skin USA will revise the Draft Closing Date Balance Sheet, as appropriate, to reflect the resolution of any objections thereto pursuant to this Section 3.2. For purposes of this Agreement, the term "Closing Date Balance Sheet" shall mean the Draft Closing Date Balance Sheet together with any revisions made thereto by Nu Skin USA pursuant to this Section 3.2. In the event Nu Skin Enterprises and Nu Skin USA submit any unresolved objections to the Draft Closing Balance Sheet to the "Big 5" Accountant for resolution as provided above in this Section 3.2, Nu Skin Enterprises and Nu Skin USA will share equally the fees and expenses of the "Big 5" Accountant.

3.3 Work Papers. Nu Skin USA will make the work papers and back-up materials used in preparing the Draft Closing Date Balance Sheet available to Nu Skin Enterprises and its representatives and to the "Big 5" Accountant at reasonable times and upon reasonable notice at any time during (i) the preparation by Nu Skin USA of the Draft Closing Date Balance Sheet, (ii) the review by Nu Skin Enterprises and its representatives of the Draft Closing Date Balance Sheet, (iii) the discussion by Nu Skin Enterprises and Nu Skin USA of any objections Nu Skin Enterprises may have thereto, and (iv) the resolution by the "Big 5" Accountant of any unresolved objections to the Draft Closing Date Balance Sheet as set forth in Section 3.2 above.

3.4 Adjustment to Escrow Amount. As set forth in the Escrow Agreement, if the Net Liabilities are more than One Million Dollars ($1,000,000), the Escrow Agent will promptly return to Nu Skin Enterprises the amount by which the Net Liabilities exceeded One Million Dollars ($1,000,000) in accordance with the provisions of the Escrow Agreement. Any such amount payable by the Escrow Agent to Nu Skin Enterprises pursuant to this Section 3.4 shall be paid by the Escrow Agent pursuant to the terms of the Escrow Agreement. There shall be no adjustment to the Escrow Amount for any amount by which the Net Liabilities are less than One Million Dollars ($1,000,000).

4. Closing; Closing Deliveries. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place effective as set forth in the preface above. At the Closing, each Party shall make the following deliveries:

4.1 Nu Skin USA Deliveries.

4.1.1 At the Closing, Nu Skin USA will deliver to Nu Skin Enterprises the following certificates, instruments, and documents:

4.1.1.1 the original certificate(s) evidencing the Class A Shares properly endorsed for transfer or accompanied by a stock power(s) executed in blank and properly guaranteed with a Medallion guarantee;

4.1.1.2 an originally executed copy of the Indemnification Limitation Agreement;

4.1.1.3 a legal opinion of Holland & Hart, L.L.P., counsel to Nu Skin USA, substantially in the form of Exhibit "G" attached hereto; and

4.1.1.5 such other documents and instruments as Nu Skin Enterprises or its counsel reasonably may request.

4.1.2 At the Closing, Nu Skin USA will deliver to Nu Skin United States the following certificates, instruments, and documents:

4.1.2.1 a Bill of Sale and Assignment substantially in the form of Exhibit "D" attached hereto; and

4.1.2.2 such other documents and instruments as Nu Skin Enterprises or its counsel reasonably may request.

4.2 Nu Skin Enterprises Deliveries.

4.2.1 At the Closing, Nu Skin Enterprises will deliver to Nu Skin USA the following certificates, instruments, and documents:

4.2.1.1 Five Million Six Hundred Eighty-Two Thouand One Hundred Ninety-Eight Million Dollars ($5,682,198) of the Class A Purchase Price, as indicated in Section 2.2.2 above; and

4.2.1.2 such other documents and instruments as Nu Skin USA or its counsel reasonably may request.

4.2.1 At the Closing, Nu Skin Enterprises will deliver to the Escrow Agent the following certificates, instruments, and documents:

4.2.1.1 Three Million Dollars ($3,000,000) of the Class A Purchase Price, as indicated in Section 2.2.2 above; and

4.2.1.2 such other documents and instruments as Nu Skin USA or its counsel reasonably may request.

4.3 Nu Skin United States Deliveries.

4.3.1 At the Closing, Nu Skin United States will deliver to Nu Skin USA the following certificates, instruments, and documents:

4.3.1.1 an originally executed copy of the Instrument of Assumption substantially in the form of Exhibit "E" attached hereto; and

4.3.1.2 such other documents and instruments as Nu Skin USA or its counsel reasonably may request.

5. Representations and Warranties of Nu Skin USA. Nu Skin USA represents and warrants to each of the Nu Skin Entities that the statements contained in this Section 5 are correct and complete as of the effective date of this Agreement, except as set forth in Nu Skin USA's disclosure schedule attached to this Agreement and initialed by the Parties (the "Disclosure Schedule"). The Disclosure Schedule will be arranged in paragraphs corresponding to the numbered paragraphs contained in this Section 5.

5.1 Organization of Nu Skin USA. Nu Skin USA is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and to our knowledge, is duly qualified to do business in all states where its activities or assets would require such qualification.

5.2 Authorization of Transaction. Nu Skin USA has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. Without limiting the generality of the foregoing, the Board of Directors of Nu Skin USA, and, if required, Nu Skin USA's stockholders, have duly authorized the execution, delivery, and performance of this Agreement by Nu Skin USA. This Agreement constitutes the valid and legally binding obligation of Nu Skin USA, enforceable in accordance with its terms and conditions.

5.3 Non-contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in Section 2 above), will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Nu Skin USA is subject or any provision of the charter or bylaws of Nu Skin USA or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Nu Skin USA is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets). Nu Skin USA is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement (including the assignments and assumptions referred to in Section 2 above).

5.4 Brokers' Fees. Nu Skin USA has no Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which either of the Nu Skin Entities could become liable or obligated.

5.5 Title to Acquired Assets. Nu Skin USA has good and marketable title to, or a valid leasehold interest in, the Acquired Assets, free and clear of all Security Interests or restrictions on transfer, except restrictions under applicable federal and state securities laws, rules, and regulations.

5.6 Undisclosed Liabilities; Subsequent Events. Nu Skin USA does not have any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against any of them giving rise to any Liability), except for (i) Liabilities set forth on the face of Nu Skin USA's December 31, 1998 balance sheet (rather than in any notes thereto) and (ii) Liabilities that have arisen after December 31, 1998 in the Ordinary Course of Business (none of which results from, arises out of, relates to, is in the nature of, or was caused by any breach of contract, breach of warranty, tort, infringement, or violation of law). Since December 31, 1998, there has not been any material adverse change in the business, financial condition, operations, results of operations, or future prospects of Nu Skin USA. Without limiting the generality of the foregoing, since that date:

5.6.1 Nu Skin USA has not sold, leased, transferred, or assigned any of its assets, tangible or intangible, other than for a fair consideration in the Ordinary Course of Business;

5.6.2 Nu Skin USA has not issued any note, bond, or other debt security or created, incurred, assumed, or guaranteed any indebtedness for borrowed money or capitalized lease obligations either involving more than Ten Thousand Dollars ($10,000) singly or Ten Thousand Dollars ($10,000) in the aggregate;

5.6.3 Nu Skin USA has not delayed or postponed the payment of accounts payable and other liabilities or incurred any accounts payable or other liabilities outside the Ordinary Course of Business;

5.6.4 Nu Skin USA has not granted any license or sublicense of any rights under or with respect to any Intellectual Property or the Nu Skin USA Intellectual Property;

5.6.5 Nu Skin USA has not experienced any material damage, destruction, or loss (whether or not covered by insurance) to its property;

5.6.6 Nu Skin USA has not made any loan to, or entered into any other transaction with, any of its directors, officers, and employees outside the Ordinary Course of Business;

5.6.7 Nu Skin USA has not made or pledged to make any charitable or other capital contribution outside the Ordinary Course of Business;

5.6.8 there has not been any other material occurrence, event, incident, action, failure to act, or transaction outside the Ordinary Course of Business involving Nu Skin USA; and

5.6.9 Nu Skin USA has not committed to any of the foregoing.

5.7 Legal Compliance. Except for any failures to comply that would not have a material adverse effect on the business of the Nu Skin Entities, taken as a whole, Nu Skin USA and its predecessors have complied with all applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof), and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against any of them alleging any failure so to comply.

5.8 Intellectual Property.

5.8.1 Nu Skin USA Intellectual Property. Nu Skin USA owns or has the right to use pursuant to license, sublicense, agreement, or permission all Intellectual Property not owned or licensed to it by Nu Skin International that is necessary or desirable for the operation of its business as presently conducted and as presently proposed to be conducted (collectively, the "Nu Skin USA Intellectual Property"). Each such item of Intellectual Property owned or used by Nu Skin USA immediately prior to the Closing will be owned or available for use by the Nu Skin Entities on identical terms and conditions immediately subsequent to the Closing. Nu Skin USA has taken all necessary and desirable action to maintain and protect each such item of Intellectual Property that it owns or uses.

5.8.2 No Interference. None of the Nu Skin USA Intellectual Property has interfered with, infringed upon, or misappropriated, and currently does not interfere with, infringe upon, misappropriate, or otherwise conflict with any Intellectual Property rights of any third parties, and none of the directors and officers (and employees with responsibility for Intellectual Property matters) of Nu Skin USA have ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that Nu Skin USA must license or refrain from using any Intellectual Property rights of any third party). In addition, to the Knowledge of any of the directors and officers (and employees with responsibility for Intellectual Property matters) of Nu Skin USA, (a) no third party has ever interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of Nu Skin

USA, including, but not limited to, the Intellectual Property rights licenced to it by Nu Skin International, (b) no third party is currently interfering with, infringing upon, misappropriating, or otherwise conflicting with any Intellectual Property rights of Nu Skin USA, including, but not limited to, the Intellectual Property rights licenced to it by Nu Skin International, and (c) none of the Intellectual Property owned by or licensed to Nu Skin USA by Nu Skin International infringes the Intellectual Property rights of any third-party or any of the Nu Skin Intellectual Property.

5.8.3 Intellectual Property Owned or Licensed from Third-Parties. Section 5.8.3 of the Disclosure Schedule identifies each item of Intellectual Property (other than Intellectual Property that is or previously was licensed from Nu Skin International) owned by, licensed to, or used by Nu Skin USA in its business and, except as identified on Section 5.8.3 of the Disclosure Schedule, Nu Skin USA does not own, license, or use any other Intellectual Property in its business. Section 5.8.3 of the Disclosure Schedule also identifies each pending application or registration with respect to any of the Intellectual Property identified on Section 5.8.3 of the Disclosure Schedule and identifies each license, agreement, or other permission that has been granted to Nu Skin USA with respect to any of its Intellectual Property (other than Intellectual Property that is or previously was licenced from Nu Skin International). Nu Skin USA has delivered to the Nu Skin Entities correct and complete copies of all documentation evidencing all such Intellectual Property and all such applications, registrations, licenses, agreements, and permissions (as amended to date) and has made available to the Nu Skin Entities correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Section 5.8.3 of the Disclosure Schedule also identifies each trade name or unregistered trademark used by Nu Skin USA in connection with any of its businesses. With respect to each item of Intellectual Property required to be identified in Section 5.8.3 of the Disclosure Schedule:

5.8.3.1 Nu Skin USA possesses all right, title, and interest in and to the item, free and clear of any Security Interest or other restriction (other than any license regarding such Intellectual Property from a third-party);

5.8.3.2 the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

5.8.3.3 no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of any of the directors and officers (and employees with responsibility for Intellectual Property matters) of Nu Skin USA, is threatened that challenges the legality, validity, enforceability, use, or ownership of the item; and

5.8.3.4 Nu Skin USA has never agreed to indemnify any Person for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

5.8.4 No Intellectual Property Licensed to Third-Parties. Nu Skin USA does not license or sublicense any Intellectual Property to any third-party.

5.8.5 No Knowledge of Obsolescence. None of the directors and officers (and employees with responsibility for Intellectual Property matters) of Nu Skin USA has any Knowledge of any new products, inventions, procedures, or methods of manufacturing or processing that any competitors or other third parties have developed that reasonably could be expected to supersede or make obsolete any product or process of Nu Skin USA.

5.9 Tangible Assets. Nu Skin USA owns or leases all of the tangible assets used in its business. Each such tangible asset is free from defects (patent and latent), has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear), and is suitable for the purposes for which it presently is used.

5.10 Inventory. All of the inventory is merchantable and fit for the purpose for which it was procured or manufactured, and none of the inventory is slow-moving, obsolete, damaged, or defective.

5.11 Acquired Contracts. Nu Skin USA has delivered to Nu Skin United States a correct and complete copy of each of the Acquired Contracts. With respect to each Acquired Contract: (i) the agreement is legal, valid, binding, enforceable, and in full force and effect; (ii) the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in Section 2 above); (iii) no party is in breach or default, and no event has occurred that with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration, under any of the Acquired Contracts; and (iv) no party has repudiated any provision of any of the Acquired Contracts.

5.12 Insurance. Each of Nu Skin USA's insurance policies: (i) is legal, valid, binding, enforceable, and in full force and effect; (ii) will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in Section 2 above); (iii) is not in default, nor is any party thereto in breach thereof (including with respect to the payment of premiums or the giving of notices), and no event has occurred that, with notice or the lapse of time, would constitute such a breach or default, or permit termination, modification, or acceleration, under the policy; and (iv) has never been repudiated by any party thereto. Nu Skin USA has been covered during the past one (1) year by insurance in scope and amount customary and reasonable for the businesses in which it has engaged during the aforementioned period.

5.13 Litigation. Section 5.13 of the Disclosure Schedule sets forth each instance in which Nu Skin USA (i) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge or (ii) is a party or, to the Knowledge of any of the directors and officers (and employees with responsibility for litigation matters) of Nu Skin USA, is threatened to be made a party to any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator. None of the actions, suits, proceedings, hearings, and investigations set forth in Section 5.13 of the Disclosure Schedule could result in any material adverse change in the business, financial condition, operations, results of operations, or future prospects of Nu Skin USA. None of the directors and officers (and employees with responsibility for litigation matters) of Nu Skin USA has any reason to believe that any such action, suit, proceeding, hearing, or investigation may be brought or threatened against Nu Skin USA.

5.14 Product Warranty. Nu Skin USA has not made any warranties with respect to any product sold or distributed by it other than the warranties, if any, allowed under the applicable license agreement with Nu Skin International. Nu Skin USA does not have any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against it giving rise to any Liability) for damages in connection with any products it has sold or distributed that were not acquired from Nu Skin International. In addition, as to products acquired by Nu Skin USA from Nu Skin International, to the Knowledge of any of the directors and officers (and employees with responsibility for product warranty matters) of Nu Skin USA, Nu Skin USA does not have any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against it giving rise to any Liability) for damages in connection with any such Nu Skin International product. No product sold or distributed by Nu Skin USA is subject to any guaranty or other indemnity.

5.15 Product Liability. Other than products sold to Nu Skin USA by Nu Skin International, to the Knowledge of any of the directors or officers of Nu Skin USA, Nu Skin USA does not have any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against it giving rise to any Liability) arising out of any injury to individuals or property as a result of the ownership, possession, or use of any product sold or distributed by Nu Skin USA.

5.16 Employees. To the Knowledge of any of the directors or officers (and employees with responsibility for employment matters) of Nu Skin USA, no executive, key employee, or group of employees has any plans to terminate employment with Nu Skin USA. Nu Skin USA is not a party to or bound by any collective bargaining agreement, nor has it experienced any strikes, grievances, claims of unfair labor practices, or other collective bargaining disputes. Nu Skin USA has not committed any unfair labor practice. None of the directors or officers (and employees with responsibility for employment matters) of Nu Skin USA have any Knowledge of any organizational effort presently being made or threatened by or on behalf of any labor union with respect to employees of Nu Skin USA or of any violation of any anti-discrimination or harassment laws.

5.17 Employee Benefits.

5.17.1 Section 5.17 of the Disclosure Schedule lists each Employee Benefit Plan that Nu Skin USA maintains or to which it contributes or has any obligation to contribute.

5.17.2 Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) complies in form and in operation in all respects with the applicable requirements of ERISA, the Code, and other applicable laws.

5.17.3 All required reports and descriptions (including Form 5500 Annual Reports, summary annual reports, PBGC-1's, and summary plan descriptions) have been timely filed and distributed appropriately with respect to each such Employee Benefit Plan. The requirements of COBRA have been met with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

5.17.4 All contributions (including all employer contributions and employee salary reduction contributions) that are due have been paid to each such Employee Benefit Plan that is an Employee Pension Benefit Plan and all contributions for any period ending on or before the date of the Closing that are not yet due have been paid to each such Employee Pension Benefit Plan or accrued in accordance with the past custom and practice of Nu Skin USA. All premiums or other payments for all periods ending on or before the date of the Closing have been paid with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

5.17.5 With respect to each Employee Benefit Plan that Nu Skin USA or any ERISA Affiliate maintains or ever has maintained or to which any of them contributes, ever has contributed, or ever has been required to contribute:

5.17.5.1 There have been no Prohibited Transactions with respect to any such Employee Benefit Plan. No Fiduciary has any Liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan. No action, suit, proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of any of the directors and officers (and employees with responsibility for employee benefits matters) of Nu Skin USA, threatened. None of the directors and officers (and employees with responsibility for employee benefits matters) of Nu Skin USA has any Knowledge of any Basis for any such action, suit, proceeding, hearing, or investigation.

5.17.6 Nu Skin USA does not maintain and does not contribute to, nor has it ever maintained or contributed to, or ever has been required to contribute to, any Employee Welfare Benefit Plan providing medical, health, or life insurance or other welfare-type benefits for current or future retired or terminated employees, their spouses, or their dependents (other than in accordance with Code Section 4980B).

5.18 Environmental, Health, and Safety Matters.

5.18.1 Nu Skin USA and its predecessors have complied and are in compliance with all Environmental, Health, and Safety Requirements.

5.18.2 Without limiting the generality of the foregoing, each of Nu Skin USA and its predecessors have obtained and complied with, and is in compliance with, all permits, licenses and other authorizations that are required pursuant to Environmental, Health, and Safety Requirements for the occupation of its facilities and the operation of its business.

5.18.3 Neither Nu Skin USA nor any of its predecessors have received any written or oral notice, report or other information regarding any actual or alleged violation of Environmental, Health, and Safety Requirements, or any Liability or potential Liability (whether accrued, absolute, contingent, unliquidated or otherwise), including any investigatory, remedial or corrective obligations, relating to any of them or its facilities arising under Environmental, Health, and Safety Requirements.

5.18.4 Neither Nu Skin USA nor any of its predecessors have either expressly or by operation of law, assumed or undertaken any liability, including, without limitation, any obligation for corrective or remedial action, of any other Person relating to Environmental, Health, and Safety Requirements.

5.19 Disclosure. The representations and warranties contained in this Section 5 do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Section 5 not misleading.

6. Representations and Warranties of the Nu Skin Entities. Each of the Nu Skin Entities represents and warrants to Nu Skin USA that the statements contained in this Section 6 are correct and complete as of the effective date of this Agreement.

6.1 Organization of the Nu Skin Entities. Each of the Nu Skin Entities is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation.

6.2 Authorization of Transaction. Both of the Nu Skin Entities have full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its respective obligations hereunder. This Agreement constitutes the valid and legally binding obligation of each of the Nu Skin Entities, enforceable in accordance with its terms and conditions.

6.3 Non-contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in Section 2 above), will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which either of the Nu Skin Entities is subject or any provision of its charter or bylaws, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which either of the Nu Skin Entities is a party or by which either of them is bound or to which any of their respective assets is subject. Neither of the Nu Skin Entities needs to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement (including the assignments and assumptions referred to in Section 2 above).

6.4 Brokers' Fees. Neither of the Nu Skin Entities has any Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which Nu Skin USA could become liable or obligated.

6.5 Disclosure. The representations and warranties contained in this Section 6 do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Section 6 not misleading.

7. Indemnification.

7.1 Nu Skin USA's Indemnification Obligation; Indemnification Limitation Agreement. Nu Skin USA hereby agrees to indemnify and hold harmless each of the Nu Skin Entities and their respective shareholders, officers, directors, employees, agents, representatives, successors, and assigns (collectively, the "NSE Indemnitees") at all times from and after the date of the Closing against and in respect of any and all Damages (as that term is defined in Section 7.3 below), subject, however, to the limitations and restrictions set forth in the Indemnification Limitation Agreement. Notwithstanding the foregoing, the obligation of Nu Skin USA to indemnify the NSE Indemnitees for breaches of its representations and warranties set forth in Section 5 hereof, shall terminate on the second anniversary of the date of this Agreement unless a claim for indemnification has been brought within such time by any of the NSE Indemnitees.

7.2 Nu Skin Entities' Indemnification Obligations. The Skin Entities hereby agree to indemnify and hold harmless Nu Skin USA and its shareholders, officers, directors, employees, agents, representatives, successors, and assigns (collectively, the "NSUSA Indemnitees") at all times from and after the date of the Closing against and in respect of any and all Damages (as that term is defined in Section 7.3 below); provided, however, the Nu Skin Entities' obligation to indemnify the NSUSA Indemnitees for breaches of the Nu Skin Entities' representations and warranties set forth in Section 6 shall terminate on the second anniversary of the date of this Agreement unless a claim for indemnification has been brought within such time by any of the NSUSA Indemnitees.

7.3 Damages. "Damages" shall include any claims, actions, demands, losses, costs, expenses, liabilities (whether joint or several), penalties, and damages, including counsel fees and expenses, incurred in investigating or in attempting to avoid the same or oppose the imposition thereof resulting to any of the NSE Indemnitees or the NSUSA Indemnitees, as applicable, from any of the following: (i) any misrepresentation or breach of any representation or warranty made by Nu Skin USA or the Nu Skin Entities, as applicable, in or under this Agreement or any other agreement executed in connection with the transactions contemplated hereby; (ii) any breach or default in the performance by Nu Skin USA or the Nu Skin Entities, as applicable, of any of their respective covenants to be performed by them under this Agreement or any agreement executed in connection with the transactions contemplated hereby; (iii) with respect to the NSE Indemnitees, any debts, liabilities, or obligations of Nu Skin USA, whether accrued, absolute, contingent, or otherwise, due or to become due, except for the Assumed Liabilities; (iv) with respect to the NSE Indemnitees, any claim affecting the Acquired Assets or any Liability of Nu Skin USA, other than the Assumed Liabilities, or any expense that is allowable against or incurred by any NSE Indemnitee because of Nu Skin USA's non-compliance with any applicable bulk sales or transfer law; or (v) with respect to the NSUSA Indemnitees, any liability accruing to any NSUSA Indemnitees relating to any Assumed Liabilities. In addition, Damages shall also include any amount by which the Net Liabilities of Nu Skin USA are in excess of One Million Dollars ($1,000,000), to the extent the Purchase Price has not been adjusted by the amount of such excess pursuant to Section 3 above.

