

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

NU SKIN ASIA PACIFIC, INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE 5122 87-(APPLIED FOR)  
(STATE OF JURISDICTION OF (PRIMARY STANDARD INDUSTRIAL (I.R.S. EMPLOYER  
INCORPORATION OR CLASSIFICATION CODE NUMBER) IDENTIFICATION NO.)  
ORGANIZATION)

75 WEST CENTER STREET  
PROVO, UTAH 84601  
(801) 345-6100  
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,  
OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

STEVEN J. LUND, PRESIDENT  
NU SKIN ASIA PACIFIC, INC.  
75 WEST CENTER STREET  
PROVO, UTAH 84601  
(801) 345-6100  
(NAME, AND ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,  
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

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136 SOUTH MAIN STREET TELEPHONE: (415) 616-1100  
SALT LAKE CITY, UTAH 84101-1685  
TELEPHONE: (801) 320-6700

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)(2)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(3)	AMOUNT OF REGISTRATION FEE
Class A Common Stock, par value.....	8,489,500	\$22.00	\$186,769,000	\$64,403.10

- (1) Includes 2,850,000 shares being offered by certain stockholders of the Company. Also includes 690,000 shares and 199,500 shares which the U.S. Underwriters and the International Underwriters, respectively, have the option to purchase from certain stockholders to cover overallocments, if any.
- (2) The amount of shares registered also includes any shares initially offered or sold outside the United States that are thereafter sold or resold in the United States. Offers and sales of shares outside the United States are being made pursuant to the exemption afforded by Rule 901 of Regulation S and this Registration Statement shall not be deemed effective with respect to such offers and sales.
- (3) Estimated pursuant to Rule 457(a) under the Securities Act of 1933 solely for the purposes of calculating the amount of registration fee.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR

DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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 +INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +  
 +REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +  
 +SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +  
 +OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +  
 +BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +  
 +THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +  
 +SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +  
 +UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +  
 +ANY SUCH STATE. +  
 +++++

SUBJECT TO COMPLETION  
 PRELIMINARY PROSPECTUS DATED SEPTEMBER 16, 1996

PROSPECTUS

7,600,000 SHARES  
 NU SKIN ASIA PACIFIC, INC.  
 CLASS A COMMON STOCK

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Of the 7,600,000 shares of Class A Common Stock, par value \$ per share (the "Class A Common Stock"), of Nu Skin Asia Pacific, Inc., a Delaware corporation (the "Company"), offered hereby, 4,750,000 shares are being offered by the Company and 2,850,000 shares are being offered by certain stockholders of the Company (the "Selling Stockholders"). See "Principal and Selling Stockholders." The Company will not receive any of the proceeds from the sale of shares by the Selling Stockholders.

Of the 7,600,000 shares of Class A Common Stock being offered hereby, 4,600,000 shares are being offered initially in the United States and Canada by the U.S. Underwriters (the "U.S. Offering"), 1,670,000 shares are being offered initially in a concurrent offering in Japan by the Japanese Underwriters (the "Japanese Offering"), and 1,330,000 shares are being offered initially in a concurrent offering outside the United States, Canada and Japan by the International Underwriters (the "International Offering," together with the U.S. Offering and the Japanese Offering, the "Offerings"). The initial public offering price and the underwriting discount per share are identical for each of the Offerings. See "Underwriting."

Each share of Class A Common Stock entitles its holder to one vote, and each share of Class B Common Stock (the "Class B Common Stock") of the Company entitles its holder to ten votes. The Class A Common Stock and Class B Common Stock are sometimes collectively referred to in this Prospectus as the "Common Stock." All of the shares of Class B Common Stock are held by the Selling Stockholders. After consummation of the Offerings, the Selling Stockholders will beneficially own shares of Common Stock having approximately % of the combined voting power of the outstanding shares of Common Stock (approximately % if the Underwriters' over-allotment options are exercised in full). Each share of Class B Common Stock is convertible into one share of Class A Common Stock at the option of the holder of Class B Common Stock and in certain other instances. See "Description of Capital Stock--Common Stock--Conversion."

Prior to the Offerings, there has been no public market for the Class A Common Stock. It is currently estimated that the initial public offering price will be between \$ and \$ per share. See "Underwriting" for information relating to the factors to be considered in determining the initial public offering price. The U.S. Underwriters and the International Underwriters have reserved up to shares for sale (at the initial public offering price) to certain of the Company's distributors and employees.

Application has been made to list the Class A Common Stock on the New York Stock Exchange.

SEE "RISK FACTORS," BEGINNING ON PAGE 10, FOR A DISCUSSION OF CERTAIN FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE SECURITIES OFFERED HEREBY.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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	PRICE TO PUBLIC	UNDERWRITING DISCOUNT(1)	PROCEEDS TO COMPANY(2)	PROCEEDS TO SELLING STOCKHOLDERS
Per Share.....	\$	\$	\$	\$
Total(3).....	\$	\$	\$	\$

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(1) The Company and the Selling Stockholders have agreed to indemnify the U.S. Underwriters, the Japanese Underwriters and the International Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

- (2) Before deducting expenses payable by the Company estimated to be \$2,250,000.
- (3) The Selling Stockholders have granted the U.S. Underwriters and the International Underwriters options, exercisable within 30 days after the date hereof, to purchase up to 690,000 and 199,500 additional shares of Class A Common Stock, respectively, solely to cover over-allotments, if any. If such options are exercised in full, the total Price to Public, Underwriting Discount, Proceeds to Company and Proceeds to Selling Stockholders will be \$ , \$ , \$ and \$ , respectively. See "Underwriting."