7.3.1 Tax Indemnification. In addition to the provisions of Section 7.3 above, Nu Skin USA specifically agrees to indemnify each of the NSE Indemnitees from and against the entirety of any Damages that any of the NSE Indemnitees may suffer resulting from, arising out of, relating to, in the nature of, or caused by any Liability of Nu Skin USA for any Tax or any Tax Liability of Nu Skin USA that is not specifically included within the Assumed Liabilities.

7.4 Notice of Claim. Promptly upon receipt of notice of any demand, assertion, claim, action, or proceeding (whether judicial or otherwise), with respect to any matter as to which Nu Skin USA has agreed to indemnify the NSE Indemnitees under the provisions of this Section 7 or the Nu Skin Entities have agreed to indemnify the NSUSA Indemnitees under this Section 7, the party entitled to indemnification will give prompt written notice thereof to the party owing the indemnification, together with the statement of such information respecting such demand, assertion, claim, action, or proceeding as such entitled to indemnification shall then have; provided, however, that neither party shall be relieved of liability hereunder for failure by the other party to promptly give such written notice, unless the party entitled to notice is materially prejudiced by such failure, in which case the party entitled to notice shall not be liable for any indemnification obligation under this Section 7 to the extent so prejudiced. If either party acknowledges any liability under this Section 7, that party shall contest and defend by all appropriate legal or other proceedings any demand, assertion, claim, action, or proceeding with respect to which it has been called upon to indemnify any persons under the provisions of

this Section 7; provided, however, that: (i) notice of intention so to contest shall be delivered to the appropriate party within twenty (20) calendar days after the receipt by the indemnifying party of notice of the assertion of such demand, assertion, claim, action, or proceeding; (ii) the indemnifying party will pay all costs and expenses of such contest, including, without limitation, all attorneys' and accountants' fees, and the cost of any bond required by applicable law to be posted in connection with such contest; (iii) such contest shall be conducted by reputable attorneys employed by the indemnifying party (with the reasonable approval of the appropriate persons being indemnified at the indemnifying party's sole cost and expense, but the persons being indemnified shall have the right to participate in such proceedings and to be represented by attorneys of such person's own choosing, at its or their own cost and expense; (iv) if after such opportunity, the indemnifying party does not elect to assume the defense of any such proceeding, the indemnifying party shall be bound by the results obtained by the indemnified party, including, without limitation, any out-of-court settlement or compromise; and (v) the indemnifying party will not settle any claim without the prior written consent of the persons being indemnified, unless the settlement contains a complete and unconditional release of such persons being indemnified, and the settlement does not involve the imposition of any non-monetary relief on such persons.

8. Miscellaneous.

8.1 Survival of Representations and Warranties. All of the representations and warranties of the Parties contained in this Agreement shall survive the Closing.

8.2 Press Releases and Public Announcements. Either Nu Skin Enterprises or Nu Skin United States may issue press releases or make any public announcements relating to the subject matter of this Agreement after the Closing without the prior written approval of the other Parties. Nu Skin USA shall not issue any press releases or make any public announcements relating to the subject matter of this Agreement without the prior written approval of the other Parties.

8.3 No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

8.4 Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement between and among the Parties and supersedes any prior understandings, agreements, or representations by, between, or among the Parties, whether written or oral, to the extent they related in any way to the subject matter hereof.

8.5 Assignment. Except as provided below, no Party may assign (by operation of law, merger, or otherwise), license, sublicense, or otherwise transfer any of its rights or obligations under this Agreement to any other Person without obtaining the prior written consent of the other Parties; provided, however, that Nu Skin Enterprise and Nu Skin United States shall each be allowed to assign this Agreement or its rights and obligations hereunder without any prior consent of the other Parties.

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

8.7 Headings. The Section and subsection headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

8.8 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 if given (i) personally, (ii) two 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, (iii) telecopied to the intended recipient at the telecopy set forth below, or (iv) one business day after being sent by overnight courier and addressed to the intended recipient as set forth below:

If to Nu Skin USA, to:	with a copy to:
Nu Skin USA, Inc. 75 West Center Street Provo, Utah 84601 Attention: Keith R. Halls Fax No.: (801) 345-5999	Holland & Hart, L.L.P. 215 South State Street, Suite 500 Salt Lake City, Utah 84111 Attention: David R. Rudd, Esq. Fax No.: (801) 364-9124

If to Nu Skin Enterprises, to:	with a copy to:
Nu Skin Enterprises, Inc. 75 West Center Street Provo, Utah 84601 Attention: M. Truman Hunt, Esq. Fax No.: (801) 345-3099	LeBoeuf, Lamb, Greene & MacRae, L.L.P. 1000 Kearns Building 136 South Main Street Salt Lake City, Utah 84101 Attention: Nolan S. Taylor, Esq. Fax No.: (801) 359-8256

If to Nu Skin United States, to:	with a copy to:
Nu Skin United States, Inc. 75 West Center Street Provo, Utah 84601 Attention: M. Truman Hunt, Esq. Fax No.: (801) 345-3099	LeBoeuf, Lamb, Greene & MacRae, L.L.P. 1000 Kearns Building 136 South Main Street Salt Lake City, Utah 84101 Attention: Nolan S. Taylor, Esq. Fax No.: (801) 359-8256

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 messenger service, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

8.9 Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Utah without giving effect to any choice or conflict of law provision or rule (whether of the State of Utah or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Utah.

8.10 Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each of the Parties. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.11 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

8.12 Expenses. Each of the Nu Skin Entities and Nu Skin USA will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

8.13 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. Nothing in the Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or warranty made herein unless the Disclosure Schedule identifies the exception with particularity and describes the relevant facts in detail. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item shall not be deemed adequate to disclose an exception to a representation or warranty made herein (unless the representation or warranty has to do with the existence of the document or other item itself). The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

8.14 Incorporation of Recitals, Exhibits, and Schedules. The above Recitals and all Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

8.15 Specific Performance. Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter (subject to the provisions set forth in Section 8.16 below), in addition to any other remedy to which it may be entitled, at law or in equity.

8.16 Submission to Jurisdiction. Each of the Parties submits to the exclusive jurisdiction of any state or federal court sitting in Salt Lake City or Provo, Utah, in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding shall be heard and determined only in any such court. Each Party also agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other Party with respect thereto. Any Party may make service on the other Parties by sending or delivering a copy of the process to the Party or Parties to be served at the address and in the manner provided for the giving of notices in Section 8.8 above. Nothing in this Section 8.16, however, shall affect the right of any Party to serve legal process in any other manner permitted by law or in equity. Each Party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or in equity.

8.17 Bulk Sales and Transfer Laws. Nu Skin United States acknowledges that Nu Skin USA will not comply with the provisions of any bulk sales or transfer laws of any state or jurisdiction in connection with the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Asset Purchase Agreement effective as of the date first above written.

NU SKIN ENTERPRISES, INC.

By: /s/ Corey B. Lindley
Name: Corey B. Lindley
Its: Vice President

NU SKIN UNITED STATES, INC.

By: /s/ Corey B. Lindley
Name: Corey B. Lindley
Its: Vice President

NU SKIN USA, INC.

By: /s/ Keith Halls
Name: Keith Halls
Its: Vice President

EXHIBIT "A"

EXCLUDED ASSETS

1. All of Nu Skin USA's accounts receivable from any of the Affiliates, as indicated on the face of its January 31, 1999 balance sheet.

2. All of Nu Skin USA's investments in any of the Affiliates, as indicated on the face of its January 31, 1999 balance sheet.

3. All of Nu Skin USA's cash as indicated on the face of its January 31, 1999 balance sheet in excess of $3,129,500.

4. All contracts or agreements with, and all loans made to or guaranteed by, Nu Skin USA and any of its subsidiaries or any of the Affiliates.

5. All tangible personal property of Nu Skin USA that is to be retained for personal use by the stockholders of Nu Skin USA as determined in good faith by Nu Skin United States, Nu Skin Enterprises and Nu Skin USA following the Closing.

6. Leasehold improvements relating to an operations center of Big Planet, Inc.

EXHIBIT "B"

ACQUIRED CONTRACTS

ACQUIRED CONTRACTS

1. Personal Services Agreement dated November 1, 1998 by and between Nu Skin USA and Final Kick Marketing Group. Expires November 1, 2000. Total contract amount is $220,000, plus travel expenses.

2. Personal Services Agreement dated December 1, 1998 by and between Nu Skin USA and Carmen Dominicci. Expires November 30, 2000. Total contact amount is $95,000, plus expenses

3. Personal Services Agreement dated August 25, 1998 by and between Nu Skin USA and Isaac Wilson (Stray Dogs). Expires August 9, 1999. Total contract amount is $11,000, plus expenses.

4. Consulting Agreement (undated) by and between Nu Skin USA and Gibb Dyer. Contract amount is $4,000 per month through 1999.

5. Consulting Agreement (undated) by and between Nu Skin USA and Suzanne Barnes. Contract amount is $500 per day in Utah, $750 per day outside of Utah , for Demonstrations at Nu Colour Application Workshops.

6. Consulting Agreement dated November 29, 1998 by and between Nu Skin USA and Sherry Drabner. Contract amount is $500 per day for Demonstrations at NU COLOUR Application Workshops.

7. Consulting Agreement dated November 27, 1998 by and between Nu Skin USA and Susan Markey. Contract amount is $500 per day for Demonstrations at NU COLOUR Application Workshops.

8. Consulting Agreement dated December 3, 1998 by and between Nu Skin USA and Marianne Thompson. Contract amount is $500 per day for Demonstrations at NU COLOUR Application Workshops.

9. Consulting Agreement dated November 28, 1998 by and between Nu Skin USA and Kathy Eckenbrecht. Contract amount is $500 per day for Demonstrations at NU COLOUR Application Workshops.

10. Waiver of Objection to Use Material (undated) granted by Nu Skin USA, Inc. in favor of Lifetime Productions, Inc. Grants Lifetime Productions, Inc. rights to use Nu Skin USA footage of Christie Brinkley.

11. Sub Lease Agreement dated November 1, 1998 by and between Nu Skin USA and Franklin Covey Co. Expires December 31, 1999. Monthly payments are $7,661.

EXHIBIT "C"

ASSUMED LIABILITIES

ASSUMED LIABILITIES

In connection with the transactions contemplated by this Agreement, Nu Skin United States will assume the following categories of Nu Skin USA's liabilities:

Trade A/R1*

A/P Trade*

Accrued Payables to Vendors*

Accrued Payables - Consigned*

Accrued Commissions

Accrued Gallery of Gifts Liability

Wages/Payroll Taxes Payable*

Accrued Sales Tax*

Other Accrued Liabilities*

Deferred Shipping*

Independent Warehouses*

Attached hereto is a balance sheet of Nu Skin USA as of January 31, 1999 showing the Nu Skin USA liabilities being assumed by Nu Skin United States.

* Specifically excluding all amounts that relate to the Affiliates.

CONTRACTUAL OBLIGATIONS ASSUMED BY NU SKIN UNITED STATES

1. Personal Services Agreement dated November 1, 1998 by and between Nu Skin USA and Final Kick Marketing Group. Expires November 1, 2000. Total contract amount is $220,000, plus travel expenses.

2. Personal Services Agreement dated December 1, 1998 by and between Nu Skin USA and Carmen Dominicci. Expires November 30, 2000. Total contact amount is $95,000, plus expenses

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8. Consulting Agreement dated December 3, 1998 by and between Nu Skin USA and Marianne Thompson. Contract amount is $500 per day for Demonstrations at NU COLOUR Application Workshops.

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11. Sub Lease Agreement dated November 1, 1998 by and between Nu Skin USA and Franklin Covey Co. Expires December 31, 1999. Monthly payments are $7,661.

EXHIBIT "D"

FORM OF BILL OF SALE AND ASSIGNMENT

EXHIBIT "E"

FORM OF INSTRUMENT OF ASSUMPTION OF LIABILITIES

EXHIBIT "F"

FORM OR INDEMNIFICATION LIMITATION AGREEMENT

EXHIBIT "G"

FORM OF LEGAL OPINION OF HOLLAND & HART, L.L.P.

EXHIBIT "H"

ALLOCATION OF PURCHASE PRICE

The Allocation of the Purchase Price shall be agreed upon, in good faith, by Nu Skin Enterprises, Nu Skin United States, and Nu Skin USA within thirty (30) days after the Closing.

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1 To the extent any such trade account receivable reflects a credit balance resulting from the issuance by Nu Skin USA of credit vouchers to its customers.

EX-10.53

TERMINATION AGREEMENT

BY AND BETWEEN

NU SKIN INTERNATIONAL, INC.

AND

NU SKIN USA, INC.

March 8, 1999

TERMINATION AGREEMENT

This Termination Agreement (the "Agreement") is entered into effective as of March 8, 1999 by and between Nu Skin International, Inc., a Utah corporation ("Nu Skin International"), and Nu Skin USA, Inc., a Delaware corporation ("Nu Skin USA"). Nu Skin International and Nu Skin USA are referred to herein, collectively, as the "Parties" and, individually, as a "Party."

RECITALS

A. WHEREAS, Nu Skin International previously entered into certain licenses and agreements with Nu Skin USA (which agreements are referred to herein, collectively, as the Terminated Agreements (as that term is defined in Section 1.5 below)), which Terminated Agreements are each identified in Section 1 below;

B. WHEREAS, the respective parties to each of the Terminated Agreements now desire to terminate each of the Terminated Agreements, as set forth herein and in exchange for the Termination Fee (as that term is defined in Section 2.1 below); and

C. WHEREAS, in connection with this Agreement and the termination of the Terminated Agreements as set forth in and contemplated by this Agreement, simultaneously with the execution of this Agreement Nu Skin International will pay the Termination Fee to Nu Skin USA in exchange for the termination of the Terminated Agreements, as set forth in and contemplated by this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Terminated Agreements. The following licenses and agreements have previously been entered into by and between the respective Parties thereto, as indicated below:

1.1 Sublease Agreement. A Sublease Agreement dated effective as of January 1, 1998 entered into by and between Nu Skin International and Nu Skin USA (the "Sublease Agreement"), a copy of which is attached as Exhibit "A" hereto.

1.2 Licensing and Sales Agreement. A Licensing and Sales Agreement dated effective as of December 31, 1997 entered into by and between Nu Skin International and Nu Skin USA (the "Licensing and Sales Agreement"), a copy of which is attached as Exhibit "B" hereto.

1.3 Trademark/Tradename Agreement. A Trademark/Tradename Licensing Agreement dated effective as of December 31, 1997 entered into by and between Nu Skin International and Nu Skin USA (the "Trademark/Tradename Agreement"), a copy of which is attached as Exhibit "C" hereto.

1.4 Distribution Agreement. A Wholesale Distribution Agreement dated effective as of December 31, 1997 entered into by and between Nu Skin International and Nu Skin USA (the "Distribution Agreement"), a copy of which is attached as Exhibit "D" hereto.

1.5 The Terminated Agreements; Termination. The Sublease Agreement, the Licensing and Sales Agreement, the Trademark/Tradename Agreement, and the Distribution Agreement are, collectively, referred to herein as the "Terminated Agreements" and, individually, as a "Terminated Agreement." The respective parties to each of the Terminated Agreements hereby terminate each of the Terminated Agreements to which they are a party effective as of the effective date of this Agreement (as first above written), and in so doing agree to cause each of the respective parties to each of the Terminated Agreements to become subject to any and all rights and obligations provided under each of the respective Terminated Agreements upon the termination thereof, if any. The rights and obligations of each of the parties under each Terminated Agreement following the termination thereof shall be governed by the terms of the respective Terminated Agreement as if such Terminated Agreement had been terminated in accordance with its terms. This Agreement shall in no way limit any rights or obligations, if any, that any Terminated Agreement provides or contemplates shall continue following the termination of such Terminated Agreement, except as otherwise expressly set forth herein.

1.5.1 Reaffirmation of Existing Agreements. Notwithstanding the provisions of Section 1.5 above, the Parties hereby acknowledge and reaffirm (a) the Tax Sharing and Indemnification Agreement dated December 31, 1997 entered into by and among Nu Skin International, Nu Skin USA, and their respective shareholders, (b) the Assumption of Liabilities and Indemnification Agreement dated effective as of December 31, 1997 entered into by and between Nu Skin International and 252nd Shelf Corporation, a Delaware corporation (now known as "Nu Skin USA, Inc."), and (c) the Employee Benefits Allocation Agreement (undated) entered into by and between Nu Skin International and Nu Skin USA (collectively, the "Existing Agreements"). The Existing Agreements shall remain in full force and effect as originally executed and are not being terminated, modified, or amended in any manner or respect by this Agreement or any of the transactions contemplated hereby.

2. Termination Fee; Payment of Termination Fee.

2.1 Termination Fee; Payment of Termination Fee. Upon the execution of this Agreement by each of the Parties, and in exchange for the termination of the Terminated Agreements as set forth in and contemplated by this Agreement, Nu Skin International will pay to Nu Skin USA Ten Million Dollars ($10,000,000) (the "Termination Fee"). The Termination Fee shall be paid by Nu Skin International on the date this Agreement becomes effective (the "Closing Date") in cash by wire transfer or delivery of other immediately available funds.

2.1.1 Tax Consequences. The Parties agree that the Termination Fee is income to Nu Skin USA and is amortizable by Nu Skin International. The Parties also agree not to take any position contrary to or inconsistent with the treatment of the Termination Fee as set forth in the immediately preceding sentence.

3. Representations and Warranties of Nu Skin USA. Nu Skin USA represents and warrants to Nu Skin International that the statements contained in this Section 3 are correct and complete as of the Closing Date.

3.1 Organization. Nu Skin USA is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation.

3.2 Authorization of Transaction. Nu Skin USA has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. Without limiting the generality of the foregoing, the Board of Directors of Nu Skin USA, and, if required, Nu Skin USA's stockholders, have duly authorized the execution, delivery, and performance of this Agreement by Nu Skin USA. This Agreement constitutes the valid and legally binding obligation of Nu Skin USA, enforceable in accordance with its terms and conditions.

3.3 Non-contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Nu Skin USA is subject or any provision of the charter or bylaws of Nu Skin USA or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Nu Skin USA is a party or by which it is bound or to which any of its assets is subject. Nu Skin USA is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement.

3.4 Financial Statements. Attached hereto as Exhibit "E" are the following financial statements of Nu Skin USA (collectively the "Financial Statements"): (i) the unaudited balance sheet and statements of income as of and for the fiscal year ended December 31, 1998 (the "Most Recent Fiscal Year End"). The Financial Statements (including the notes thereto) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the period covered thereby, present fairly the financial condition of Nu Skin USA as of the Most Recent Fiscal Year End and the results of operations of Nu Skin USA for the fiscal year ended December 31, 1998, are correct and complete, and are consistent with the books and records of Nu Skin USA (which books and records are correct and complete).

4. Representations and Warranties of Nu Skin International. Nu Skin International represents and warrants to Nu Skin USA that the statements contained in this Section 4 are correct and complete as of the Closing Date.

4.1 Organization. Nu Skin International is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation.

4.2 Authorization of Transaction. Nu Skin International has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. Without limiting the generality of the foregoing, the Board of Directors of Nu Skin International, and, if required, Nu Skin International's stockholders, have duly authorized the execution, delivery, and performance of this Agreement by Nu Skin International. This Agreement constitutes the valid and legally binding obligation of Nu Skin International, enforceable in accordance with its terms and conditions.

4.3 Non-contravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Nu Skin International is subject or any provision of the charter or bylaws of Nu Skin International or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Nu Skin International is a party or by which it is bound or to which any of its assets is subject. Nu Skin International is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement.

5. Indemnification.

5.1 Indemnification Obligation; Indemnification Limitation Agreement. Nu Skin USA hereby agrees to indemnify and hold harmless Nu Skin International and its affiliated (other than Nu Skin USA), shareholders, officers, directors, employees, agents, heirs, representatives, successors, and assigns (collectively, the "Indemnitees") at all times from and after the Closing Date against and in respect of any and all Damages (as that term is defined in Section 5.2 below), subject, however, to the limitations and restrictions set forth in the Indemnification Limitation Agreement (a copy of which is attached hereto as Exhibit "F".).

5.2 Damages. "Damages" shall include any claims, actions, demands, losses, costs, expenses, liabilities (whether joint or several), penalties, and damages, including counsel fees and expenses, incurred in investigating or in attempting to avoid the same or oppose the imposition thereof resulting to any of the Indemnitees from any of the following: (i) any misrepresentation or breach of any representation or warranty made by Nu Skin USA in or under this Agreement or any other agreement executed in connection with the transactions contemplated hereby; (ii) any breach or default in the performance by Nu Skin USA of any of the covenants to be performed by it under this Agreement or any agreement executed in connection with the transactions contemplated hereby; (iii) any debts, liabilities, or obligations of Nu Skin USA, whether accrued, absolute, contingent, or otherwise, due or to become due; or (iv) any claim involving any of the Terminated Agreements or any expense that is allowable against or incurred by any Indemnitee because of Nu Skin USA's non-compliance with any provision of any of the Terminated Agreements.

6. Miscellaneous.

6.1 Press Releases and Public Announcements. Nu Skin International may issue any press releases or make any public announcements relating to the subject matter of this Agreement after the Closing without the prior written approval of the other Parties. Nu Skin USA shall not issue any press releases or make any public announcements relating to the subject matter of this Agreement without the prior written approval of the other Parties.

6.2 Entire Agreement. Subject to Section 1.5 above, which provides that the terms of the Terminated Agreements shall govern the rights and obligations of the respective parties thereto following the termination of the Terminated Agreements, this Agreement (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, whether written or oral, to the extent they related in any way to the subject matter hereof.

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

6.4 Headings. The Section and subsection headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

6.5 Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Utah without giving effect to any choice or conflict of law provision or rule (whether of the State of Utah or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Utah.

6.6 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

6.7 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. The word "including" shall mean including without limitation.

6.8 Incorporation of Recitals and Exhibits. The above Recitals and all Exhibits attached to this Agreement are deemed to be incorporated herein by reference and made a part hereof.

6.9 Submission to Jurisdiction. Each of the Parties submits to the exclusive jurisdiction of any state or federal court sitting in Salt Lake City or Provo, Utah, in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding shall be heard and determined only in any such court. Each Party also agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other Party with respect thereto. Each Party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or in equity.

6.10 Assignment. Except as provided below, no Party may assign (by operation of law, merger, or otherwise), license, sublicense, or otherwise transfer any of its rights or obligations under this Agreement to any other person or entity without obtaining the prior written consent of the other Parties; provided, however, that either Nu Skin Enterprise or Nu Skin International shall be allowed to assign this Agreement or its rights and obligations hereunder without any prior consent of the other Parties.

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IN WITNESS WHEREOF, the Parties have caused this Termination Agreement to be duly executed as of the day and year first above written.

NU SKIN INTERNATIONAL, INC.

By: /s/ Corey B. Lindley
Its Vice President

NU SKIN USA, INC.

By: /s/ Steve J. Lund
Its President

ATTACHED EXHIBITS:

EXHIBIT "A" -- SUBLEASE AGREEMENT
EXHIBIT "B" -- LICENSING AND SALES AGREEMENT
EXHIBIT "C" -- TRADEMARK/TRADENAME AGREEMENT
EXHIBIT "D" -- DISTRIBUTION AGREEMENT
EXHIBIT "E" -- FINANCIAL STATEMENTS
EXHIBIT "F" -- INDEMNIFICATION LIMITATION AGREEMENT

- --- Agreements provided upon request ---

EX-10.54

INDEMNIFICATION LIMITATION AGREEMENT

BY AND AMONG

NU SKIN ENTERPRISES, INC.,

NU SKIN UNITED STATES, INC.,

NU SKIN INTERNATIONAL, INC.,

BIG PLANET HOLDINGS, INC.,

NU SKIN USA, INC.,

THE MANAGERS,

AND

THE STOCKHOLDERS WHO EXECUTE THE SIGNATURE PAGE HERETO

March 8, 1999

INDEMNIFICATION LIMITATION AGREEMENT

This Indemnification Limitation Agreement (this "Agreement") is made and entered into effective as of March 8, 1999 by and among Nu Skin Enterprises, Inc., a Delaware corporation ("Nu Skin Enterprises"), Nu Skin United States, Inc., a Delaware corporation ("Nu Skin United States"), Nu Skin International, Inc. a Utah corporation ("Nu Skin International"), Big Planet Holdings, Inc., a Delaware corporation ("Big Planet Holdings"), Nu Skin USA, Inc., a Delaware corporation ("Nu Skin USA"), Nathan W. Ricks ("Ricks"), Kevin V. Doman ("Doman"), Richard W. King ("King"), and each of the stockholders who elects to become a party to this Agreement by executing the signature page hereto (each a "Stockholder" and together the "Stockholders"). Ricks, Doman, and King are collectively referred to as the "Managers" and, individually, a "Manager." Each of Nu Skin Enterprises, Nu Skin United States, Big Planet Holdings, Nu Skin USA, Big Planet, the Managers, and the Stockholders is individually referred to herein as a "Party" and together as the "Parties."

RECITALS

A. WHEREAS, Nu Skin Enterprises, Nu Skin United States, and Nu Skin USA have entered into that certain Asset Purchase Agreement of even date herewith and attached hereto as Exhibit "A" (the "Asset Purchase Agreement") providing for the purchase by Nu Skin Enterprises and Nu Skin United States of certain assets of Nu Skin USA, with a portion of the purchase price for certain of such assets to be deposited into an escrow account (the "Escrow") pursuant to the terms of the Escrow Agreement dated of even date herewith and in the form attached hereto as Exhibit "B" (the "Escrow Agreement"), which Asset Purchase Agreement further provides for the indemnification of Nu Skin Enterprises and Nu Skin United States in connection with the transactions described therein;

B. WHEREAS, Nu Skin International and Nu Skin USA have entered into that certain Termination Agreement of even date herewith and attached hereto as Exhibit "C" (the "Termination Agreement") providing for the termination of certain licenses and agreements previously entered into by and between Nu Skin USA and various other parties in consideration for the payment of a termination fee;

C. WHEREAS, Nu Skin Enterprises and the Stockholders contemplate entering into a stock purchase, merger, or similar agreement related to Nu Skin Canada, Inc. (the "Canada Stock Purchase Agreement"), providing for the purchase by Nu Skin Enterprises of the issued and outstanding shares of capital stock of Nu Skin Canada, Inc. or for the merger of Nu Skin Canada, Inc. with Nu Skin Enterprises (or a newly-organized subsidiary of Nu Skin Enterprises), and further providing for the indemnification of Nu Skin Enterprises in connection with the transactions contemplated in the Canada Stock Purchase Agreement;

D. WHEREAS, Nu Skin Enterprises and the Stockholders contemplate entering into a stock purchase, merger, or similar agreement related to Nu Skin Mexico S.A. de C.V., a Mexico corporation domesticated in Delaware under the name Nu Skin Mexico, Inc. (the "Mexico Stock Purchase Agreement"), providing for the purchase by Nu Skin Enterprises of the issued and outstanding shares of capital stock of Nu Skin Mexico, Inc. or for the merger of Nu Skin Mexico, Inc. with Nu Skin Enterprises (or a newly-organized subsidiary of Nu Skin Enterprises), and further providing for the indemnification of Nu Skin Enterprises in connection with the transactions contemplated in the Mexico Stock Purchase Agreement;

E. WHEREAS, Nu Skin Enterprises and the Stockholders contemplate entering into a stock purchase, merger, or similar agreement related to Nu Skin Guatemala S.A., a Guatemala corporation domesticated in Delaware under the name Nu Skin Guatemala, Inc. (the "Guatemala Stock Purchase Agreement"), providing for the purchase by Nu Skin Enterprises of the issued and outstanding shares of capital stock of Nu Skin Guatemala, Inc. or for the merger of Nu Skin Guatemala, Inc. with Nu Skin Enterprises (or a newly-organized subsidiary of Nu Skin Enterprises), and further providing for the indemnification of Nu Skin Enterprises in connection with the transactions contemplated in the Guatemala Stock Purchase Agreement;

F. WHEREAS, Nu Skin Enterprises and a subsidiary to be formed by Nu Skin Enterprises are currently negotiating and intend, following the date hereof, to enter into an Agreement and Plan of Merger with Big Planet (the "Merger Agreement") providing for the merger of Big Planet with and into Big Planet Holdings, Inc., a subsidiary of Nu Skin Enterprises ("Big Planet Holdings") in exchange for merger consideration that in part will consist of cash in the amount of approximately $14,500,000 and a promissory note (the "Nu Skin Enterprises Note") in the original principal amount of approximately $14,500,000 payable to Nu Skin USA as the holder of the Preferred Stock of Big Planet;

G. WHEREAS, the Asset Purchase Agreement, the Termination Agreement, the Canada Stock Purchase Agreement, the Mexico Stock Purchase Agreement, and the Guatemala Stock Purchase Agreement (collectively, the "Transaction Agreements") each contain certain indemnification obligations in favor of Nu Skin Enterprises, Nu Skin United States, or their respective affiliates who are parties to the respective Transaction Agreements including Nu Skin International (the "Affiliate Parties"), and the Parties now desire to agree to certain restrictions and limitations on such indemnification obligations;

H. WHEREAS, Nu Skin International, Inc., a Utah corporation and subsidiary of Nu Skin Enterprises ("Nu Skin International"), is liable for any judgment that may be entered against the Nu Skin party defendants named in the lawsuit captioned Capone v. Nu Skin Canada, Inc, et al., Civil No. 93-C-2855, pending in the United States District Court, District of Utah, Central Division (the "Capone Lawsuit"), but, pursuant to an Assumption of Liabilities and Indemnification Agreement dated effective December 31, 1997, (the "Assumption Agreement"), entered into by and between Nu Skin International, Inc. and 252nd Shelf Corporation (now known as Nu Skin USA), Nu Skin USA has agreed to indemnify and reimburse Nu Skin International for fifty percent (50%) of any amount that Nu Skin International may become liable for in the Capone Lawsuit; and

I. WHEREAS, Nu Skin Enterprises, Nu Skin International, and Nu Skin USA intend that Nu Skin International can be reimbursed out of the Escrow pursuant to the Escrow Agreement and may set off against the Nu Skin Enterprises Note and seek indemnification from Nu Skin USA and the Stockholders to the extent Nu Skin International is entitled to reimbursement pursuant to the Assumption Agreement, for Nu Skin USA's fifty percent (50%) of any amount Nu Skin International may become liable for in connection with the Capone Lawsuit.

NOW, THEREFORE, in consideration of the foregoing premises, and the mutual covenants and obligations set forth below, and as an inducement for Nu Skin Enterprises and the Affiliate Parties to enter into the Transaction Agreements, the Parties agree as follows:

1. Limits on Indemnification Claims.

1.1 Limits on Indemnification Claims Brought Against Nu Skin USA Under the Transaction Agreements and the Merger Agreement. Except for claims brought by Nu Skin Enterprises, Nu Skin United States, Big Planet Holdings, or the Affiliate Parties relating to (i) the Stockholders' title to and right to transfer their respective shares of capital stock of Nu Skin Canada, Inc., Nu Skin Mexico, Inc., Nu Skin Guatemala, Inc., and Big Planet, Inc. and Nu Skin USA's title to and right to transfer the assets to be transferred to Nu Skin Enterprises, Nu Skin United States, or their respective affiliates pursuant to the Asset Purchase Agreement or Big Planet's title to its assets, (ii) claims for indemnification based on fraud, or (iii) any indemnification claim for the individual tax liabilities or obligations of any stockholder of Nu Skin USA, Nu Skin Canada, Inc., Nu Skin Mexico S.A. de C.V., (Nu Skin Mexico, Inc.), or Nu Skin Guatemala S.A., (Nu Skin Guatemala, Inc.), no claim for indemnification may be made against the entities referred to in clause 1.1 (iii) above or the Stockholders under the Transaction Agreements or the Merger Agreement by Nu Skin Enterprises, Nu Skin International, Nu Skin United States, Big Planet Holdings, or the Affiliate Parties with respect to an individual claim of liability or damage, unless, and then only to the extent that, the aggregate of all amounts claimed under the Transaction Agreements and the Merger Agreement exceeds the greater of (a) $100,000 or (b) $1,000,000 minus Nu Skin USA's Net Liabilities (as that term is defined in the Asset Purchase Agreement). The indemnification obligations owing to Nu Skin Enterprises, Nu Skin International, Big Planet Holdings, Nu Skin United States, and the Affiliate Parties under the Transaction Agreements and the Merger Agreement (except for those specifically excluded above in this Section 1.1) shall be effective only until the dollar amount paid in respect of indemnification claims brought under and pursuant to any of the Transaction Agreements and/or the Merger Agreement aggregates to an amount equal to $17,500,000; provided, however, that notwithstanding the above provisions of this Section 1.1, (a) all corporate tax liabilities or tax obligations of Nu Skin USA, Big Planet, Inc., Nu Skin Canada, Inc., Nu Skin Mexico S.A. de C.V. (Nu Skin Mexico, Inc.), or Nu Skin Guatemala S.A. (Nu Skin Guatemala, Inc.) (each, a "Corporate Tax Liability") and (b) all liability of Nu Skin USA related to the Capone Lawsuit, are excluded from said $17,500,000 cap; provided further, however, that each Stockholder hereby agrees, in the event Nu Skin USA distributes the Termination Fee (as such term is defined in the Termination Agreement) and the Class A Purchase Price (as such term is defined in the Asset Purchase Agreement), including any remaining portion of the Escrow Amount (as that term is defined in the Escrow Agreement) to the Stockholders or makes any other distributions to the Stockholders, including liquidating distributions, that each Stockholder will severally indemnify Nu Skin Enterprises, Nu Skin International, Nu Skin United States, Big Planet Holdings, and the Affiliate Parties for all of Nu Skin USA's Corporate Tax Liability and liability related to the Capone Lawsuit proportionately based on their relative share ownership of Nu Skin USA. The liability of such Stockholders under the immediately preceding sentence shall be limited to the amount of the distributions of cash and/or property (including any merger consideration received by Nu Skin USA under the Merger Agreement) received by or paid on behalf of such Stockholder from Nu Skin USA following March 1, 1999. Notwithstanding the foregoing, neither Nu Skin Enterprises, Nu Skin International, Nu Skin United States, Big Planet Holdings nor the Affiliate Parties will pursue any claim against the Stockholders for any Corporate Tax Liability or any liability related to the Capone Lawsuit until the Nu Skin Enterprises Note shall have been set off in full and the Escrow Amount shall have been disbursed in full to Nu Skin Enterprises, Nu Skin United States or Nu Skin International. Nothing herein shall release or discharge the Stockholders or Nu Skin USA for any Corporate Tax Liability or liability related to the Capone Lawsuit. Any Corporate Tax Liability or any liability related to the Capone Lawsuit may be paid by delivery of shares of Nu Skin Enterprises Class A Common Stock or Class B Common Stock to Nu Skin Enterprises in an amount equal to the Corporate Tax Liability or the aggregate liability under the Capone Lawsuit, divided by the average closing price of Nu Skin Enterprise's Class A Common Stock on the New York Stock Exchange for the twenty (20) trading days immediately prior to the date on which Nu Skin Enterprises gives notice of such Corporate Tax Liability or liability related to the Capone Lawsuit to the entity

responsible for the same. To the extent that indemnification obligations in favor of Nu Skin Enterprises, Nu Skin United States, Nu Skin International, Big Planet Holdings, or the Affiliate Parties under the Transaction Agreements or the Merger Agreement may be unenforceable, Nu Skin USA and the Stockholders shall contribute the maximum amount that they are permitted to contribute under applicable law to the payment and satisfaction of all indemnification claims brought under and pursuant to the Transaction Agreements or the Merger Agreement by Nu Skin Enterprises, Nu Skin International, Big Planet Holdings, Nu Skin United States, or the Affiliate Parties. Amounts owing to Nu Skin Enterprises, Nu Skin International, Big Planet Holdings, Nu Skin United States, or the Affiliate Parties under the Transaction Agreements or the Merger Agreement shall not be reduced or off set by the value of any tax benefits accruing to Nu Skin Enterprises, Nu Skin International, Big Planet Holdings, Nu Skin United States, or the Affiliate Parties as a result of any claim for indemnification or by the amount of any insurance proceeds received by Nu Skin Enterprises, Nu Skin International, Big Planet Holdings, Nu Skin United States, or the Affiliate Parties in connection with any claim for indemnification.

1.2 Limits on Indemnification Claims Brought Against the Managers Under the Merger Agreement.

1.2.1 Relevant Merger Agreement Provisions. As set forth in the Merger Agreement, (a) certain options held by Ricks to acquire 3,806,147 shares of the Big Planet Common will be converted into or exchanged for options to purchase shares of Nu Skin Enterprises Class A Common (the "New Ricks Options"), (b) a total of 815,604 unvested shares of Big Planet Common underlying King's current restricted stock award will be exchanged or converted into restricted stock awards of Nu Skin Enterprises Class A Common (the "New King Restricted Stock Award"), and (c) a total of 305,910 unvested shares of Big Planet Common underlying Doman's current restricted stock award will be exchanged or converted into restricted stock awards of Nu Skin Enterprises Class A Common (the "New Doman Restricted Stock Award"). As set forth in the Merger Agreement and in Section 1.2.2 below (subject to the limitations set forth in Section 1.2.2 below), each of the Managers is jointly and severally liable to Big Planet Holdings and Nu Skin Enterprises and has agreed to indemnify Big Planet Holdings and Nu Skin Enterprises for any such indemnification claims for which they may become liable by forfeiting shares of Nu Skin Enterprises Class A Common issuable pursuant to the New Ricks Options, the New King Restricted Stock Award, and the New Doman Restricted Stock Award, as applicable. The Parties hereby acknowledge that, pursuant to the respective grant agreements for the New Ricks Options, the New King Restricted Stock Award, and the New Doman Stock Award to be entered into by them and Nu Skin Enterprises following the date hereof, shares of Nu Skin Enterprises Class A Common issuable thereunder can be forfeited in satisfaction of indemnification obligations of the Managers, as described in Section 1.2.2 below.

1.2.2 Indemnification; Calculation of Forfeited Shares. Except for indemnification claims brought by Big Planet Holdings or Nu Skin Enterprises relating to or based on (i) fraud, or (ii) the Managers' title to and right to transfer their respective shares of capital stock or options of Big Planet, Inc. pursuant to the Merger Agreement, no claim for indemnification may be made against any Manager under the Merger Agreement by Big Planet Holdings or Nu Skin Enterprises with respect to an individual claim of liability or damage, unless, and then only to the extent that, the aggregate of all amounts claimed under the Merger Agreement exceeds $100,000 (the "Big Planet Indemnification Amount"); provided, however, that in the event the Big Planet Indemnification Amount exceeds $100,000, each of the Managers shall share in such excess pro rata in accordance with their respective Member Allocation Percentage (set forth on Exhibit "D" attached hereto). The number of shares of Nu Skin Enterprises Class A Common that each Manager shall forfeit in the event the Big Planet Indemnification Amount exceeds $100,000 shall be determined as follows: (i) such Manager's Allocation Percentage shall be multiplied by the amount by which the Big Planet Indemnification Amount exceeds $100,000, and that amount shall be divided by (ii) the average closing price of Nu Skin Enterprise's Class A Common Stock on the New York Stock Exchange for the twenty (20) trading days ending February 3, 1999. The result of such calculation is the number of shares of Nu Skin Enterprises Class A Common that each Manager shall forfeit in settlement of the amount by which the Big Planet Indemnification Amount exceeds $100,000. The remaining portion of the Big Planet Indemnification Amount shall be concurrently allocated to and paid by Nu Skin USA pursuant to and in accordance with Section 1.2.1 above. The indemnification obligations of the Managers to Big Planet Holdings and Nu Skin Enterprises under the Merger Agreement and this Section 1.2.2 shall be effective only until the first to occur of (A) the shares of Nu Skin Enterprises Class A Common vest in each Manager (which, as stated in the Merger Agreement, will be in a single installment one (1) year after the Closing Date (as that term is defined in the Merger Agreement)) or (B)(I) in the case of Ricks, fifty percent (50%) of the shares of Nu Skin Enterprises Class A Common underlying the New Ricks Options, and (II) in the case of either King or Doman, one hundred percent (100%) of the shares of Nu Skin Enterprises Class A Common underlying the New King Restricted Stock Award or the New Doman Restricted Stock Award, as applicable, have been forfeited pursuant to this Section 1.2.2. To the extent that indemnification obligations in favor of Big Planet Holdings or Nu Skin Enterprises under the Merger Agreement may be unenforceable, each of the Managers shall contribute and forfeit the maximum number of shares of Nu Skin Enterprises Class A Common (determined as set forth above) as they are permitted to contribute and forfeit under applicable law to the payment and satisfaction of all indemnification claims brought under and pursuant to the Merger Agreement by Big Planet Holdings or Nu Skin Enterprise. Amounts owing to Big Planet Holdings or Nu Skin Enterprises under the Merger Agreement shall not be reduced or off-set by the value of any tax benefits accruing to Big Planet Holdings or Nu Skin Enterprises as a result of any claim for indemnification or by the amount of any insurance proceeds received by Big Planet Holdings or Nu Skin Enterprises in connection with any claim for indemnification.

2. Pursuit of Indemnification Claims. Claims for indemnification brought by Nu Skin Enterprises, Nu Skin United States, Big Planet Holdings or the Affiliate Parties shall be brought in accordance with the terms and conditions of the Transaction Agreements or the Merger Agreement, as applicable. Except as expressly provided in Section 1 above, nothing in this Agreement is intended to limit the scope of the indemnification claims that can be brought under the Transaction Agreements or the Merger Agreement or the manner in which such claims are to be brought under the Transaction Agreements or Merger Agreement by Nu Skin Enterprises, Nu Skin United States, Big Planet Holdings or the Affiliate Parties.

3. Indemnification Assets. To the extent permitted by Section 1 above, Nu Skin Enterprises, Nu Skin United States, Big Planet Holdings and the Affiliate Parties shall have the right to make a claim under the Escrow Agreement against the Escrow Amount for any amounts owing to Nu Skin Enterprises, Big Planet Holdings, Nu Skin United States, or the Affiliate Parties under the Transaction Agreements or the Merger Agreement. Claims for indemnification hereunder that are brought against the Escrow Amount under the Escrow Agreement shall be brought in accordance with the terms and conditions of the Escrow Agreement. In addition, Nu Skin Enterprises for itself or on behalf of Nu Skin United States, Big Planet Holdings or the Affiliate Parties shall be entitled to set-off or recover against any principal or interest payable by it under the Nu Skin Enterprises Note, all amounts owing to Nu Skin Enterprises, Big Planet Holdings, Nu Skin United States, or the Affiliate Parties under the Transaction Agreements or the Merger Agreement. Amounts payable by Nu Skin Enterprises under the Nu Skin Enterprises Note and all amounts (or shares of Nu Skin Enterprises Class A Common Stock or Class B Common Stock substituted at any time for a Stockholder's Allocation Amount (as that term is defined in the Escrow Agreement) held in the Escrow and all interest and earnings on such amounts shall together constitute the "Indemnification Assets." Except for the claims set forth in clauses (i), (ii), and (iii) of Section 1.1 above and claims for Corporate Tax Liability or liability related to the Capone Lawsuit (which claims are excluded from the effects of the basket and cap provided in Section 1.1 above), the sole remedy of Nu Skin Enterprises, Nu Skin United States, and the Affiliate Parties shall be limited to claims for indemnification pursuant to the Transaction Agreements. In addition, except for claims set forth in clauses (i), (ii), and (iii) of Section 1.1 above and claims for Corporate Tax Liability or liability related to the Capone lawsuit, claims brought by Nu Skin Enterprises, Nu Skin United States, or the Affiliate Parties pursuant to the Transaction Agreements shall be satisfied only from the Indemnification Assets. Except for claims set forth above in clauses (i) and (ii) of Section 1.2.2 (which claims are excluded from the effects of the basket and cap provided in Section 1.2 above), the sole remedy of Nu Skin Enterprises and Big Planet Holdings against the Managers shall be limited to claims for indemnification pursuant to the Merger Agreement. In addition, except for the claims excluded in Section 1.2.2 above, claims brought by Nu Skin Enterprises and Big Planet Holdings against the Managers pursuant to the Merger Agreement shall be satisfied only from those portions of the New Ricks Options, the New King Restricted Stock Award and the New Doman Restricted Stock Award that are forfeitable as provided in Section 1.2.2 above.

4. Joint and Several Obligations. Subject to the limitations set forth in Section 1 above, the obligations of Nu Skin USA and the Stockholders shall be joint and several. Nu Skin Enterprises, Nu Skin United States, Big Planet Holdings and the Affiliate Parties shall be entitled to bring claims for indemnification and assert rights against the Indemnification Assets regardless of which Transaction Agreement or Merger Agreement allows for such claims and regardless of the consideration received by either Nu Skin USA or the Stockholders under such Transaction Agreement or Merger Agreement. Nu Skin Enterprises, Nu Skin United States, Big Planet Holdings, and the Affiliate Parties may pursue their rights against the Indemnification Assets by bringing claims against the Escrow or by Nu Skin Enterprises setting-off amounts owing by it under the Nu Skin Enterprises Note concurrently or sequentially, in any order it desires.

5. Waiver of Subrogation. Nu Skin USA and the Stockholders each hereby waive any right of subrogation they may have with respect to any amounts paid to Nu Skin Enterprises, Nu Skin United States, Big Planet Holdings, or the Affiliate Parties pursuant to the provisions of the Transaction Agreements or the Merger Agreement.

6. Designated Representative of Nu Skin USA and the Stockholders. Each of Nu Skin USA and the Stockholders hereby appoints Keith R. Halls and Steven J. Lund (each such person, whether acting singly or in concert, and any successor or successors being referred to herein as a "Designated Representative") as their legal representative and attorneys-in-fact to do any and all things and execute all documents, instruments, and papers, in NSUSA's and each Stockholder's name, place, and stead, and in any way Nu Skin USA or such Stockholder could do if personally present, in connection with this Agreement and the transactions contemplated hereby, including, without limitation, to (a) amend, cancel, extend, or waive the terms of this Agreement, or any other ancillary documents, instruments, or agreements prepared and entered into in connection with this Agreement; (b) provide any notices required pursuant to this Agreement or any ancillary documents, instruments, or agreements related hereto; (c) act for and on behalf of Nu Skin USA and the Stockholders with respect to claims (including the settlement thereof) arising under this Agreement or any ancillary documents, instruments, or agreements related thereto); and (d) accept, for and on behalf of the Nu Skin USA and the Stockholders, all notices required to be delivered to Nu Skin USA and the Stockholders under this Agreement. In the event that one or both of the Designated Representatives becomes unable or unwilling to continue in his capacity as the Designated Representative Nu Skin USA and the Stockholders, Nu Skin USA and the Stockholders shall appoint a successor designated representative by written notice to Nu Skin Enterprises. Any such successor designated representative shall become and be deemed to be a Designated Representative for purposes of this Agreement. Nu Skin USA and the Stockholders shall be bound by any action taken by either of the Designated Representatives in their capacity thereof. Nu Skin Enterprises, Nu Skin United States, and the Affiliate Parties shall be entitled to rely on, as being binding upon each of Nu Skin USA and the Stockholders, any document, instrument, agreement, or any other paper believed by him, her, or it to be genuine and correct and to have been signed or sent by either of the Designated Representatives. Nu Skin Enterprises, Nu Skin United States, and the Affiliate Parties shall not be liable to Nu Skin USA and the Stockholders for any action taken or omitted to be taken by him, her, or it in such reliance. Copies of any notice given by Nu Skin Enterprises to the Designated Representatives shall be provided to each of the Designated Representatives at the address specified in Section 7.1 below.

7. Miscellaneous Provisions.

7.1 Notice. All notices, requests, demands, and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been given (i) on the date of personal delivery or, (ii) provided such notice, request, demand, or communication is actually received by the Party to which it is addressed in the ordinary course of delivery, on the date of (a) deposit in the United States mail, postage prepaid, by registered or certified mail, return receipt requested, (b) delivery by facsimile transmission, or (c) delivery to a nationally-recognized overnight courier service, in each case, addressed as follows, or to such other person or entity as any Party shall designate by written notice to the other in accordance herewith:

If to Nu Skin Enterprises, Nu Skin United States, or the Affiliate Parties:	With a copy to:
Nu Skin Enterprises, Inc. One Nu Skin Plaza 75 West Center Street Provo, Utah 84601 Attention: M. Truman Hunt, Esq. Fax No.: (801) 345-3099	LeBoeuf, Lamb, Greene & MacRae, L.L.P. 1000 Kearns Building 136 South Main Street Salt Lake City, Utah 84101 Attention: Nolan S. Taylor, Esq. Fax No.: (801) 359-8256

If to Nu Skin USA or the Stockholders:	With a copy to:
Nu Skin USA, Inc. c/o Nu Skin Enterprises, Inc. 75 West Center Street Provo, UT 84601 Attention: Keith R. Halls Fax No.: (801) 345-5999	Holland & Hart, L.L.P. 215 South State Street, Suite 500 Salt Lake City, Utah 84111 Attention: David R. Rudd, Esq. Fax No.: (801) 364-9124

7.2 Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah applicable to contracts entered into and to be performed entirely within such State. With respect to any dispute arising under this Agreement, the Parties consent to the exclusive jurisdiction and venue of the federal and state courts residing in Salt Lake City or Provo, Utah and waive any objection to such venue on the basis of forum non conveniens.

7.3 Severability. The Parties agree that each provision to this Agreement shall be construed independent of any other provision hereof. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof. This Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted herefrom.

7.4 Entire Agreement. This Agreement, together with the Transaction Agreements and all Exhibits and Schedules thereto and hereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof. This Agreement, together with the Transaction Agreements and all Exhibits and Schedules thereto and hereto, supersedes all prior written or contemporaneous oral agreements related to the subject matter hereof.

7.5 Amendment and Modifications. No amendment or other modification to this Agreement shall be binding upon any Party unless executed in writing by all of the Parties.

7.6 Waiver. No waiver by any Party of any of the provisions of this Agreement will be deemed, or will constitute, a waiver of any other provision hereof, whether similar, nor will any waiver constitute a continuing waiver hereunder. No waiver will be binding unless executed in writing by the Party making the waiver.

7.7 Assignment. Except as provided below, no Party may assign (by operation of law, merger, or otherwise), license, sublicense, or otherwise transfer any of his, her, or its rights or obligations under this Agreement to any other person or entity without obtaining the prior written consent of the other Parties; provided, however, that Nu Skin Enterprise and Nu Skin United States shall each be allowed to assign this Agreement or its rights and obligations hereunder without any prior consent of the other Parties.

7.8 Captions. All captions in this Agreement are intended solely for the convenience of the Parties and none shall be deemed to affect the meaning and construction of any provision hereof.

7.9 Cumulative Remedies. No right or remedy conferred upon or reserved to any of the Parties under the terms of this Agreement is intended to be, nor shall it be deemed, exclusive of any other right or remedy provided herein or by law or equity, but each shall be cumulative of every other right or remedy.

7.10 Binding Effect of Agreement. Except as otherwise specifically provided herein, this Agreement shall be binding upon, and shall inure to the benefit of and be enforceable by, the Parties, and their respective affiliates, successors, and assigns.

7.11 No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, shall confer on any person other than the Parties any rights or remedies under or by virtue of this Agreement except that the Affiliate Parties shall be entitled to the benefits of this Agreement.

7.12 Counterparts; Enforceability. This Agreement may be executed by facsimile and in counterparts and each taken together shall constitute one and all the same document. Provided that this Agreement has been executed by Nu Skin Enterprises, Nu Skin United States, and Big Planet Holdings, Big Planet, each of the Managers, and each Stockholder who has executed this Agreement is and will be bound by the terms and conditions hereof, and Big Planet, each of the Managers, and each such Stockholder specifically acknowledges and agrees that the failure by Big Planet, any Manager, or any Stockholder to execute this Agreement shall not invalidate or otherwise undermine the enforceability of this Agreement as to each Party who has become a signatory hereto. The Parties also acknowledge and agree that Big Planet and the Managers may not execute this Agreement and become a Party hereto until sometime after the execution hereof by all of the other Parties to this Agreement.

7.13 No Impact on Transaction Agreements. Except as specifically provided in this Agreement, nothing herein undermines or detracts in any way from any of the respective indemnification provisions contained in any of the Transaction Agreements.

7.14 Set-Off Rights. Subject to Section 1 above, Nu Skin Enterprises and its affiliates (excluding Nu Skin USA and Big Planet) shall be entitled to set off any amounts due to it or them, as the case may be, under the Transaction Agreements against amounts owing under the Nu skin Enterprises Note (as that term is defined in the Merger Agreement) and against the then current Escrow Amount (as that term is defined in the Escrow Agreement) .

7.15 Press Releases and Public Announcements. Either Nu Skin Enterprises or Nu Skin United States may issue any press releases or make any public announcements relating to the subject matter of this Agreement after the effective date hereof without the prior written approval of the other Parties. Neither Nu Skin USA nor Big Planet shall issue any press releases or make any public announcements relating to the subject matter of this Agreement without the prior written approval of the other Parties.

IN WITNESS WHEREOF, the Parties have executed and delivered this Indemnification Limitation Agreement on the date first written above.

NU SKIN ENTERPRISES, INC.

By: /s/ Corey B Lindley
Name: Corey B. Lindley
Its: Vice President

NU SKIN USA, INC.

By: /s/ Steven J. Lund
Name: Steven J. Lund
Its:

BIG PLANET HOLDINGS, INC.

By: /s/ Corey B Lindley
Name: Corey B. Lindley
Its: Vice President

NU SKIN INTERNATIONAL, INC.

By: /s/ Corey B Lindley
Name: Corey B. Lindley
Its: Vice President

THE MANAGERS:

/s/ Richard W. King
Richard W. King

/s/ Nathan W. Ricks
Nathan W. Ricks

/s/ Kevin V. Doman
Kevin V. Doman

STOCKHOLDERS:

/s/ Blake M. Roney
Blake M. Roney

/s/ Nedra Dee Roney
Nedra Dee Roney

/s/ Sandra N. Tillotson
Sandra N. Tillotson

/s/ R. Craig Bryson
R. Craig Bryson

/s/ Craig S. Tillotson
Craig S. Tillotson

/s/ Steven J. Lund
Steven J. Lund

/s/ Keith R. Halls
Keith R. Halls

/s/ Anna Lisa Massaro Halls
Anna Lisa Massaro Halls

/s/ Brooke B. Roney
Brooke B. Roney

Kirk V. Roney

/s/ Rick A. Roney
Rick A. Roney

ATTACHED EXHIBITS:

EXHIBIT "A" -- ASSET PURCHASE AGREEMENT
EXHIBIT "B" -- FORM OF ESCROW AGREEMENT
EXHIBIT "C" -- TERMINATION AGREEMENT
EXHIBIT "D" -- MEMBER'S OWNERSHIP PERCENTAGES

- --- Exhibits will be provide upon request ---

EX-10.55

AMENDMENT NO. 1 TO

AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

This Amendment No. 1 to the Amended and Restated Stockholders Agreement (this "Amendment Agreement") is entered into as of March 8, 1999 by and among the Stockholders who have executed the signature pages of this Agreement and Nu Skin Enterprises, Inc., a corporation organized under the laws of the State of Delaware (the "Company"). This Amendment Agreement shall be binding upon each person who executes this Amendment Agreement notwithstanding the fact that any other Stockholders fail or refuse to execute this Amendment Agreement. The capitalized terms used in this Amendment Agreement and not otherwise defined herein shall have the meanings given such terms in the Amended and Restated Stockholders Agreement dated November 28, 1997 (the "Amended and Restated Stockholders Agreement").

RECITALS

A. WHEREAS, the Company has entered into a letter of intent with Nu Skin USA, Inc., Big Planet, Inc., certain shareholders of Big Planet, Inc. and certain of the Initial Stockholders with respect to the potential acquisition by the Company or its affiliates of Big Planet, Inc., Nu Skin Canada, Inc., Nu Skin Mexico S.A. de C.V., a Mexico corporation domesticated in the State of Delaware under the name Nu Skin Mexico, Inc., and Nu Skin Guatemala, S.A., a Guatemala corporation domesticated in the State of Delaware under the name Nu Skin Guatemala, Inc. and further regarding the termination of various agreements between Nu Skin International, Inc., a subsidiary of the Company, and Nu Skin USA, Inc. in consideration for the payment to Nu Skin USA, Inc. of certain consideration and the acquisition of certain assets by the Company from Nu Skin USA, Inc. (all of the foregoing proposed transactions being referred to herein collectively as the "Proposed Transactions"); and

B. WHEREAS, in connection with the Proposed Transactions and the Company's efforts to pursue certain liquidity events for those Stockholders executing this Amendment Agreement, the Company has requested that the Stockholders execute this Amendment Agreement and extend certain resale restrictions set forth therein;

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

1. Section 2.2 Lock-up Agreement is hereby amended to provide that the Extended Lock-up Period for all Stockholders who execute this Agreement (other than the trusts identified on Schedule B to the Amended and Restated Stockholders Agreement) is extended until and shall terminate on December 31, 1999. All other terms and conditions of Section 2.2 of the Amended and Restated Stockholders Agreement shall remain in full force and effect. The trusts identified on Schedule B to the Amended and Restated Stockholders Agreement and those Stockholders who elect not to execute this Amendment Agreement shall remain subject to the original Extended Lock-up Period, and following the expiration of such original Extended Lock-up Period shall remain subject to the limitations on resale as set forth in the Amended and Restated Stockholders Agreement during the Restricted Resale Period.

2. Section 2.3 Post Lock-up Selling Restrictions is hereby amended to provide that the Restricted Resale Period for all Stockholders (including the trusts identified on Schedule B to the Amended

and Restated Stockholders Agreement and those Stockholders who do not execute this Agreement) shall expire on March 26, 2000. All other terms and conditions of Section 2.3 of the Amended and Restated Stockholders Agreement shall remain in full force and effect.

3. Section 3.4 Application of Agreement to Transfers in Private Resale Transactions is hereby amended by adding the following sentence at the end of such Section:

> "Notwithstanding the foregoing, upon request to the Company, the Company may authorize, which authorization may be granted or withheld in its sole discretion exercised in good faith, a donee that is a non-profit entity that is qualified under Section 501(c)(3) of the Internal Revenue Code and is unaffiliated with any Stockholder to sell shares and not have such shares aggregated with any shares transferred by the Transferring Stockholder for purposes of the Rule 144 Allotment provided that such donee sells the shares in accordance with the requirements specified by the Company such as selling such shares through Merrill Lynch's Provo office, over such time period as may be required by the Company, and in such manner and during such time period as will not adversely affect the price or market of the Company's Class A Common Stock.

4. Limited Resales. Each of Keith R. Halls, or affiliates he designates, Anna Massaro Halls, or affiliates she designates, Rick A. Roney, Burke F. Roney, Park R. Roney, and the MAR Trust, if they execute this Amendment Agreement, may (A) sell to the Company in 1999 20,000 shares of their Class A or Class B Common Stock at a purchase price equal to 80% of the fair market value of such shares based on the lower of the closing price of the Company's Class A Common Stock on the New York Stock Exchange on the date prior to the announcement of the execution of the letter of intent regarding the Proposed Transactions or the day immediately prior to the date of the purchase of such shares by the Company, and (B) notwithstanding their agreement to extend the Extended Lock-Up Period, sell

20,000 shares between September 1, 1999 and December 31, 1999 if such Stockholder does not (i) sell any shares to the Company during 1999, and (ii) does not sell any shares in a private placement or a secondary offering prior to September 1, 1999. Any such sales shall be made through Merrill Lynch in accordance with the provisions of 2.3.2 and 2.3.3, and for purposes of Section 2.3.3, the Stockholder's Rule 144 Allotment for the period from September 1, 1999 through December 31, 1999 shall be deemed to be 20,000 shares.

5. Liquidity Events. As additional consideration to the Stockholders who, together with all of their Stockholder Controlled Entities, execute this Amendment Agreement and agree to the extension of the Extended Lock-up Period prior to March 15, 1999, the Company will endeavor to pursue other liquidity alternatives for such Stockholders, market conditions permitting. Any of the Stockholders who elect not to execute this Amendment Agreement prior to March 15, 1999 shall not have any right to participate in any such liquidity alternative or event except for such limited rights that they may have with respect to any registered, underwritten offering commenced by the Company under the piggy-back registration rights provisions of the Amended and Restated Stockholders Agreement.

6. Counterparts. This Agreement may be executed by facsimile and by any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement. Each counterpart may consist of a number of copies each signed by less than all, but together signed by all of the Parties hereto.

7. Effect of Amendment. This Amendment Agreement amends the Amended and Restated Stockholders Agreement only to the extent expressly provided herein. Pursuant to Section 12.5 of the Amended and Restated Stockholders Agreement, this Amendment Agreement shall be binding upon each

of the Stockholders who elect to execute this Amendment Agreement even if one or more of the Stockholders fail or refuse to execute this Amendment Agreement. To the extent provisions of the Amended and Restated Stockholders Agreement are not expressly modified or amended by this Agreement, such unamended provisions shall continue in full force and effect and shall be construed together with the amendments set forth herein as the entire agreement of the parties hereto. The Amendment Agreement shall not apply to any Stockholder who does not execute this Amendment Agreement, but such Stockholder shall remain subject to and obligated under the terms of the Amended and Restated Stockholders Agreement, without giving effect to this Amendment, and this Amendment shall in no way be interpreted as limiting the obligations or restrictions in the Amended and Restated Stockholders Agreement with respect to any Stockholder who does not execute this Amendment Agreement. In the event the Company or one of its subsidiaries has not entered into a definitive agreement with respect to the Proposed Transactions by May 15 1999, the amendments referred to in Sections 1, 2 and 4 hereof shall expire and no longer be of any force or effect from the date of such written notice.

[SIGNATURE PAGES BEGIN ON NEXT PAGE]

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

IN WITNESS WHEREOF, this Agreement has been signed by duly authorized signatories of the Parties hereto and is binding upon the Parties hereto as of the date first above written.

NU SKIN ENTERPRISES, INC.,
a Delaware Corporation

By: /s/ Truman Hunt
Its: Vice President

By: /s/ Blake M. Roney
Blake M. Roney, individually

By: /s/ Nancy l. Roney
Nancy L. Roney, individually

THE ALL R'S TRUST

By: /s/ L. S. McCullough
L. S. McCullough
Its: Trustee

THE B & N RONEY TRUST

By: /s/ L. S. McCullough
L. S. McCullough
Its: Trustee

THE WFA TRUST

By: /s/ L. S. McCullough
L. S. McCullough
Its: Trustee

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

BNASIA, LTD.

By: /s/ Blake M. Roney
Blake M. Roney
Its: General Partner

By: /s/ Nancy L. Roney
Nancy L. Roney
Its: General Partner

THE BLAKE M. AND NANCY L. RONEY
FOUNDATION

By: /s/ Blake M. Roney
Blake M. Roney
Its: Trustee

By: /s/ Nancy L. Roney
Nancy L. Roney
Its: Trustee

THE ONE FOUNDATION

By: /s/ Blake M. Roney
Blake M. Roney
Its: Trustee

By: /s/ Nancy L. Roney
Nancy L. Roney
Its: Trustee

By: /s/ Keith R. Halls
Keith R. Halls
Its: Trustee

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

B & N RHINO COMPANY, L.C.

By: /s/ Craig F. McCullough
Craig F. McCullough
Its: Manager

/s/ Nedra D. Roney
Nedra D. Roney, individually

Rick A. Roney, individually

/s/ Burke F. Roney
Burke F. Roney, individually

/s/ Park R. Roney
Park R. Roney, individually

THE MAR TRUST

By: /s/ Tom D. Branch
Tom D. Branch
Its: Trustee

THE NR TRUST

By: /s/ Tom D. Branch
Tom D. Branch
Its: Trustee

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

THE ROSE FOUNDATION

By: /s/ Nedra D. Roney
Nedra D. Roney
Its: Trustee

By: /s/ Tom D. Branch
Tom D. Branch
Its: Trustee

THE NEDRA RONEY FIXED CHARITABLE TRUST

By: /s/ Tom D. Branch
Tom D. Branch
Its: Trustee

NR RHINO COMPANY, L.C.

By: /s/ Craig F. McCullough
Craig F. McCullough
Its: Manager

/s/ Sandra N. Tillotson
Sandra N. Tillotson, individually

THE SNT TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE DVNM TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

THE CWN TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE DPN TRUST

By: /s/ Craig S. Tillotson
Craig S. Tillotson
Its: Trustee

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE GNT TRUST

By: /s/ Craig S. Tillotson
Craig S. Tillotson
Its: Trustee

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE LMB TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

THE SANDRA N. TILLOTSON FOUNDATION

By: /s/ Sandra N. Tillotson
Sandra N. Tillotson
Its: Trustee

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE SANDRA N. TILLOTSON FIXED
CHARITABLE TRUST

By: /s/ Sandra N. Tillotson
Sandra N. Tillotson
Its: Trustee

By: /s/ L. S. McCullough
L. S. McCullough
Its: Independent Trustee

SNT RHINO COMPANY, L.C.

By: /s/ Craig S. Tillotson
Craig S. Tillotson
Its: Manager

/s/ Steven J. Lund
Steven J. Lund, individually

/s/ Kalleen Lund
Kalleen Lund, individually

SKASIA, LTD.

By: /s/ Steven J. Lund
Steven J. Lund
Its: General Partner

By: /s/ Kalleen Lund
Kalleen Lund
Its: General Partner

THE S AND K LUND TRUST

By: /s/ Blake M. Roney
Blake M. Roney
Its: Trustee

THE STEVEN J. AND KALLEEN LUND FOUNDATION

By: /s/ Steven J. Lund
Steven J. Lund
Its: Trustee

By: /s/ Kalleen Lund
Kalleen Lund
Its: Trustee

THE STEVEN AND KALLEEN LUND FIXED CHARITABLE TRUST

By: /s/ Steven J. Lund
Steven J. Lund
Its: Trustee

By: /s/ Steven J. Lund
Kalleen Lund
Its: Trustee

By: /s/ L. S. McCullough
L. S. McCullough
Its: Independent Trustee

S & K RHINO COMPANY, L.C.

By: /s/ Craig F. McCullough
Craig F. McCullough
Its: Manager

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

/s/ Brooke B. Roney
Brooke B. Roney, individually

/s/ Denice R. Roney
Denice R. Roney, individually

BDASIA, LTD.

By: /s/ Brooke B. Roney
Brooke B. Roney
Its: General Partner

By: /ss Denice R. Roney
Denice R. Roney
Its: General Partner

THE B AND D RONEY TRUST

By: /s/ Blake M. Roney
Blake M. Roney
Its: Trustee

THE BROOKE BRENNAN AND DENICE RENEE
RONEY FOUNDATION

By: /s/ Brooke B. Roney
Brooke B. Roney
Its: Trustee

By: /s/ Denice R. Roney
Denice R. Roney
Its: Trustee

Kirk V. Roney, individually

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

Melanie K. Roney, individually

KMASIA, LTD.

By:
Kirk V. Roney
Its: General Partner

By:
Melanie K. Roney
Its: General Partner

THE K AND M RONEY TRUST
By:
Rick A. Roney
Its: Trustee

THE KIRK V. AND MELANIE K. RONEY
FOUNDATION

By:
Kirk V. Roney
Its: Trustee

By:
Melanie K. Roney
Its: Trustee

THE KIRK AND MELANIE RONEY FIXED
CHARITABLE TRUST

By:
Kirk V. Roney
Its: Trustee

By:
Melanie K. Roney
Its: Trustee

By:
L. S. McCullough
Its: Trustee

K & M RHINO COMPANY, L.C.

By:
Craig F. McCullough
Its: Manager

/s/ Keith R. Halls
Keith R. Halls, individually

/s/ Anna Lisa Massaro Halls
Anna Lisa Massaro Halls, individually

KAASIA, LTD.

By: /s/ Keith R. Halls
Keith R. Halls
Its: General Partner

By: /s/ Anna Lisa Halls
Anna Lisa Halls
Its: General Partner

THE K AND A HALLS TRUST

By: /s/ Michael Lee Halls
Michael Lee Halls
Its: Trustee

By: /s/ Dennis Morgan
Dennis Morgan
Its: Trustee

THE HALLS FAMILY TRUST

By: /s/ Michael Lee Halls
Michael Lee Halls
Its: Trustee

By: /s/ Dennis Morgan
Dennis Morgan
Its: Trustee

THE KEITH AND ANNA LISA HALLS FIXED CHARITABLE TRUST

By: /s/ Keith R. Halls
Keith R. Halls
Its: Trustee

By: /s/ Anna Lisa Halls
Anna Lisa Halls
Its: Trustee

By: /s/ L. S. McCullough
L. S. McCullough
Its: Independent Trustee

THE KEITH RAY AND ANNA LISA MASSARO HALLS FOUNDATION

By: /s/ Keith R. Halls
Keith R. Halls
Its: Trustee

By: /s/ Anna Lisa Halls
Anna Lisa Halls
Its: Trustee

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

K & A RHINO COMPANY, L.C.

By: /s/ Craig F McCullough
Craig F. McCullough
Its: Manager

/s/ Craig S. Tillotson
Craig S. Tillotson, individually

THE CST TRUST

By: /s/ Robert L. Stayner
Robert L. Stayner
Its: Trustee

THE JS TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE JT TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE CB TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

THE CM TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE BCT TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE ST TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE NJR TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE RLS TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE RBZ TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

THE LB TRUST

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE CRAIG S. TILLOTSON FOUNDATION

By: /s/ Craig S. Tilotson
Craig S. Tillotson
Its: Trustee

By: /s/ Lee M. Brower
Lee M. Brower
Its: Trustee

THE CRAIG S. TILLOTSON FIXED CHARITABLE TRUST

By: /s/ Craig S. Tillotson
Craig S. Tillotson
Its: Trustee

By: /s/ Lee M. Brower
Lee M. Brower
Its: Independent Trustee

CST RHINO COMPANY, L.C.

By: /s/ Sandra N. Tillotson
Sandra N. Tillotson
Its: Manager

/s/ R. Craig Bryson
R. Craig Bryson, individually

/s/ Kathleen D. Bryson
Kathleen D. Bryson, individually

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

RCKASIA, LTD.

By: /s/ R. Craig Bryson
R. Craig Bryson
Its: General Partner

By: /s/ Kathleen D. Bryson
Kathleen D. Bryson
Its: General Partner

THE C AND K TRUST

By: /s/ Steven J. Lund
Steven J. Lund
Its: Trustee

THE BRYSON FOUNDATION

By: /s/ R. Craig Bryson
R. Craig Bryson
Its: Trustee

By: /s/ Kathleen D. Bryson
Kathleen D. Bryson
Its: Trustee

THE BRYSON FIXED CHARITABLE TRUST

By: /s/ R. Craig Bryson
R. Craig Bryson
Its: Trustee

By: /s/ Kathleen D. Bryson
Kathleen D. Bryson
Its: Trustee

By: /s/ Robert L. Stayner
Robert L. Stayner
Its: Independent Trustee

SIGNATURE PAGE OF AMENDMENT NO. 1
TO AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

CKB RHINO COMPANY, L.C.

By: /s/ Keith R. Halls
Keith R. Halls
Its: Manager

THE RICK AND KIMBERLY RONEY VARIABLE
CHARITABLE REMAINDER UNITRUST

By:
James Blaylock
Its: Trustee

THE RICK AND KIMBERLY RONEY FIXED
CHARITABLE UNITRUST

By:
Rick A. Roney
Its: Trustee

By:
Kimberly Roney
Its: Trustee

By:
L.S. McCullough
Its: Independent Trustee

SELECTED FINANCIAL DATA

	Year Ended December 31,				
	1994	1995	1996	1997	1998
	(in thousands, except per share data)				
Income Statement Data:					
Revenue	$ 330,680	$ 435,855	$ 761,638	$ 953,422	$ 913,494
Cost of sales	76,012	101,474	171,187	191,218	188,457
Cost of sales - amortization of inventory step-up	--	--	--	--	21,600
Gross profit	254,668	334,381	590,451	762,204	703,437
Operating expenses:					
Distributor incentives	104,994	139,495	282,588	362,195	331,448
Selling, general and administrative	86,931	115,950	168,706	201,880	202,150
Distributor stock expense	--	--	1,990	17,909	--
In-process research and development	--	--	--	--	13,600
Total operating expenses	191,925	255,445	453,284	581,984	547,198
Operating income	62,743	78,936	137,167	180,220	156,239
Other income (expense), net	(394)	650	10,771	8,973	13,599
Income before provision for income taxes and minority interest	62,349	79,586	147,938	189,193	169,838
Provision for income taxes	10,071	19,141	49,526	55,707	62,840
Minority interest	7,561	10,498	13,700	14,993	3,081
Net income	$ 44,717	$ 49,947	$ 84,712	$ 118,493	$ 103,917
Net income per share:					
Basic			$ 1.07	$ 1.42	$ 1.22
Diluted			$ 1.02	$ 1.36	$ 1.19
Weighted average common shares outstanding:					
Basic			79,194	83,331	84,894
Diluted			83,001	87,312	87,018

	As of December 31,				
	1994	1995	1996	1997	1998
	(in thousands)				
Balance Sheet Data:					
Cash and cash equivalents	$ 63,550	$ 84,000	$ 214,823	$ 174,300	$ 188,827
Working capital	65,446	56,801	143,308	123,220	164,597
Total assets	119,908	182,154	380,482	405,004	606,433
Short term notes payable to stockholders	--	--	71,487	19,457	--
Long term notes payable to stockholders	--	--	--	116,743	--
Short term debt	--	--	--	--	14,545
Long term debt	--	--	--	--	138,734
Stockholders' equity	63,849	68,363	113,495	94,892	254,642

	As of December 31,				
	1994	1995	1996	1997	1998
Other Information(1):					
Number of active distributors	182,000	260,000	397,000	448,000	470,000
Number of executive distributors	6,391	8,173	21,479	22,689	22,781

- ----------

(1) Active distributors are those distributors who are resident in the countries in which the Company operates and who have purchased products during the three months ended as of the date indicated, rounded to the nearest thousand. An executive distributor is an active distributor who has submitted a qualifying letter of intent to become an executive distributor, achieved specified personal and group sales volumes for a four month period and maintained such specified personal and group sales volumes thereafter.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and the related notes thereto, which are included in this report.

General

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 and, following the planned acquisition of Big Planet, Inc. discussed below, Internet and telecommunication products and services. The Company distributes Nu Skin-branded products in markets throughout the world. The Company's operations throughout the world are divided into three regions: 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, Italy, Ireland, Poland, Portugal, Spain, Sweden, the Netherlands, Brazil (the Company's subsidiaries operating in these countries are collectively referred to as the "Subsidiaries") and sales to and license fees from the Company's North American private affiliates. In 1998, the Company acquired Generation Health Holdings, Inc., the parent of Pharmanex, Inc. (the "Pharmanex Acquisition"). With the Pharmanex Acquisition, the Company increased its nutritional product development and formulation capabilities. In February 1999, the Company announced its intent to acquire certain assets of its North American private affiliates as well as to acquire Big Planet, Inc., an Internet-based affiliate of the Company.

The Company's revenue is primarily dependent upon the efforts of a network of independent distributors who purchase products and sales materials from the Company in their local currency and who constitute and/or sell to the Company's customers. The Company recognizes revenue when products are shipped and title passes to these independent distributors. Revenue is net of returns, which have historically been less than 3.5% of gross sales. Distributor incentives are paid to several levels of distributors on each product sale. The amount and recipient of the incentive varies depending on the purchaser's position within the Global Compensation Plan. These incentives are classified as operating expenses. The following table sets forth revenue information for the time periods indicated. This table should be reviewed in connection with the tables presented under "Results of Operations" which disclose distributor incentives and other costs associated with generating the aggregate revenue presented.

	Year Ended December 31,		
Region	1996	1997	1998
		(in millions)	
North Asia	$ 502.4	$ 673.6	$ 665.5
Southeast Asia	183.7	225.3	159.7
Other Markets	75.5	54.5	88.3
	$ 761.6	$ 953.4	$ 913.5

Revenue generated in North Asia represented 73% of total revenue generated during 1998. The Company's operations in Japan generated 98% of the North Asia revenue. Revenue from the Southeast Asia operations generated 17% of total revenue generated in 1998. The Company's operations in Taiwan generated 75% of the Southeast Asia revenue. Revenue generated in Other Markets represented the remaining 10% of total revenue generated in 1998. The majority of the Other Market revenue in 1998 is generated from sales to and license fees from the Company's North American private affiliates.

[GRAPHIC OMITTED] - Pie chart showing 1998 revenue by region

Cost of sales primarily consists of the cost of products purchased from third-party vendors (generally in U.S. dollars), the freight cost of shipping these products to distributors as well as duties related to the importation of such products. Additionally, cost of sales includes the cost of sales materials sold to distributors at or near cost. Sales

materials are generally purchased in local currencies. As the sales mix changes between product categories and sales materials, cost of sales and gross profit may fluctuate to some degree due primarily to the margin on each product line as well as varying import duty rates levied on imported product lines. In each of the Company's current markets, duties are generally higher on nutritional products than on personal care products. Also, as currency exchange rates fluctuate, the Company's gross margin will fluctuate. In general, however, costs of sales move proportionate to revenue.

Distributor incentives are the Company's most significant expense. Distributor incentives are paid to distributors on a monthly basis based upon their personal and group sales volume as well as the group sales volume of up to six levels of executive distributors in their downline sales organization. These incentives are computed each month based on the sales volume and network of the Company's global distributor force. Small fluctuations occur in the amount of incentives paid as the network of distributors actively purchasing products changes from month to month. However, due to the size of the Company's distributor force, with nearly 500,000 active distributors, the fluctuation in the overall payout is relatively small. The overall payout averages from 39% to 41% of global product sales. Pursuant to the agreements between the Company and its North American affiliates, the North American affiliated entities are contractually obligated to pay a distributor commission expense of 42.0% of commissionable product sales to the Company each month to cover the commission obligation from the sales of Nu Skin products in North America. Additionally, distributor incentives include the cost of computing and paying commissions as well as the cost of various incentive programs for distributors including an annual trip to Hawaii for the Company's leading distributors. These additional costs average approximately 1% of revenue and are included in distributor incentives. Because the Company's revenue includes sales of both commissionable and non-commissionable items, distributor incentives as a percentage of total revenue have ranged from approximately 36.8% to 38.9% since December 31, 1994. Non-commissionable items consist of sales materials and starter kits as well as sales to the Company's North American private affiliates.

In the fourth quarter of 1996, the Company implemented a one-time distributor equity incentive program. This global program provided for the granting of options to distributors to purchase 1.6 million shares of the Company's Class A Common Stock. The number of options each distributor received was based on his or her performance and productivity through August 31, 1997. The options are exercisable at a price of $5.75 per share and vested on December 31, 1997. The Company recorded a $2.0 million charge in 1996 and recorded additional charges in 1997 of $17.9 million for the non-cash and non-recurring expenses associated with this program. There are currently no plans to repeat this or similar distributor stock incentive programs.

Selling, general and administrative expenses include wages and benefits, rents and utilities, travel and entertainment, promotion and advertising, research and development and professional fees.

Provision for income taxes is dependent on the statutory tax rates in each of the countries in which the Company operates. For example, statutory tax rates are 16.0% in Hong Kong, 25.0% in Taiwan, 30.0% in Thailand, 30.1% in South Korea, 35.0% in the Philippines and 57.9% in Japan. However, the statutory tax rate in Japan is scheduled to be reduced to 54.3% for fiscal years beginning in 1999 and in the Philippines the rate is scheduled to be reduced to 33% and 32% in 1999 and 2000, respectively. The Company operates a regional business center in Hong Kong, which bears inventory obsolescence and currency exchange risks. Any income or loss incurred by the regional business center is not subject to taxation in Hong Kong. In addition, since the incorporation of the Company in 1996, the Company has been subject to taxation in the United States, where it is incorporated, at a statutory corporate federal tax rate of 35.0%. However, the Company receives foreign tax credits in the U.S. for the amount of foreign taxes actually paid in a given period, which are utilized to reduce taxes payable in the United States.

In March 1998, the Company completed the acquisition (the "NSI Acquisition") of the capital stock of Nu Skin International, Inc. ("NSI"), NSI affiliates in Europe, South America, Australia and New Zealand and certain other NSI affiliates (the "Acquired Entities"). Inasmuch as a portion of the Acquired Entities were under common control, the Company's consolidated financial statements have been combined and restated as if the Company and the Acquired Entities had been combined during all periods presented.

Minority interest represents the earnings of the Acquired Entities which are not under common control. The minority interest at March 26, 1998 was purchased as part of the NSI Acquisition.

In connection with the Pharmanex Acquisition, the Company allocated $13.6 million to purchased in-process research and development. During 1998, the in-process research and development amount was fully written off.

In February 1999, the Company announced its intent to acquire Big Planet, Inc., certain assets of Nu Skin USA, Inc. and the Company's remaining affiliates in Canada, Mexico and Guatemala for approximately $40.0 million in cash, $14.5 million in a three-year note and the assumption of certain liabilities. In connection with the Nu Skin USA acquisition which was concluded in March 1999, the Company, through a newly formed wholly owned subsidiary, acquired certain assets of Nu Skin USA, including equipment, inventory, intellectual property, marketing materials, contracts related to the network marketing of NSI's personal care and nutritional products, and approximately 620,000 shares of Class A Common Stock of the Company, in exchange for cash in the amount of approximately $8.7 million and the assumption of approximately $8.0 million of Nu Skin USA liabilities. NSI, a subsidiary of the Company, terminated various license agreements and other intercompany agreements with Nu Skin USA and paid Nu Skin USA a $10.0 million termination fee.

The Company is currently pursuing the proposed acquisitions of Big Planet, Inc., and the Company's remaining private affiliates in Canada, Mexico and Guatemala.

Results of Operations

The following tables set forth operating results and operating results as a percentage of revenue, respectively, for the periods indicated.

	Year Ended December 31, (in millions)		
	1996	1997	1998
Revenue	$ 761.6	$ 953.4	$ 913.5
Cost of sales	171.2	191.2	188.5
Cost of sales - amortization of inventory step-up	--	--	21.6
Gross profit	590.4	762.2	703.4
Operating expenses:			
Distributor incentives	282.6	362.2	331.4
Selling, general and administrative	168.7	201.9	202.2
Distributor stock expense	2.0	17.9	--
In-process research and development	--	--	13.6
Total operating expenses	453.3	582.0	547.2
Operating income	137.1	180.2	156.2
Other income (expense), net	10.8	9.0	13.6
Income before provision for income taxes and minority interest	147.9	189.2	169.8
Provision for income taxes	49.5	55.7	62.8
Minority interest	13.7	15.0	3.1
Net income	$ 84.7	$ 118.5	$ 103.9
Unaudited supplemental data(1):			
Income before pro forma provision for income taxes and minority interst	$ 147.9	$ 189.2	$ 169.8
Pro forma provision for income taxes	54.7	71.9	66.0
Pro forma minority interest	8.6	9.3	1.9
Pro forma net income	$ 84.6	$ 108.0	$ 101.9

	Year Ended December 31,		
	1996	1997	1998
Revenue	100.0%	100.0%	100.0%
Cost of sales	22.5	20.1	20.6
Cost of sales - amortization of inventory step-up	--	--	2.4
Gross profit	77.5	79.9	77.0
Operating expenses:			
Distributor incentives	37.1	38.0	36.3
Selling, general and administrative	22.1	21.2	22.1
Distributor stock expense	.3	1.9	--
In-process research and development	--	--	1.5
Total operating expenses	59.5	61.1	59.9
Operating income	18.0	18.8	17.1
Other income (expense), net	1.4	.9	1.5
Income before provision for income taxes and minority interest	19.4	19.7	18.6
Provision for income taxes	6.5	5.8	6.9
Minority interest	1.8	1.5	.3
Net income	11.1%	12.4%	11.4%
Unaudited supplemental data(1):			
Income before pro forma provision for income taxes and minority interest	19.4%	19.7%	18.6%
Pro forma provision for income taxes	7.2	7.5	7.2
Pro forma minority interest	1.1	.9	.2
Pro forma net income	11.1%	11.3%	11.2%

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(1) Reflects adjustment for Federal and state income taxes as if the Company's subsidiaries had been taxed as C corporations rather than as S corporations for the years ended December 31, 1996, 1997 and 1998.

1998 Compared to 1997

Revenue decreased 4.2% to $913.5 million from $953.4 million for the years ended December 31, 1998 and 1997, respectively. The decrease in revenue resulted primarily from significant weakening of the Japanese yen and other Asian currencies relative to the U.S. dollar, an increasing competitive environment in Taiwan and the economic downturn in Asia, particularly in South Korea and Thailand. These issues more than offset the increase in revenue from the Company's other markets including license fees from and product sales to the Company's private North American affiliated entities.

Revenue in North Asia, which consists of Japan and South Korea, decreased to $665.5 million from $673.6 million for the years ended December 31, 1998 and 1997, respectively. Economic challenges and a weakened currency in South Korea resulted in a significant decline in South Korean revenue from $74.2 million for the year ended December 31, 1997 to $11.4 million in 1998. This revenue decline was offset by revenue in Japan which increased from $599.4 million for the year ended December 31, 1997 to $654.2 million in 1998. In spite of challenging economic conditions in Japan, the Company recorded increases in revenue in Japan of 9.1% in U.S. dollar terms and 17.6% in local currency terms from 1997 to 1998. This increase is attributed to continued growth of the personal care and nutritional product lines and a strong Japanese distributor force.

Revenue in Southeast Asia, which consists of Taiwan, Thailand, Hong Kong, the Philippines, Australia and New Zealand, totaled $159.7 million for the year ended December 31, 1998, down from revenue of $225.3 million for the year ended December 31, 1997, a decrease of 29.1%. The Company's operations in Taiwan have continued to suffer the impact of increased competition and currency devaluation which resulted in a decline in revenue from $168.6 million in 1997 to $119.5 million in 1998. In addition, the Company's operations in Thailand have been impacted negatively by Thailand's economic challenges and currency devaluation resulting in a revenue decrease to $8.3 million in 1998 from $22.8 million in 1997.

The declines in North and Southeast Asia were partially offset by aggregate revenue increases in the Company's other markets, which include the United Kingdom, Germany, Italy, the Netherlands, France, Belgium, Spain, Portugal, Ireland, Austria, Poland, Denmark, Sweden, Brazil and product sales to and license fees from the Company's North American private affiliates. Aggregate revenue in these markets increased to $88.3 million for the year ended December 31, 1998 from $54.5 million for the year ended December 31, 1997, an increase of 62.0%. These increases were primarily due to increased revenue from the Company's North American private affiliates following a successful global convention held in the first quarter of 1998, as well as increased sales from the openings of the Company's operations in Poland, Denmark, Sweden and Brazil in 1998 and the introduction of nutritional products in several European markets in 1998.

Gross profit as a percentage of revenue was 77.0% for the year ended December 31, 1998 compared to 79.9% for the year ended December 31, 1997. The amortization of the step-up of inventory from the NSI Acquisition increased cost of sales by $21.6 million for the year ended December 31, 1998. Without this non-recurring charge, gross profit as a percentage of revenue would have been 79.4% for the year ended December 31, 1998. The Company purchases goods in U.S. dollars and recognizes revenue in local currency and is consequently subjected to exchange rate risks in its gross margins. The negative pressure on gross margins, due primarily to weakened currencies throughout the Company's Asian markets, was somewhat offset by gross margin improvement as a result of price increases in certain markets in 1998. In addition, increased local manufacturing, including the local manufacturing in Taiwan of LIFEPAK, the Company's leading nutritional product, improved and stabilized gross margins.

Distributor incentives as a percentage of revenue decreased to 36.3% for the year ended December 31, 1998 from 38.0% for the year ended December 31, 1997. The primary reason for this decrease was increased revenue in 1998 from product sales to and license fees from the Company's North American private affiliates which is not subject to incentives being paid by the Company.

Selling, general and administrative expenses as a percentage of revenue increased to 22.1% for the year ended December 31, 1998 from 21.2% for the year ended December 31, 1997. This increase was primarily due to the revenue declines in 1998 and increases in U.S. dollar-based selling, general and administrative expenses, resulting from the NSI Acquisition. In dollar terms, selling, general and administrative expenses increased slightly from $201.9 million in 1997 to $202.2 million in 1998. In spite of the increases in selling, general and administrative expenses from the NSI Acquisition, the selling, general and administrative expenses in the local markets decreased in U.S. dollar terms due to weakened local currencies.

Distributor stock expense of $17.9 million for the year ended December 31, 1997 reflects a one-time grant of distributor stock options at an exercise price of $5.75 per share, 25% of the per share offering price in the Company's initial public offering completed in November 1996. This non-cash expense is non-recurring and was only recorded in the fourth quarter of 1996 and in each of the four quarters of 1997. There are currently no plans to repeat this or other similar distributor stock incentive programs.

In-process research and development expense of $13.6 million for the year ended December 31, 1998 reflects a one-time expense for research and development intangible assets purchased in the Pharmanex Acquisition during the fourth quarter of 1998. This non-cash expense is non-recurring and was only recorded in the fourth quarter of 1998.

Operating income decreased 13.3% to $156.2 million for the year ended December 31, 1998 from $180.2 million in 1997. Operating margin decreased to 17.1% in 1998 from 18.8% in 1997. The operating income and margin decreases resulted from declines in U.S. dollar revenue in North and Southeast Asia, lower gross margins as a result of significant weakening in foreign currencies in North and Southeast Asia and by the non-recurring amortization of inventory step-up and in-process research and development expenses recorded in the Company's other markets in 1998, and was partially offset by the distributor stock expense recorded in 1997.

Other income increased from $9.0 million for the year ended December 31, 1997 to $13.6 million for the year ended December 31, 1998. The increase was primarily caused by yen-based hedging gains from forward contracts and intercompany loans during 1998.

Provision for income taxes increased to $62.8 million for the year ended December 31, 1998 from $55.7 million for the year ended December 31, 1997 due to an increase in the effective tax rate from 29.4% to 37.0% for the same periods, which more than offset the decreased operating income in 1998 compared to 1997. The increase in the effective tax rate is due to the Acquired Entities being taxed as C corporations rather than as S corporations during most of 1998. The pro forma provision for income taxes decreased to $66.0 million for the year ended December 31, 1998 from $71.9 million for the year ended December 31, 1997 due to decreased income in 1998. The pro forma provision for income taxes presents income taxes as if the Acquired Entities had been taxed as C corporations rather than as S corporations for the years ended December 31, 1998 and 1997.

Minority interest relates to the earnings of the Acquired Entities which are not under common control. The minority interest at March 26, 1998 was purchased as part of the NSI Acquisition. Accordingly, minority interest does not continue after the NSI Acquisition.

Net income decreased by $14.6 million to $103.9 million for the year ended December 31, 1998 compared with the same period in 1997 due primarily to the amortization of inventory step-up and in-process research and development expense recorded in 1998 partially offset by distributor stock expense recorded in 1997. Net income as a percentage of revenue decreased to 11.4% for the year ended December 31, 1998 as compared to 12.4% for the same period in 1997.

1997 Compared to 1996

Revenue increased 25.2% to $953.4 million from $761.6 million for the years ended December 31, 1997 and 1996, respectively. The increase in revenue resulted primarily from continued revenue growth in North and Southeast Asia related to the personal care and nutritional product lines.

Revenue in North Asia, which consists of Japan and South Korea, increased to $673.6 million from $502.4 million for the years ended December 31, 1997 and 1996, respectively. Revenue in Japan increased from $380.0 million for the year ended December 31, 1996 to $599.4 million in 1997. This increase in revenue was primarily a result of continued growth of the personal care and nutritional product lines, which grew 43.8% and 94.9%, respectively, in 1997 and 1996. Additionally, revenue in Japan increased following a distributor convention held in the first quarter of 1997 and the sponsorship of the Japan Supergames featuring National Basketball Association stars in the third quarter of 1997. Offsetting revenue growth in North Asia was the decrease in revenue in South Korea from $122.3 million in 1996 to $74.2 million in 1997, which was primarily due to economic challenges and a weakened currency in South Korea.

Revenue in Southeast Asia, which consists of Taiwan, Thailand, Hong Kong, Australia and New Zealand, totaled $225.3 million for the year ended December 31, 1997 from revenue of $183.7 million for the year ended December 31, 1996, an increase of 22.6%. Revenue in Taiwan increased to $168.6 million in 1997 from $154.5 million in 1996, an increase of 9.1%, primarily as a result of growth in nutritional product sales following the late 1996 introduction of LIFEPAK, the Company's leading nutritional supplement. In addition, the Company's operations in Thailand commenced in March 1997 and generated revenue of $22.8 million in 1997. Revenue in Hong Kong increased to $21.3 million in 1997 from $17.0 million in 1996 as a result of growth in nutritional product sales following the introduction of LIFEPAK in the first quarter of 1997.

The increases in North and Southeast Asia were partially offset by an aggregate revenue decrease in the Company's other markets, which include the United Kingdom, Germany, Italy, the Netherlands, France, Belgium, Spain, Portugal, Ireland, Austria and product sales to and license fees from the Company's North American private

affiliates. Aggregate revenue in these markets decreased to $54.5 million for the year ended December 31, 1997 from $75.5 million for the year ended December 31, 1996, a decrease of 27.8%. These decreases were primarily due to higher revenue recorded in 1996 as a result of a successful global convention held in 1996 by the Company's North American private affiliates.

Gross profit as a percentage of revenue was 79.9% for the year ended December 31, 1997 compared to 77.5% for the year ended December 31, 1996. Gross margin improvement resulted from price increases throughout North and Southeast Asia which occurred during the second quarter of 1997. In addition, increased local manufacturing efforts were designed to improve and stabilize gross margins.

Distributor incentives as a percentage of revenue increased to 38.0% for the year ended December 31, 1997 from 37.1% for the year ended December 31, 1996. The primary reason for this increase was decreased revenue in 1997 from product sales to and license fees from the Company's North American private affiliates which is not subject to incentives being paid by the Company.

Selling, general and administrative expenses as a percentage of revenue decreased to 21.2% for the year ended December 31, 1997 from 22.1% for the year ended December 31, 1996. In dollar terms, selling, general and administrative expenses increased from $168.7 million in 1996 to $201.9 million in 1997. This increase, in dollar terms, was primarily due to increased promotion expenses of approximately $4.0 million resulting from the expense of sponsoring the Japan Supergames and approximately $2.0 million resulting from distributor conventions held during the first quarter of 1997. In addition, other general and administrative expenses were higher in 1997 as a result of expenses of operating as a public company and as a result of increased spending in each of the Company's markets to support current operations. These increased costs were offset as a percentage of revenue by increased operating efficiencies as the Company's revenue increased.

Distributor stock expense of $17.9 million and $2.0 million for the years ended December 31, 1997 and 1996, respectively, reflects a one-time grant of distributor stock options at an exercise price of $5.75 per share, 25% of the per share offering price in the Company's initial public offering completed in November 1996. This non-cash expense is non-recurring and was only recorded in the fourth quarter of 1996 and in each of the four quarters of 1997.

Operating income increased 31.3% to $180.2 million for the year ended December 31, 1997 from $137.1 million in 1996. Operating margin increased to 18.8% in 1997 from 18.0% in 1996. The operating income and margin increases resulted from increases in U.S. dollar revenue in North and Southeast Asia and improved gross margins as a result of price changes during the second quarter of 1997 in North and Southeast Asia, which were partially offset by the $17.9 million distributor stock expense recorded in 1997.

Other income decreased from $10.8 million for the year ended December 31, 1996 to $9.0 million for the year ended December 31, 1997. The decrease was primarily caused by the exchange losses relating to intercompany balances denominated in foreign currencies offset by hedging gains from forward contracts and intercompany loans.

Provision for income taxes increased to $55.7 million for the year ended December 31, 1997 from $49.5 million for the year ended December 31, 1996 due to increased income that was offset partially by the decrease in the effective tax rate to 29.4% from 33.5% for the same periods. The decrease in the effective tax rate is due to the Company's termination of its S corporation status during 1996. The pro forma provision for income taxes increased to $71.9 million for the year ended December 31, 1997 from $54.7 million for the year ended December 31, 1996 due to increased income in 1997. The pro forma provision for income taxes presents income taxes as if the Acquired Entities had been taxed as C corporations rather than as S corporations for the years ended December 31, 1997 and 1996.

Minority interest relates to the earnings of the Acquired Entities which are not under common control. The minority interest at March 26, 1998 was purchased as part of the NSI Acquisition. Accordingly, minority interest does not continue after the NSI Acquisition.

Net income increased by $33.8 million to $118.5 million for the year ended December 31, 1997 compared with the same period in 1996 due primarily to the increase in revenue and improvements in gross margins in 1997 partially offset by distributor stock expense recorded in 1997. Net income as a percentage of revenue increased to 12.4% for the year ended December 31, 1997 as compared to 11.1% for the same period in 1996.

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 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 generally more than offset significant cash generated in the first quarter. During the year ended December 31, 1998, the Company generated $118.6 million from operations compared to $108.6 million generated during the year ended December 31, 1997. This increase in cash generated from operations is primarily due to the repayment of significant related party payables to the Company's North American private affiliates in 1997 by NSI in connection with the spin-off of its U.S. operations and reduced purchases of inventories and other assets in 1998.

As of December 31, 1998, working capital was $164.6 million compared to $123.2 million as of December 31, 1997. This increase is largely due to increased cash balances as well as increased inventory levels and other current assets. Cash and cash equivalents at December 31, 1998 and 1997 were $188.8 million and $174.3 million, respectively.

Key Management Ratios	
Quick Ratio	1.1
Current Ratio	1.9
Debt/Equity	.54
ROA	20.5%
ROE	56.9%

Capital expenditures, primarily for equipment, computer systems and software, office furniture and leasehold improvements, were $18.3 million and $14.4 million for the years ended December 31, 1998 and 1997, respectively. In addition, the Company anticipates additional capital expenditures in 1999 of $40.0 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 its acquisition of 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. 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. During the second quarter of 1998, the S distribution notes and long-term notes payable to the NSI Stockholders were paid in full with proceeds from the credit facility described below. In addition, NSI and the Company met certain 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 certain 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 is to be paid in the second quarter of 1999 and has been accounted for as an adjustment to the purchase price and allocated to the Acquired Entities' assets and liabilities. 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 Co., Ltd. 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 Company liabilities which were assumed as part of the NSI Acquisition. The Company borrowed $110.0 million and Nu Skin Japan Co., Ltd. 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 relating to the $180.0 million credit facility. As of December 31, 1998, the balance relating to the $180.0 million credit facility totaled $153.3 million. The U.S. portion of the credit facility bears interest at either a base rate as specified in the credit facility 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 either a base rate as specified in the credit facility or the Tokyo Inter-Bank Offer Rate plus an applicable margin, in the borrower's discretion. 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 then outstanding lenders. The credit facility provides that the amounts borrowed are to be used for general corporate purposes. The credit facility also contains other terms and conditions and affirmative and negative financial covenants customary for credit facilities of this type. As of December 31, 1998, the Company has continued to comply with all financial and other covenants under the credit facility.

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 December 31, 1998, the Company had repurchased 917,254 shares for an aggregate price of approximately $10.5 million.

In October 1998, the Company completed the Pharmanex Acquisition 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. 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. Under the terms of the Pharmanex Acquisition, the Company was required to pay up to an additional $32.0 million in consideration if the Company's stock price failed to trade at certain agreed upon levels. Based on the Company's stock price performance following the Pharmanex Acquisition, the Company is no longer obligated to make any further payments.

Under its operating agreements with other Nu Skin affiliated companies, the Company incurs related party payables and receivables. The Company had related party payables of $25.0 million and $10.0 million at December 31, 1998 and 1997, respectively. In addition, the Company had related party receivables of $22.3 million and $23.0 million, respectively, at those dates. Related party balances outstanding in excess of 60 days bear interest at a rate of 2% above the U.S. prime rate. As of December 31, 1998, 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. Management currently believes existing cash balances together with future cash flows from operations will be adequate to fund cash needs relating to the implementation of the Company's 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 the Company's 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 executive management team of the Company 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 and is currently

performing 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 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 $10.0 million through 1999, which the Company anticipates will be funded by cash from operations. The Company currently anticipates that it will complete the micro-based analysis and remediation on all of its significant in-house systems by the second quarter of 1999. In 1999, the Company will continue to run broad scope tests of its in-house systems to confirm that it has adequately addressed all Year 2000 issues and continue its work on the systems of its foreign offices.

As part of the Year 2000 plan, the Company is also assessing and monitoring the Company's vendors and suppliers and other third parties for Year 2000 readiness. To date 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 already begun follow-up calls to the top fifty vendors of the Company and plan to visit the Company's significant suppliers and vendors in person for purposes of evaluating their Year 2000 readiness and sharing Year 2000 information. The Company will continue the follow-up with third party vendors throughout 1999.

Based on the Company's evaluation of the Year 2000 issues affecting the Company, the Company believes that Year 2000 readiness of its vendors and suppliers, which is beyond the control of the Company, is currently the most significant area of risk, particularly in its foreign markets. The Company does not believe it is possible at this time to quantify or estimate the most reasonable worst case Year 2000 scenario. However, the Company is beginning 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 it 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 1999 as this process moves forward. There can be no assurance, however, that the Company will be able to successfully identify and develop contingency plans for all Year 2000 issues that could, directly or indirectly, adversely affect the Company's operations, some of which are beyond the control of the Company. 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 the Company's 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 various 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."

Seasonality and Cyclicality

The direct selling industry is impacted by certain seasonal trends such as major cultural events and vacation patterns. For example, Japan, Taiwan, Hong Kong, South Korea and Thailand celebrate their respective local New Year in the Company's first quarter. Management believes that direct selling in Japan and Europe is also generally negatively impacted during the month of August which is in the Company's third quarter, when many individuals traditionally take vacations.

The Company has experienced rapid revenue growth in certain new markets from the commencement of operations. In Japan, Taiwan and Hong Kong, the initial rapid growth was followed by a short period of stable or declining revenue followed by renewed growth fueled by new product introductions, an increase in the number of active distributors and increased distributor productivity. In South Korea, the Company experienced a significant

decline in its 1997 revenue from revenue in 1996 and experienced additional quarterly sequential declines in 1998. Revenue in Thailand also decreased significantly after the commencement of operations in March 1997. Management believes that the revenue declines in South Korea and Thailand were partly due to normal business cycles in new markets, but were primarily due to volatile economic conditions in those markets. In addition, the Company may experience variations on a quarterly basis in its results of operations, as new products are introduced and new markets are opened. No assurance can be given that the Company's revenue growth rate in new markets where Nu Skin operations have not commenced will follow this pattern.

Quarterly Results

The following table sets forth certain unaudited quarterly data for the periods shown, restated for the NSI Acquisition.

	1997				1998			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(in millions, except per share amounts)							
Revenue.....	$ 224.2	$ 245.9	$ 243.1	$ 240.2	$ 227.9	$ 209.1	$ 217.9	$ 258.7
Gross profit.....	179.0	195.3	194.4	193.5	182.2	151.5	164.9	204.9
Operating income.....	38.3	46.7	45.7	49.6	51.0	29.6	37.4	38.3
Net income.....	25.7	30.0	30.7	32.0	33.7	22.0	25.5	22.8
Net income per share:								
Basic.....	0.31	0.36	0.37	0.39	0.41	0.26	0.30	0.26
Diluted.....	0.29	0.34	0.35	0.37	0.39	0.25	0.30	0.26

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 entity'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.

[GRAPHIC OMITTED] Bar chart showing yen to the dollar - yen devaluation for 1997 and 1998

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 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.

The Company's foreign currency derivatives are comprised of over-the-counter forward contracts with major international financial institutions. As of December 31, 1998, the primary currency for which the Company has net underlying foreign currency exchange rate exposure is the Japanese yen. Based on the Company's foreign exchange contracts at December 31, 1998 as discussed in Note 14 of the notes to 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.

Following are the weighted average currency exchange rates of $1 into local currency for each of the Company's markets in which revenue exceeded $5.0 million for at least one of the quarters listed:

	1996				1997				1998			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Japan(1)	105.8	107.5	109.0	112.9	121.4	119.1	118.1	125.6	128.2	135.9	139.5	119.3
Taiwan	27.4	27.4	27.5	27.5	27.5	27.7	28.4	31.0	32.8	33.6	34.5	32.6
Hong Kong	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.8	7.8	7.8
South Korea	782.6	786.5	815.5	829.4	863.9	889.6	894.8	1,097.0	1,585.7	1,392.6	1,327.0	1,278.9
Thailand	25.2	25.3	25.3	25.5	26.0	25.4	31.5	40.3	45.1	40.3	40.9	37.1

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(1) Since January 1, 1992, the highest and lowest exchange rates for the Japanese yen have been 147.3 and 80.6, respectively.

Outlook

Management currently anticipates revenue and earnings growth during calendar 1999. This growth is expected to result in part from continued growth in Japan, improved margins resulting from the NSI Acquisition, the strengthening of local currencies against the U.S. dollar and the addition of recent, and anticipated acquisitions as discussed below. Further, markets where the Company recently commenced operations, specifically Brazil, which began operations in the fourth quarter of 1998, are expected to contribute to revenue growth. The Company's anticipated revenue and earnings growth, however, could be adversely affected by fluctuations in Asian currencies, particularly the yen, and a renewed weakening of Asian economies.

The Company anticipates that its growth in local currencies will be largely attributed to the introduction of new products, including nutritional supplements provided to the Company as part of the Pharmanex Acquisition. Currently, the Company's intent is to begin introducing some of these products in Japan, Taiwan and South Korea by the third quarter of 1999. Also, these Pharmanex nutritional supplements are intended to be introduced in other markets throughout 1999 and into the year 2000. Also, in Japan, the Company's leading market, a repositioned and locally manufactured color cosmetic line of products, including shades more suited to Japanese preferences, is scheduled to be launched in the second quarter of 1999.

The Company acquired certain assets of Nu Skin USA and began distributing nutritional and personal care products in the United States in March 1999. The Company expects increases in annual revenue and earnings in 1999 as a result of sales of the Company's existing products and Pharmanex nutritional products in the United States market. Additionally, the Company recently announced its intent to acquire Big Planet, Inc., Nu Skin Canada, Nu Skin Mexico and Nu Skin Guatemala. The acquisition of assets from Nu Skin USA and the proposed acquisitions of Big Planet, Inc., Nu Skin Canada, Nu Skin Mexico and Nu Skin Guatemala are anticipated to increase revenue and gross margins, but reduce operating margins due to the absorption of their operating expense structures as these acquisitions are concluded. Management believes that the Company's proposed acquisition of Big Planet, Inc. presents a significant revenue growth opportunity in the United States as well as potential growth in many international markets, including Japan and Europe. During 1998, Big Planet, Inc. generated significant operating losses and the Company anticipates further operating losses in 1999. In Japan, the Company has already invested more than $5.0 million in Internet-based initiatives designed to prepare distributors in that market for the eventual launch of Big Planet products and services. Currently, it is anticipated that these services will begin to be offered to Japanese distributors in late 1999 or in the year 2000.

Note Regarding Forward-looking Statements

Management's Discussion and Analysis of Financial Condition and Results of Operations, particularly the "Liquidity and Capital Resources", "Year 2000" and "Outlook" sections, contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, concerning, among other things, the adequacy of current cash and future cash flows to meet the required cash needs of the Company, the Company's anticipated revenue and earnings growth in 1999, planned product introductions in the Company's markets,

the effect of the recent and planned acquisitions of the Company's private affiliates on the financial and operating results of the Company, the Company's expectation that it will be able to successfully address any Year 2000 related issues, including with third parties, and develop contingency plans as more fully described under the Year 2000 section above, and the Company's plan to implement forward contracts and other hedging strategies to manage foreign currency risks. These forward-looking statements represent the Company's expectations and/or beliefs concerning future events. The Company wishes to caution readers that these forward-looking statements are subject to numerous risks and uncertainties that could cause actual results and outcomes to differ materially from any forward-looking statement views expressed herein. These risks and uncertainties include, but are not limited to: (A) any weakening of Asian currencies, particularly the yen, from their current levels; (B) renewed and/or sustained weakness of the Asian economies, particularly Japan, or such weakness adversely affecting the Company's operations more than in the past; (C) lower than expected revenue, revenue growth and cash flow from operations because of adverse economic, business or political conditions, increased competition, adverse publicity in the Company's markets, particularly Japan and Taiwan, adverse developments or changes in regulatory or legal requirements applicable to the Company or its business, 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; (D) the inability of the Company to consummate the acquisition of Big Planet, Inc. and the Company's other North American private affiliates; (E) the inability of the Company to gain market acceptance of new products, including the Pharmanex products and Big Planet products and services if the Big Planet acquisition is consummated; (F) increased expenditures required to address the Year 2000 issue if the Company's technology requirements change or unforseen problems are discovered; (G) 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; (H) the significant regulatory and legal requirements in the Company's markets applicable to nutritional products and telecommunication products which could delay or inhibit the ability of the Company to introduce and market certain products, including certain Pharmanex and Big Planet products, into its markets;(I) the risk that the Company could incur difficulties and undue expense in integrating the business of Pharmanex and Big Planet into the Company's operations, distribution channel and markets. These forward-looking statements are further qualified by a more detailed discussion of risks and uncertainties related to the Company's business contained in the Company's Form 10-K for the year ended December 31, 1998, and any amendments thereto, and other documents filed by the Company with the Securities and Exchange Commission.

Index to Consolidated Financial Statements

Consolidated Financial Statements:

All schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

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

	December 31, 1997	December 31, 1998
ASSETS		
Current assets		
Cash and cash equivalents	$ 174,300	$ 188,827
Accounts receivable	11,074	13,777
Related parties receivable	23,008	22,255
Inventories, net	69,491	79,463
Prepaid expenses and other	38,716	50,475
	316,589	354,797
Property and equipment, net	27,146	42,218
Other assets, net	61,269	209,418
Total assets	$ 405,004	$ 606,433
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 23,259	$ 17,903
Accrued expenses	140,615	132,723
Related parties payable	10,038	25,029
Current portion of long-term debt	--	14,545
Current portion of notes payable to stockholders	19,457	--
	193,369	190,200
Long-term debt, less current portion	--	138,734
Other liabilities	--	22,857
Notes payable to stockholders, less current portion	116,743	--
Minority interest	--	--
Commitments and contingencies (Notes 10 and 17)		
Stockholders' equity		
Preferred stock - 25,000,000 shares authorized, $.001 par value, 1,941,331 and no shares issued and outstanding	2	--
Class A common stock - 500,000,000 shares authorized, $.001 par value, 11,758,011 and 33,709,251 shares issued and outstanding	12	34
Class B common stock - 100,000,000 shares authorized, $.001 par value, 70,280,759 and 54,606,905 shares issued and outstanding	70	55
Additional paid-in capital	115,053	146,781
Accumulated other comprehensive income	(28,578)	(43,604)
Retained earnings	17,788	158,064
Deferred compensation	(9,455)	(6,688)
	94,892	254,642
Total liabilities and stockholders' equity	$ 405,004	$ 606,433

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

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

	Year Ended December 31,		
	1996	1997	1998
Revenue	$ 761,638	$ 953,422	$ 913,494
Cost of sales	171,187	191,218	188,457
Cost of sales - amortization of inventory step-up	--	--	21,600
Gross profit	590,451	762,204	703,437
Operating expenses:			
Distributor incentives	282,588	362,195	331,448
Selling, general and administrative	168,706	201,880	202,150
Distributor stock expense	1,990	17,909	--
In-process research and development (Note 4)	--	--	13,600
Total operating expenses	453,284	581,984	547,198
Operating income	137,167	180,220	156,239
Other income (expense), net	10,771	8,973	13,599
Income before provision for income taxes and minority interest	147,938	189,193	169,838
Provision for income taxes (Note 12)	49,526	55,707	62,840
Minority interest	13,700	14,993	3,081
Net income	$ 84,712	$ 118,493	$ 103,917
Net income per share (Note 2):			
Basic	$ 1.07	$ 1.42	$ 1.22
Diluted	$ 1.02	$ 1.36	$ 1.19
Weighted average common shares outstanding:			
outstanding			
Basic	79,194	83,331	84,894
Diluted	83,001	87,312	87,018
Unaudited pro forma data (Note 12):			
Income before pro forma provision for income taxes and minority interest	$ 147,938	$ 189,193	$ 169,838
Pro forma provision for income taxes	54,752	71,856	65,998
Pro forma minority interest	8,630	9,299	1,947
Pro forma net income	$ 84,556	$ 108,038	$ 101,893
Pro forma net income per share:			
Basic	$ 1.07	$ 1.30	$ 1.20
Diluted	$ 1.02	$ 1.24	$ 1.17

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

Nu Skin Enterprises, Inc.
Consolidated Statements of Stockholders' Equity
(in thousands)

	Capital Stock	Preferred Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Deferred Compensation	Total Stockholders' Equity
Balance at January 1, 1996	$ 5,595					$ (2,858)	$ 65,626		$ 68,363
Net income	--					--	84,712		84,712
Foreign currency translation adjustments	--					(3,196)	--		(3,196)
Total comprehensive income									81,516
Reorganization and termination of S corporation status (Note 1)	(4,550)			$ 80	$ 1,209	--	3,261		--
Net proceeds from the Offerings and conversion of shares by stockholders (Notes 1 and 11)	--		$ 12	(8)	98,829	--	--		98,833
Contributed capital	1,570		--	--	--	--	--		1,570
Purchase of Acquired Entities (Note 3)	(2,615)	$ 2	--	--	2,613	--	--		--
Dividends	--	--	--	--	--	--	(65,139)		(65,139)
Issuance of notes payable to stockholders	--	--	--	--	--	--	(86,487)		(86,487)
Issuance of distributor stock options	--	--	--	--	33,039	--	--	$ (20,688)	12,351
Issuance of employee stock awards	--	--	--	--	13,280	--	--	(13,280)	--
Amortization of deferred compensation	--	--	--	--	--	--	--	2,488	2,488
Balance at December 31, 1996	--	2	12	72	148,970	(6,054)	1,973	(31,480)	113,495
Net income	--	--	--	--	--	--	118,493	--	118,493
Foreign currency translation adjustments	--	--	--	--	--	(22,524)	--	--	(22,524)
Total comprehensive income									95,969
Conversion of shares from Class B to Class A	--	--	2	(2)	--	--	--	--	--
Repurchase of 1,416 shares of Class A common stock (Note 11)	--	--	(2)		(20,260)	--	--	--	(20,262)
Adjustment to distributor stock options (Note 11)	--	--	--	--	(2,546)	--	--	(690)	(3,236)
Forfeitures of employee stock awards	--	--	--	--	(1,181)	--	--	1,181	--
Amortization of deferred compensation	--	--	--	--	--	--	--	23,247	23,247
Contributed capital	--	--	--	--	7,383	--	--	--	7,383
Dividends	--	--	--	--	(19,026)	--	(46,054)	--	(65,080)
Issuance of employee stock awards and options	--	--	--	--	1,713	--	--	(1,713)	--
Issuance of notes payable to stockholders	--	--	--	--	--	--	(56,624)	--	(56,624)
Balance at December 31, 1997	--	2	12	70	115,053	(28,578)	17,788	(9,455)	94,892
Net income	--	--	--	--	--	--	103,917	--	103,917
Foreign currency translation adjustments	--	--	--	--	--	(15,026)	--	--	(15,026)
Total comprehensive income									88,891
Amortization of deferred compensation	--	--	--	--	--	--	--	3,626	3,626
Issuance of notes payable to stockholders	--	--	--	--	--	--	(24,413)	--	(24,413)
Purchase of Acquired Entities and termination of S corporation status	--	1	--	--	(22,144)	--	60,772	--	38,629
Purchase of Pharmanex (Note 4)	--	--	4	--	78,710	--	--	(859)	77,855
Repurchase of 917 shares of Class A common stock (Note 11)	--	--	--	--	(10,549)	--	--	--	(10,549)
Exercise of distributor and employee stock options	--	--	--	--	1,961	--	--	--	1,961
Conversion of preferred stock (Note 3)	--	(3)	3	--	--	--	--	--	--
Conversion of shares from Class B to Class A	--	--	15	(15)	--	--	--	--	--
Contingent payments to stockholders (Note 5)	--	--	--	--	(16,250)	--	--	--	(16,250)
Balance at December 31, 1998	$ --	$ --	$ 34	$ 55	$ 146,781	$ (43,604)	$158,064	$ (6,688)	$ 254,642

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

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

	Year Ended December 31, 1996	1997	1998
Cash flows from operating activities:			
Net income	$ 84,712	$ 118,493	$ 103,917
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	9,615	8,809	15,768
Amortization of deferred compensation	2,488	23,247	3,626
Amortization of inventory step-up	--	--	21,600
Write-off of in-process research and development	--	--	13,600
Income applicable to minority interest	13,700	14,993	3,081
Changes in operating assets and liabilities:			
Accounts receivable	(5,939)	(614)	(900)
Related parties receivable	(4,097)	(2,726)	1,215
Inventories, net	(6,060)	(10,206)	(3,556)
Prepaid expenses and other	(10,132)	(24,641)	(7,248)
Other assets	(24,814)	(23,161)	(4,100)
Accounts payable	(1,682)	3,336	(8,767)
Accrued expenses and other liabilities	82,844	31,058	(8,973)
Related parties payable	1,733	(29,986)	(10,703)
Net cash provided by operating activities	142,368	108,602	118,560
Cash flows from investing activities:			
Purchase of property and equipment	(9,172)	(14,389)	(18,320)
Purchase of Pharmanex, net of cash acquired	--	--	(28,750)
Payments for lease deposits	(562)	(3,457)	(633)
Receipt of refundable lease deposits	98	120	1,650
Net cash used in investing activities	(9,636)	(17,726)	(46,053)
Cash flows from financing activities:			
Payments on long-term debt	--	--	(41,634)
Proceeds from capital contributions	1,570	11,358	--
Proceeds from long-term debt	--	--	181,538
Net proceeds from the Offerings (Note 1)	98,833	--	--
Dividends paid	(80,025)	(30,468)	--
Repurchase of shares of common stock	--	(20,262)	(10,549)
Exercise of distributor and employee stock options	--	--	1,961
Payment to stockholders for notes payable (Note 5)	(15,000)	(71,487)	(180,000)
Net cash provided by (used in) financing activities	5,378	(110,859)	(48,684)
Effect of exchange rate changes on cash	(7,287)	(20,540)	(9,296)
Net increase (decrease) in cash and cash equivalents	130,823	(40,523)	14,527
Cash and cash equivalents, beginning of period	84,000	214,823	174,300
Cash and cash equivalents, end of period	$ 214,823	$ 174,300	$ 188,827

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 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, Italy, Ireland, Poland, Portugal, Spain, Sweden, the Netherlands, Brazil (the Company's subsidiaries operating in these countries are collectively referred to as the "Subsidiaries") and product sales to and license fees from the Company's North American private affiliates.

The Company was incorporated on September 4, 1996 as a holding company and acquired certain of the Subsidiaries (the "Initial Subsidiaries") through a reorganization (the "Reorganization") which occurred November 20, 1996. On November 27, 1996, the Company completed its initial public offerings of 4,750,000 shares of Class A Common Stock and received net proceeds of $98.8 million (the "Offerings").

As discussed in Note 3, the Company completed the NSI Acquisition on March 27, 1998. Prior to the Reorganization and the NSI Acquisition, each of the Subsidiaries elected to be treated as an S corporation. In connection with the Reorganization, the Initial Subsidiaries' S corporation status was terminated on November 19, 1996, and the Company declared a distribution to the stockholders that included all of the Initial Subsidiaries' previously earned and undistributed taxable S corporation earnings totaling $86.5 million. 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").

Inasmuch as a portion of the Acquired Entities were under common control (Note 3), the Company's consolidated financial statements for 1996 and 1997 have been combined and restated as if the Company and the Acquired Entities had been combined during all periods presented.

Also in connection with the NSI Acquisition, on December 31, 1997, NSI carved-out and distributed the net assets of its USA division ("Nu Skin USA") to the NSI Stockholders. Immediately prior to this distribution, NSI declared a distribution to the NSI Stockholders that included all of Nu Skin USA's previously earned and undistributed taxable S corporation earnings totaling $49.1 million. This distribution and all other historical transactions of Nu Skin USA are excluded from the restatement of the Company's consolidated financial statements for 1996 and 1997.

As discussed in Note 4, the Company completed the Pharmanex Acquisition on October 16, 1998, which enhanced the Company's involvement with the distribution and sale of nutritional products.

As discussed in Note 18, in February 1999, the Company announced its intent to acquire Big Planet, Inc., an Internet-based company that offers Internet connectivity, e-commerce, telecommunications and other technology products and services to consumers in North America. The Company also announced its intent to acquire certain assets of Nu Skin USA, Inc. and to acquire the Company's remaining affiliates in Canada, Mexico and Guatemala.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation
The consolidated financial statements include the accounts of the Company and the Subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Use of estimates
The preparation of these financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include reserves for product returns, obsolete inventory and taxes. Actual results could differ from these estimates.

Cash and cash equivalents
Cash equivalents are short-term, highly liquid instruments with original maturities of 90 days or less.

Inventories
Inventories consist primarily of merchandise purchased for resale and are stated at the lower of cost, using the first-in, first-out method, or market. The Company had reserves for obsolete inventory totaling $11,000,000, $13,500,000 and $13,600,000 as of December 31, 1996, 1997 and 1998, respectively.

Property and equipment
Property and equipment are recorded at cost and depreciated using the straight-line method over the following estimated useful lives:

Furniture and fixtures	5 - 7 years
Computers and equipment	3 - 5 years
Leasehold improvements	Shorter of estimated useful life or lease term
Vehicles	3 - 5 years

Expenditures for maintenance and repairs are charged to expense as incurred.

Other assets
Other assets consist primarily of deferred tax assets, deposits for noncancelable operating leases, distribution rights, goodwill and long-term intangibles acquired in the NSI Acquisition (Note 3) and the Pharmanex Acquisition (Note 4). These intangibles are amortized on the straight-line basis over the estimated useful lives of the assets. The Company assesses the recoverability of long-lived assets by determining whether the amortization of the balance over its remaining life can be recovered through undiscounted future operating cash flows attributable to the assets.

Revenue recognition
Revenue is recognized when products are shipped and title passes to independent distributors who are the Company's customers. A reserve for product returns is accrued based on historical experience. The Company generally requires cash or credit card payment at the point of sale. The Company has determined that no allowance for doubtful accounts is necessary. Amounts received prior to shipment and title passage to distributors are recorded as deferred revenue.

Research and development
The Company's research and development activities are conducted primarily out of its research and development facility located in Shanghai, China. Research and development costs are expensed as incurred.

Income taxes
The Company has adopted Statement of Financial Accounting Standards No. 109 ("SFAS 109"), Accounting for Income Taxes. Under SFAS 109, the liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Net income per share
In 1997, the Company adopted Statement of Financial Accounting Standards No. 128 ("SFAS 128"), Earnings per Share. SFAS 128 specifies the computation, presentation and disclosure requirements for earnings per share data, and requires the restatement of earnings per share data in prior periods. SFAS 128 also requires the presentation of both basic and diluted earnings per share data for entities with complex capital structures. Diluted earnings per share data gives effect to all dilutive potential common shares that were outstanding during the periods presented. Net income per share for the year ended December 31, 1996 is computed assuming that the Company's Reorganization and the resultant issuance of Class B Common Stock occurred as of January 1, 1996.

Foreign currency translation
Most of the Company's business operations occur outside of the United States. Each Subsidiary's local currency is considered the functional currency. Since a substantial portion of the Company's inventories are purchased with U.S. dollars in the United States and since the Company is incorporated in the United States, all assets and liabilities are translated into U.S. dollars at exchange rates existing at the balance sheet dates, revenues and expenses are translated at weighted average exchange rates, and stockholders' equity is recorded at historical exchange rates. The resulting foreign currency translation adjustments are recorded as a separate component of stockholders' equity in the consolidated balance sheets, and transaction gains and losses are included in other income and expense in the consolidated financial statements.

Fair value of financial instruments
The fair value of financial instruments including cash and cash equivalents, accounts receivable, related parties receivable, accounts payable, related parties payable and notes payable approximate book values. The carrying amount of long-term debt approximates fair value because the applicable interest rates approximate current market rates. Fair value estimates are made at a specific point of time, based on relevant market information.

Stock-based compensation
The Company measures compensation expense for its stock-based employee compensation plans using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25 ("APB 25"), Accounting for Stock Issued to Employees, and provides pro forma disclosures of net income and net income per share as if the fair value based method prescribed by Statement of Financial Accounting Standards No. 123 ("SFAS 123"), Accounting for Stock-Based Compensation, had been applied in measuring compensation expense (Note 11).

Reporting Comprehensive Income
During the first quarter of 1998, the Company adopted Statement of Financial Accounting Standards No. 130 ("SFAS 130"), Reporting Comprehensive Income. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources, and it includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

Accounting for the Costs of Computer Software Developed or Obtained for Internal Use In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1 ("SOP 98-1"), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. The statement is effective for fiscal years beginning after December 15, 1998. Earlier application is encouraged in fiscal years for which annual financial statements have not been issued. The statement defines which costs of computer software developed or obtained for internal use are capital and which costs are expensed. The Company adopted SOP 98-1 effective January 1998. The adoption of SOP 98-1 does not materially affect the Company's consolidated financial statements.

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 will adopt SOP 98-5 for calendar year 1999. The adoption of SOP 98-5 will 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. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending 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 its consolidated financial statements.

3. ACQUISITION OF NU SKIN INTERNATIONAL, INC.("NSI") AND CERTAIN AFFILIATES

On March 27, 1998, the Company completed the acquisition (the "NSI Acquisition") of the capital stock of NSI, NSI affiliates in Europe, South America, 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. 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, 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 and the Company recorded amortization of intangible assets totaling $1.6 million.

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 restatement of the Company's consolidated financial statements for 1996 and 1997, 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.

4. 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. (the "Pharmanex Acquisition"), 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 (Note 11). 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 and the Company recorded amortization of intangible assets totaling $1.3 million.

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.

5. RELATED PARTY TRANSACTIONS

Scope of related party activity
The Company has transactions with affiliated entities that are under common control. The entities are Nu Skin USA, Nu Skin Canada, Nu Skin Mexico and Nu Skin Guatemala. The transactions with these entities are as follows: (1) In addition to selling products to consumers in its geographic territories, the Company sells products and marketing materials to affiliated entities in geographic areas outside those held by the Company (primarily the USA, Canada, Mexico and Guatemala). (2) The Company collects trademark

royalty fees on products bearing NSI trademarks and marketed outside the Company's geographic areas that are not purchased from NSI. (3) The Company enters into a distribution agreement with each independent distributor. (4) The Company collects license fees from affiliated entities outside its geographical regions for the right to use the distributors, and for the right to use the Company's distribution system and other related intangibles. (5) The Company operates a global commission plan whereby distributors' commissions are determined by aggregate worldwide purchases made by down-line distributors. Thus, commissions on purchases from the Company earned by distributors located in geographic areas outside those held by the Company are remitted to the Company, which then forwards these commissions to the distributors. (6) The Company collects fees for management and support services provided to affiliated entities outside its geographic areas.

The purchase prices paid by the affiliated entities for the purchase of product and marketing materials are determined pursuant to the Distribution Agreement between the Company and the affiliated entities. The selling prices to these affiliated entities of products and marketing materials are determined pursuant to the Wholesale Distribution Agreements between the Company and these affiliated entities. Trademark royalty fees and license fees are charged pursuant to the Trademark/Tradename License Agreement between the Company and these affiliated entities and the Licensing and Sales Agreement between the Company and these affiliated entities, respectively. The independent distributor commission program is managed by the Company. Charges to the affiliated entities are based on a worldwide commission fee of 42% of product revenue which covers commissions paid to distributors on a worldwide basis and the direct costs of administering the global compensation plan. Management and support services fees are billed to the affiliated entities pursuant to the Management Services Agreement between the Company and the affiliated entities and consist of all direct expenses incurred by the Company and indirect expenses allocated to the affiliated entities based on its net sales. The sales revenue, royalties, licenses and management fees charged to the affiliated entities are recorded as revenue in the consolidated statements of income and totaled $68,556,000, $53,135,000 and $72,691,000 for the years ended December 31, 1996, 1997 and 1998, respectively.

Notes payable to stockholders

In connection with the Reorganization described in Note 1, the aggregate undistributed taxable S corporation earnings of the Initial Subsidiaries were $86.5 million. These earnings were distributed in the form of promissory notes bearing interest at 6.0% per annum. From proceeds from the Offerings, $15.0 million was used to pay a portion of the notes, and the remaining balance of $71.5 million with the related accrued interest of $1.6 million was paid on April 4, 1997.

In connection with the NSI Acquisition described in Notes 1 and 3, the Company assumed S Distribution Notes totaling $171.3 million and long-term notes payable to the NSI Stockholders totaling $6.2 million, both bearing interest at 6.0% per annum. These amounts were paid in full, including accrued interest of $3.3 million, during the second quarter of 1998. Prior to the NSI Acquisition, the Acquired Entities paid $2.5 million of the S Distribution Notes, plus accrued interest of $1.8 million.

Certain relationships with stockholder distributors

Two major stockholders of the Company have been independent distributors for the Company since 1984. These stockholders are partners in an entity which receives substantial commissions from the Company, including commissions relating to sales within the countries in which the Company operates. By agreement, the Company pays commissions to this partnership at the highest level of distributor compensation to allow the stockholders to use their expertise and reputations in network marketing to further develop the Company's distributor force, rather than focusing solely on their own distributor organizations. The commissions paid

to this partnership relating to sales within the countries in which the Company operates were $1,200,000, $1,100,000 and $800,000 for the years ended December 31, 1996, 1997 and 1998, respectively.

Loan to stockholder
In December 1997, the Company loaned $5.0 million to a non-management stockholder. The loan is secured by 349,406 shares of Class B Common Stock, and matures in December 2000. Interest accrues at a rate of 6.0% per annum on this loan. The loan may be repaid by transferring to the Company the shares pledged to secure the loan. The loan balance, including accrued interest, totaled $5.0 million and $5.3 million at December 31, 1997 and 1998, respectively.

Contingent payments to stockholders under the NSI Acquisition
The Company and NSI met specific earnings growth targets for the year ended December 31, 1998 that resulted in $25.0 million of contingent consideration payable to the NSI Stockholders. The contingent consideration is payable in April 1999. 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 the next three years to the NSI Stockholders.

Lease agreements
The Company leases corporate office and warehouse space from two affiliated entities. The Company then sub-leases a portion of the corporate office and warehouse space to Nu Skin USA, Inc. and Big Planet, Inc. These lease transactions between the Company and affiliated entities approximate fair market value.

6. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following (in thousands):

	December 31, 1997	1998
Furniture and fixtures	$ 25,587	$ 30,997
Computers and equipment	36,836	44,267
Leasehold improvements	8,068	13,874
Vehicles	745	1,153
	71,236	90,291
Less: accumulated depreciation	(44,090)	(48,073)
	$ 27,146	$ 42,218

Depreciation of property and equipment totaled $8,733,000, $8,060,000 and $11,543,000 for the years ended December 31, 1996, 1997 and 1998, respectively.

7. OTHER ASSETS

Other assets consist of the following (in thousands):

	December 31, 1997	1998
Goodwill and intangibles	$ 7,563	$ 147,246
Deposits for noncancelable operating leases	9,127	10,282
Distribution rights	8,750	8,750
Deferred taxes	30,399	42,747
Other	7,815	6,023
	63,654	215,048
Less: accumulated amortization	(2,385)	(5,630)
	$ 61,269	$ 209,418

The goodwill and intangible assets are being amortized on a straight-line basis over their estimated useful lives ranging from 4 to 20 years. Amortization of goodwill and intangible assets totaled $726,000, $311,000 and $3,248,000 for the years ended December 31, 1996, 1997 and 1998, respectively. The distribution rights asset is being amortized on a straight-line basis over its estimated useful life of 20 years. Amortization of the distribution rights asset totaled $156,000, $438,000 and $438,000 for the years ended December 31, 1996, 1997 and 1998, respectively.

8. ACCRUED EXPENSES

Accrued expenses consist of the following (in thousands):

	December 31, 1997	1998
Income taxes payable	$ 53,079	$ 40,726
Accrued commission payments to distributors	36,289	36,431
Other taxes payable	16,496	11,646

Other accruals	34,751	43,920
	$ 140,615	$ 132,723

9. LONG-TERM DEBT

On May 8, 1998, the Company and its Japanese subsidiary Nu Skin Japan Co., Ltd. entered into a $180.0 million credit facility with a syndicate of financial institutions for which ABN-AMRO, N.V. acted as agent. This unsecured credit facility was used to satisfy Company liabilities which were assumed as part of the NSI Acquisition. The Company borrowed $110.0 million and Nu Skin Japan Co., Ltd. borrowed the Japanese yen equivalent of $70.0 million denominated in local currency. The outstanding balance on the credit facility was $153.3 million at December 31, 1998.

The U.S. portion of the credit facility bears interest at either a base rate as specified in the credit facility 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 either a base rate as specified in the credit facility or the Tokyo Inter-Bank Offer Rate plus an applicable margin, in the borrower's discretion. 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 then outstanding lenders. Interest expense on the credit facility totaled $4.7 million for the year ended December 31,1998.

The credit facility contains other terms and conditions and affirmative and negative financial covenants customary for credit facilities of this type. As of December 31, 1998, the Company has continued to comply with all financial covenants under the credit facility.

During 1998, the Company entered into a $10.0 million revolving credit agreement with ABN-AMRO, N.V. Advances are available under the agreement through May 18, 1999. There were no outstanding balances under the credit facility at December 31, 1998.

Maturities of long-term debt at December 31, 1998 are as follows (in thousands):

Year Ending December 31,	
1999	$ 14,545
2000	53,359
2001	85,375
Total	$ 153,279

10. LEASE OBLIGATIONS

The Company leases office space and computer hardware under noncancelable long-term operating leases. Most leases include renewal options of up to three years. Minimum future operating lease obligations at December 31, 1998 are as follows (in thousands):

Year Ending December 31,	
1999	$ 8,882
2000	6,821
2001	5,185
2002	5,017
2003	3,685
Total minimum lease payments	$ 29,590

Rental expense for operating leases totaled $12,558,000, $15,518,000 and $15,969,000 for the years ended December 31, 1996, 1997 and 1998, respectively.

11. STOCKHOLDERS' EQUITY

The Company's capital stock consists of Preferred Stock, Class A Common Stock and Class B Common Stock. The shares of Class A Common Stock and Class B Common Stock are identical in all respects, except for voting rights and certain conversion rights and transfer restrictions, as follows: (1) each share of Class A Common Stock entitles the holder to one vote on matters submitted to a vote of the Company's stockholders and each share of Class B Common Stock entitles the holder to ten votes on each such matter; (2) stock dividends of Class A Common Stock may be paid only to holders of Class A Common Stock and stock dividends of Class B Common Stock may be paid only to holders of Class B Common Stock; (3) if a holder of Class B Common Stock transfers such shares to a person other than a permitted transferee, as defined in the Company's Certificate of Incorporation, such shares will be converted automatically into shares of Class A Common Stock; and (4) Class A Common Stock has no conversion rights; however, each share of Class B Common Stock is convertible into one share of Class A Common Stock, in whole or in part, at any time at the option of the holder.

Equity incentive plans

Effective November 21, 1996, the Company implemented a one-time distributor equity incentive program. This program provided for grants of options to selected distributors for the purchase of 1,605,000 shares of the Company's previously issued Class A Common Stock. The number of options each distributor ultimately received was based on their performance and productivity through August 31, 1997. The options are exercisable at a price of $5.75 per share and vested on December 31, 1997. The related compensation expense was deferred in the Company's financial statements and was expensed to the statement of income as distributor stock expense ratably through December 31, 1997. As of December 31, 1998, 392,417 of the 1,605,000 stock options had been exercised.

The Company recorded compensation expense using the fair value method prescribed by SFAS 123 based upon the best available estimate of the number of shares that were expected to be issued to each distributor at the measurement date, revised as necessary if subsequent information indicated that actual forfeitures were likely to differ from initial estimates. Any options forfeited were reallocated and resulted in an additional compensation charge.

As a part of this program, 600,000 options were sold to affiliated entities at fair value in exchange for notes receivable totaling $12,351,000. As the number of distributor stock options to be issued to each distributor was revised through August 31, 1997, the options allocated to the affiliated entities were adjusted to 480,000 and the notes receivable were adjusted to $9,115,000. The affiliated entities are repaying these notes as distributors exercise their options. The notes receivable balance totaled $9,115,000 and $6,251,000 as of December 31, 1997 and 1998, respectively.

Prior to the Offerings, the Company's stockholders contributed 1,250,000 shares of the Company's Class A Common Stock to the Company and other affiliated entities held by them for issuance to employees of the Company and other affiliated entities as a part of an employee equity incentive plan. Equity incentives granted or awarded under this plan will vest over four years. Compensation expense related to equity incentives granted to employees of the Company and other Nu Skin entities who perform services on behalf of the Company will be recognized by the Company ratably over the vesting period.

Approximately 743,000 of the 1,250,000 shares were contributed to affiliated entities and the remaining 507,000 shares were contributed to the Company. In November 1996, the Company granted 462,791 shares to certain employees. The Company has recorded deferred compensation expense of $10,773,000 related to these stock awards and is recognizing such expense ratably over the vesting period. As of December 31, 1998, 217,606 of the stock awards had vested and 16,970 of the stock awards had been forfeited.

1996 Stock Incentive Plan

During the year ended December 31, 1996, the Company's Board of Directors adopted the Nu Skin Enterprises, Inc. 1996 Stock Incentive Plan (the "1996 Stock Incentive Plan"). The 1996 Stock Incentive Plan provides for granting of stock awards and options to purchase common stock to executives, other employees, independent consultants and directors of the Company and its Subsidiaries. A total of 7,500,000 shares of Class A Common Stock have been reserved for issuance under the 1996 Stock Incentive Plan.

In 1996, the Company granted stock awards to certain employees for an aggregate of 109,000 shares of Class A Common Stock and in 1997 the Company granted additional stock awards to certain employees and directors in the amount of 55,459 shares of Class A Common Stock. The Company has recorded deferred compensation expense of $3,780,000 related to these stock awards and is recognizing such expense ratably over the vesting period. As of December 31, 1998, 83,463 of the stock awards had vested and 34,378 of the stock awards had been forfeited.

In 1997, the Company granted options to purchase 298,500 shares of Class A Common Stock to certain employees and directors pursuant to the 1996 Stock Incentive Plan. Of the 298,500 options granted, 30,000 options vested in May 1997 and 265,500 options vest ratably over a period of four years. All options granted in 1997 will expire ten years from the date of grant. The exercise price of the options was set at $20.88 per share. The Company has recorded deferred compensation expense of $578,000 related to the options and is recognizing such expense ratably over the vesting periods. As of December 31, 1998, none of these 298,500 stock options had been exercised.

During 1998, the Company granted options to purchase 507,500 shares of Class A Common Stock to certain employees and directors of the Company pursuant to the 1996 Stock Incentive Plan. Of the 507,500 options granted, 500,000 options vest ratably over a period of four years and expire ten years from the date of grant

and 7,500 vest in one year from the date of grant and expire in ten years or six months after termination from service as a director. The exercise price of the 500,000 options was set at $13.91 per share and the exercise price of the 7,500 options was set at $28.50 per share. No compensation expense has been recorded related to these options. As of December 31, 1998, none of these 507,500 stock options had been exercised.

Additionally in 1998, the Company granted options to purchase 1,080,000 shares of Class A Common Stock to certain employees pursuant to the 1996 Stock Incentive Plan. All of the 1,080,000 options vest seven years from the date of grant and expire ten years from the date of grant. Subject to the Company meeting certain revenue and profitability benchmarks, the vesting of these options may be accelerated over the three-year period ended December 31, 2001. The exercise price of the options was set at $17.00 per share. No compensation expense has been recorded related to these options. As of December 31, 1998, none of these 1,080,000 stock options had been exercised.

Generation Health Holdings, Inc. 1996 Stock Option Plan
In connection with the Pharmanex Acquisition (Note 4), the Company assumed the Generation Health Holdings, Inc. 1996 Stock Option Plan. Under this plan, the Company assumed options to purchase 261,008 shares of Class A Common Stock granted to certain employees of Pharmanex. In accordance with the terms of the plan, 173,785 of these options vested immediately due to the involuntary termination of certain employees. The value of these vested options was included as an acquisition cost in the Pharmanex Acquisition. The remaining 87,223 options vest ratably over periods ranging from 1 to 5 years. The exercise prices of the options range from $.92 to $10.03 per share. The Company has recorded deferred compensation expense of $859,000 related to the 87,223 unvested options and is recognizing such expense ratably over the vesting periods. As of December 31, 1998, 1,863 of these 261,008 stock options had been exercised.

SFAS 123 pro forma disclosures
The Company's pro forma net income would have been $118,413,000 and $103,023,000 for the years ended December 31, 1997 and 1998, respectively, if compensation expense had been measured under the fair value method prescribed by SFAS 123. The Company's pro forma basic and diluted net income per share for the year ended December 31, 1997 would not have changed had compensation expense been measured under the fair value method. The Company's pro forma basic and diluted net income per share for the year ended December 31, 1998 would have been $1.21 and $1.18, respectively, had compensation expense been measured under the fair value method.

The fair value of the options granted during 1997 was estimated at $10.55 per share as of the date of grant using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 6%; expected life of 4 years; expected volatility of 46%; and expected dividend yield of 0%.

The fair values of the options granted during 1998 ranged from $13.51 to $22.16 per share, and were estimated as of the dates of grant using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.5%; expected life of 2 to 4 years; expected volatility of 48%; and expected dividend yield of 0%.

Weighted average common shares outstanding
The following is a reconciliation of the weighted average common shares outstanding for purposes of computing basic and diluted net income per share (in thousands):

	Year Ended December 31, 1996	1997	1998
Basic weighted average common shares outstanding	79,194	83,331	84,894
Effect of dilutive securities: Stock awards and options	3,807	3,981	2,124
Diluted weighted average common shares outstanding	83,001	87,312	87,018

Repurchase of common stock
In December 1997, the Company repurchased 1,415,916 shares of Class A Common Stock from certain original stockholders for an aggregate price of approximately $20.3 million. Such shares were converted from Class B Common Stock to Class A Common Stock prior to or upon purchase, and were repurchased in connection with the entering into of an amended and restated stockholders agreement by the original stockholders providing for, among other things, a one-year extension of the original lock-up provisions applicable to such original stockholders.

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 December 31, 1998, the Company had repurchased 917,254 shares for an aggregate price of approximately $10.5 million.

Conversion of common stock
In December 1998, the holders of the Class B Common Stock converted 15.0 million shares of Class B Common Stock to Class A Common Stock.

12. INCOME TAXES

Consolidated income before provision for income taxes consists of income earned primarily from international operations. The provision for current and deferred taxes for the years ended December 31, 1996, 1997 and 1998 consists of the following (in thousands):

	1996	1997	1998
Current			
Federal	$ 331	$ 3,332	$ 3,695
State	32	124	3,580
Foreign	56,929	76,553	72,317
	57,292	80,009	79,592
Deferred			
Federal	(1,929)	(24,317)	(10,712)
State	--	(30)	(48)
Foreign	(2,398)	45	947
Change in tax status	(3,439)	--	(6,939)
Provision for income taxes	$ 49,526	$ 55,707	$ 62,840

Prior to the Company's Reorganization and the NSI Acquisition described in Note 1, the Subsidiaries elected to be taxed as S corporations whereby the income tax effects of the Subsidiaries' activities accrued directly to their stockholders; therefore, adoption of SFAS 109 required no establishment of deferred income taxes since no material differences between financial reporting and tax bases of assets and liabilities existed. Concurrent with the Company's Reorganization and the NSI Acquisition, the Company terminated the S corporation elections of its Subsidiaries. As a result, deferred income taxes under the provisions of SFAS 109 were established.

The principal components of deferred tax assets are as follows (in thousands):

	December 31, 1997	December 31, 1998
Deferred tax assets:		
Inventory reserve	$ 1,773	$ 5,195
Foreign tax credit	19,268	33,969
Distributor stock options and employee stock awards	6,992	6,020
Capitalized legal and professional	--	5,990
Accrued expenses not deductible until paid	7,002	10,144
Withholding tax	5,692	7,291
Minimum tax credit	3,555	869
Net operating losses	--	12,621
Total deferred tax assets	44,282	82,099
Deferred tax liabilities:		
Withholding tax	5,692	8,871
Exchange gains and losses	1,679	3,032
NSI inventory step-up	--	11,176
Pharmanex intangibles step-up	--	11,445
Other	143	1,520
Total deferred tax liabilities	7,514	36,044
Valuation allowance	(4,700)	(12,166)
Deferred taxes, net	$ 32,068	$ 33,889

The valuation allowance primarily represents a reserve against a portion of the deferred tax asset related to foreign tax credits.

The consolidated statements of income include a pro forma presentation for income taxes, including the effect on minority interest, which would have been recorded if the Company's Subsidiaries had been taxed as C corporations for all periods presented. A reconciliation of the Company's pro forma effective tax rate for the years ended December 31, 1996, 1997 and 1998 compared to the statutory U.S. Federal tax rate is as follows:

	Year Ended December 31,		
	1996	1997	1998
Income taxes at statutory rate	35.00%	35.00%	35.00%
Foreign tax credit limitation (benefit)	--	2.41	4.40
Cumulative effect of change in tax status	--	--	(4.09)
Pharmanex in-process research and development	--	--	2.80
Non-deductible expenses	.75	.15	.83
Other	1.26	.42	(1.94)
	37.01%	37.98%	37.00%

13. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) defined contribution plan which permits participating employees to defer up to a maximum of 15% of their compensation, subject to limitations established by the Internal Revenue Code. Employees who work a minimum of 1,000 hours per year, who have completed at least one year of service and who are 21 years of age or older are qualified to participate in the plan. The Company matches 100% of the first 2% and 50% of the next 2% of each participant's contributions to the plan. Participant contributions are immediately vested. Company contributions vest based on the participant's years of service at 25% per year over four years. The Company's contribution totaled $454,000, $647,000 and $829,000 for the years ended December 31, 1996, 1997 and 1998, respectively.

14. 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 December 31, 1997 and 1998, the Company held foreign currency forward contracts with notional amounts totaling approximately $51.0 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 $5.6 million and $2.6 million for the years ended December 31, 1997 and 1998, respectively. There were no significant gains or losses on foreign currency forward contracts for the year ended December 31, 1996. These contracts at December 31, 1998 have maturities through July 1999.

At December 31, 1997 and 1998, the intercompany loan from Nu Skin Japan to Nu Skin Hong Kong totaled approximately $92.5 million and $57.3 million, respectively. The Company recorded exchange gains totaling $7.8 million and $2.2 million resulting from this intercompany loan for the years ended December 31, 1997 and 1998, respectively.

At December 31, 1998, the intercompany loan from Nu Skin Japan to the Company totaled approximately $82.0 million. The Company recorded exchange gains totaling $2.8 million resulting from this intercompany loan for the year ended December 31, 1998. There was no loan at December 31, 1997 from Nu Skin Japan to the Company.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest totaled $84,000, $251,000 and $3,731,000 for the years ended December 31, 1996, 1997 and 1998, respectively. Cash paid for income taxes totaled $18,133,000, $73,905,000 and $77,271,000 for the years ended December 31, 1996, 1997 and 1998, respectively.

Noncash investing and financing activities
For the year ended December 31, 1996, noncash investing and financing activities were as follows: (1) $86.5 million distribution to the stockholders of the Initial Subsidiaries (Note 1). (2) $1.2 million of additional paid-in capital contributed by the stockholders of the Initial Subsidiaries in exchange for shares of Class B Common Stock in connection with the termination of the Initial Subsidiaries' S corporation status. (3) $33.0 million of additional paid-in capital and $20.7 million of deferred compensation recorded related to the issuance of 1,605,000 options to distributors to purchase shares of Class A Common Stock. 600,000 of these options were sold to affiliated entities in exchange for notes receivable totaling $12.4 million (Note 11).

For the year ended December 31, 1997, noncash investing and financing activities were as follows: (1) $87.1 million distribution to the stockholders of the Acquired Entities (Note 1). (2) Adjustment to the distributor stock options to reallocate 120,000 options initially allocated to affiliated entities and a related reduction in the notes receivable of $3.2 million (Note 11).

For the year ended December 31, 1998, noncash investing and financing activities were as follows: (1) $37.6 million distribution to the stockholders of the Acquired Entities (Note 1). (2) Purchase of Acquired Entities for $70.0 million in Preferred Stock and $6.2 million in long-term notes payable. Net assets acquired totaled $90.4 million and assumed liabilities totaled $171.3 (Note 3). (3) $25.0 million in contingent consideration issued to the NSI Stockholders. $8.8 million of the contingent payment was recorded as an increase in intangible assets and $16.2 million of the contingent payment was recorded as a reduction of stockholders' equity (Notes 3 and 5). (4) Purchase of Pharmanex for $77.6 million in Class A Common Stock and $0.2 million in cash. Net assets acquired totaled $3.6 million and assumed liabilities totaled $34.0 million (Note 4).

16. 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):

	Year Ended December 31,		
	1996	1997	1998
Revenue			
North Asia	$ 502,381	$ 673,582	$ 665,523
Southeast Asia	336,783	412,524	320,606
Other Markets	266,368	314,048	294,947
Eliminations	(343,894)	(446,732)	(367,582)
Totals	$ 761,638	$ 953,422	$ 913,494

	Year Ended December 31,		
	1996	1997	1998
Operating Income			
North Asia	$ 88,347	$ 117,302	$ 89,075
Southeast Asia	52,224	46,195	19,385
Other Markets	4,134	19,684	46,994
Eliminations	(7,538)	(2,961)	785
Totals	$ 137,167	$ 180,220	$ 156,239

	December 31,	
	1997	1998
Total Assets		
North Asia	$ 104,488	$ 167,867
Southeast Asia	176,570	110,518
Other Markets	211,663	500,299
Eliminations	(87,717)	(172,251)
Totals	$ 405,004	$ 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 $380,044, $599,375 and $654,168 for the years ended December 31, 1996, 1997 and 1998, respectively. Revenue from the Company's operations in Taiwan totaled $154,564, $168,568 and $119,511 for the years ended December 31, 1996, 1997 and 1998, respectively. Revenue from the Company's operations in the United States (which includes intercompany revenue) totaled $252,111, $301,217 and $280,115 for the years ended December 31, 1996, 1997 and 1998, respectively.

Long-lived assets
Long-lived assets in Japan were $11,001 and $20,242 as of December 31, 1997 and 1998, respectively. Long-lived assets in Taiwan were $3,087 and $2,466 as of December 31, 1997 and 1998, respectively. Long-lived assets in the United States were $55,557 and $213,856 as of December 31, 1997 and 1998, respectively.

17. COMMITMENTS AND CONTINGENCIES

The Company is subject to governmental regulations pertaining to product formulation, labeling and packaging, product claims and advertising and to the Company's direct selling system. The Company is also subject to the jurisdiction of numerous foreign tax authorities. These tax authorities regulate and restrict various corporate transactions, including intercompany transfers. The Company believes that the tax authorities in Japan and South Korea are particularly active in challenging the tax structures and intercompany transfers of foreign corporations. Any assertions or determination that either the Company, or the Company's distributors is not in compliance with existing statutes, laws, rules or regulations could potentially have a material adverse effect on the Company's operations. In addition, in any country or jurisdiction, the adoption of new statutes, laws, rules or regulations or changes in the interpretation of existing statutes, laws, rules or regulations could have a material adverse effect on the Company and its operations. Although management believes that the Company is in compliance, in all material respects, with the statutes, laws, rules and regulations of every jurisdiction in which it operates, no assurance can be given that the Company's compliance with applicable statutes, laws, rules and regulations will not be challenged by foreign authorities or that such challenges will not have a material adverse effect on the Company's financial position or results of operations or cash flows.

18. SUBSEQUENT EVENTS

In February 1999, the Company announced its intent to acquire Big Planet, Inc., certain assets of Nu Skin USA, Inc. and the Company's remaining affiliates in Canada, Mexico and Guatemala for approximately $40.0 million in cash, $14.5 million in a three-year note and the assumption of certain liabilities. The assets to be acquired from Nu Skin USA, Inc. include approximately 620,000 shares of the Company's Class A Common Stock (Note 11). The Company concluded the Nu Skin USA, Inc. transaction in March 1999 and anticipates closing the remaining transactions within 90 days.

The acquisition of Big Planet, Inc. is expected to be accounted for by the purchase method of accounting. The acquisition of Nu Skin USA, Inc. and the Company's remaining affiliates in Canada, Mexico and Guatemala is expected to be accounted for by the purchase method of accounting, except for that portion of these affiliated entities under common control of a group of stockholders, which portion will be accounted for in a manner similar to a pooling of interests.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Nu Skin Enterprises, Inc.

In our opinion, based upon our audits and the report of other auditors, the accompanying consolidated balance sheets and the related consolidated statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Nu Skin Enterprises, Inc. and its subsidiaries at December 31, 1997 and 1998, and the results of their operations and their cash flows for the years ended December 31, 1996, 1997 and 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Acquired Entities (Note 3), which statements reflect total assets of $127.0 million at December 31, 1997, and total revenue of $265.0 million and $308.9 million for the years ended December 31, 1996 and 1997, respectively. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Acquired Entities, is based solely on the report of the other auditors. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Salt Lake City, Utah
February 17, 1999

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Common Stock

The Company's Class A Common Stock is listed on the New York Stock Exchange ("NYSE") and trades under the symbol "NUS." The following table is based upon information available to the Company and sets forth the range of the high and low sales prices for the Company's Class A Common Stock for the quarterly periods during 1997 and 1998 based upon quotations on the NYSE.

	1997	
Quarter Ending	High	Low
March 31, 1997	$30.88	$23.00
June 30, 1997	$28.25	$23.63
September 30, 1997	$27.19	$19.31
December 31, 1997	$24.44	$16.00

	1998	
Quarter Ending		
March 31, 1998	$25.75	$15.75
June 30, 1998	$28.69	$15.50
September 30, 1998	$19.25	$10.19
December 31, 1998	$25.63	$10.31

The market price of the Company's Class A Common Stock is subject to significant fluctuations in response to variations in the Company's quarterly operating results, general trends in the market for the Company's products and product candidates, economic and currency exchange issues in the foreign markets in which the Company operates and other factors, many of which are not within the control of the Company. In addition, broad market fluctuations, as well as general economic, business and political conditions, may adversely affect the market for the Company's Class A Common Stock, regardless of the Company's actual or projected performance.

The closing price of the Company's Class A Common Stock on March 5, 1999 was $18.50. The approximate number of holders of record of the Company's Class A Common Stock and Class B Common Stock as of March 5, 1999 was 949. This number does not represent the actual number of beneficial owners of shares of the Company's Class A Common Stock because shares are frequently held in "street name" by securities dealers and others for the benefit of individual owners who have the right to vote their shares.

The Company has not paid or declared any cash dividends on its Class A Common Stock and does not anticipate doing so in the foreseeable future. The Company currently anticipates that all of its earnings, if any, will be retained for use in the operation and expansion of its business. Any future determination as to cash dividends will depend upon the earnings and financial position of the Company and such other factors as the Company's Board of Directors may deem appropriate.

EX-21.1

SUBSIDIARIES OF
NU SKIN ENTERPRISES, INC.

Nu Skin Argentina, Inc. - Utah Corporation with an Argentine branch

Nu Skin Personal Care Australia, Inc. - Utah Corporation

Nu Skin Belgium, N.V. - Belgium Corporation

Big Planet Holdings, Inc. - Delaware Corporation

Nu Skin Brazil, Ltda. - Brazilian Corporation

Cedar Meadows LLC- Utah Limited Liability Company

Nu Skin Chile, S.A. - Chilean Corporation

Nu Skin Europe, Inc. - Utah Corporation

Nu Skin France, SARL - France Corporation

Nu Skin Germany, GmbH - German Corporation

Nu Skin Hong Kong, Inc. - Utah Corporation

Nu Skin International, Inc. - Utah Corporation

Nu Skin International Management Group, Inc. - Utah Corporation

Nu Skin Italy, SRL - Italy Corporation

Nu Skin Japan Company, Ltd. - Japan Corporation domesticated in the State of Delaware

Nu Skin Korea, Ltd. - Korea Corporation domesticated in the State of Delaware

N International, Inc. - Delaware Corporation

Nu Skin Netherlands, B.V. - Netherlands Corporation

Nu Skin New Zealand, Inc. - Utah Corporation

Pharmanex, Inc. - Delaware Corporation

Nu Skin Philippines, Inc. - Delaware Corporation with a Philippines branch

Nu Skin Poland Sp. z o.o. - Poland Corporation

Sage Acquisition Corporation - Delaware Corporation

Shanghi Harmony, Daily Use and Health Products Co., Ltd. - Chinese Corporation

Nu Skin Spain, S.L. - Spain Corporation

Nu Skin Taiwan, Inc. - Utah Corporation

Nu Skin Personal Care (Thailand), Ltd. - Thailand Corporation domesticated in the State of Delaware

Nu Skin United States - Delaware Cooperation

Nu Skin U.K., Ltd. - United Kingdom Corporation

Zhejiang Cinogen Pharmaceutical Co., Ltd. - Sino-American Joint Venture

EX-23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorportaion by reference in the prospectus consituting part of the Registration Statement on Form S-3 (No. 333-12073) and in the Registration Statements on Form S-8 (Nos. 333-48611 and 333-68407) of our report dated February 17, 1999, which appears in the 1998 Annual Report to Stockholders of Nu Skin Enterprises, Inc., which is incorporated by reference in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers
PricewaterhouseCoopers LLP
Salt Lake City, Utah
March 24, 1999

EX-23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-3 (No. 333-12073) and in the Registration Statements on Form S-8 (Nos. 333-48611 and 333-68407) of our report dated April 1, 1998, which appears in the 1998 Annual Report on Form 10-K.

/s/ GRANT THORNTON LLP

Provo, Utah
March 24, 1999

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

Boards of Directors
Nu Skin Acquired Entities

We have audited the accompanying combined balance sheet of Nu Skin Acquired Entities (collectively, the Entities) as of December 31, 1997, and the related combined statements of earnings, shareholders' equity (deficit), and cash flows for the years ended December 31, 1997 and 1996. These financial statements are the responsibility of the Entities' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Nu Skin Acquired Entities as of December 31, 1997, and the combined results of their operations and their combined cash flows for the years ended December 31, 1997 and 1996, in conformity with generally accepted accounting principles.

/s/ GRANT THORNTON LLP

Provo, Utah
April 1, 1998

EX-27

This schedule contains summary financial information extracted from the financial statements as of and for the year ended December 31, 1998 and is qualified in its entirety by reference to such financial statements.

MULTIPLIER>	1000
PERIOD-TYPE	12-Mos
FISCAL-YEAR-END	Dec-31-1998
PERIOD-END	Dec-31-1998
CASH	188,827
SECURITIES	0
RECEIVABLES	13,777
ALLOWANCES	0
INVENTORY	79,463
CURRENT-ASSETS	354,797
PP&E	90,291
DEPRECIATION	48,073
TOTAL-ASSETS	606,433
CURRENT-LIABILITIES	190,200
BONDS	0
PREFERRED-MANDATORY	0
PREFERRED	0
COMMON	89
OTHER-SE	254,553
TOTAL-LIABILITY-AND-EQUITY	606,433
SALES	913,494
TOTAL-REVENUES	913,494
CGS	210,057
TOTAL-COSTS	757,255
OTHER-EXPENSES	0
LOSS-PROVISION	0
INTEREST-EXPENSE	0
INCOME-PRETAX	169,838
INCOME-TAX	62,840
INCOME-CONTINUING	103,917
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET-INCOME	103,917
EPS-PRIMARY	1.22
EPS-DILUTED	1.19