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The shares of Class A Common Stock offered hereby are offered by the Underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of certificates for the shares of Class A Common Stock will be made in New York, New York on or about , 1996.

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MERRILL LYNCH & CO.

MORGAN STANLEY & CO.  
INCORPORATED

DEAN WITTER REYNOLDS INC.

NOMURA SECURITIES INTERNATIONAL, INC

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The date of this Prospectus is , 1996.

[GATEFOLD: PHOTOGRAPHS SHOWING PRODUCTS.]

Nu Skin (R), Interior Design Nutritionals(TM), IDN (R), a logo consisting of an image of a gold fountain with the words "Nu Skin" below it, and a logo consisting of the stylized letters "IDN" in black and red are trademarks of Nu Skin International, Inc. ("NSI") which are licensed to the Company. The italicized product names used in this Prospectus are product names and also, in certain cases, trademarks and are the property of NSI. All other tradenames and trademarks appearing in this Prospectus are the property of their respective holders. See "Business--Relationship with NSI--Trademark/Tradenname License Agreements" and "--Licensing and Sales Agreements." The principal executive offices of the Company are located at 75 West Center Street, Provo, Utah 84601, and the Company's telephone number is (801) 345-6100.

IN CONNECTION WITH THE OFFERINGS BY THE UNDERWRITERS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CLASS A COMMON STOCK AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

In this Prospectus, references to "dollars" and "\$" are to United States dollars, and the terms "United States" and "U.S." mean the United States of America, its states, territories, possessions and all areas subject to its jurisdiction.

[GATEFOLD: PHOTOGRAPHS DEPICTING LIFESTYLE.]

[GATEFOLD: PHOTOGRAPHS DEPICTING LIFESTYLE.]

## PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and the financial statements and notes thereto appearing elsewhere in this Prospectus. Unless otherwise noted, all information in this Prospectus assumes no exercise of the Underwriters' over-allotment options and gives effect to the consummation of the Reorganization (as defined herein) to be effective on or prior to the Offerings. As used herein, "Nu Skin Asia Pacific" or the "Company" means Nu Skin Asia Pacific, Inc., including the Subsidiaries, giving effect to the Reorganization. The "Subsidiaries" means Nu Skin Hong Kong, Inc. ("Nu Skin Hong Kong"), Nu Skin Japan, Inc. ("Nu Skin Japan"), Nu Skin Korea, Inc. ("Nu Skin Korea"), and Nu Skin Taiwan, Inc. ("Nu Skin Taiwan"), collectively, and excludes Nu Skin Thailand, Inc., which has been formed, but has not commenced operations. See "The Reorganization." Until September 30, 1994, the Company's fiscal year ended on September 30 of each year. As of October 1, 1994, the Company changed its fiscal year end to December 31 of each year, beginning with the fiscal year ended December 31, 1995.

### THE COMPANY

Nu Skin Asia Pacific is a rapidly growing network marketing company involved in the distribution and sale of premium quality, innovative personal care and nutritional products. The Company is the exclusive distribution vehicle for Nu Skin International, Inc. ("NSI") in the countries of Japan, Taiwan, Hong Kong (including Macau) and South Korea, where the Company currently has operations, and in Thailand, Indonesia, Malaysia, the Philippines, the People's Republic of China ("PRC"), Singapore and Vietnam, where operations have not commenced.

The Company is one of the fastest growing network marketing companies in Asia. Revenue increased 82.0% to \$287.7 million for the six months ended June 30, 1996 from \$158.1 million for the same period in 1995. Net income increased 78.2% to \$35.1 million for the six months ended June 30, 1996 from \$19.7 million for the same period in 1995. Revenue increased 35.6% to \$358.6 million for the year ended December 31, 1995 from \$264.4 million in 1994. Net income increased 86.1% to \$40.2 million for the year ended December 31, 1995 from \$21.6 million in 1994. The Company's network of independent distributors has grown since the Company's inception in 1991 to more than 375,000 active distributors as of June 30, 1996.

The Company's product philosophy is to combine the best of science and nature in developing premium quality, innovative personal care and nutritional products, which are specifically designed for the network marketing distribution channel. The Company offers products in two distinct categories: personal care products, marketed under the trademark "Nu Skin," and nutritional products, marketed under the trademark "Interior Design Nutritionals" ("IDN"). The Nu Skin personal care product lines include facial care, body care, hair care and color cosmetics, as well as specialty products such as sun protection, oral hygiene and fragrances. The IDN product lines include nutritional supplements, weight management products and nutritious snacks, and sports nutrition products.

In Japan, Taiwan and Hong Kong, the Company currently offers most of NSI's personal care products and approximately one-third of NSI's nutritional products. In South Korea, the Company currently offers one-third of NSI's personal care products and none of the nutritional products. The Company believes that it can significantly grow its business and attract new customers by expanding its product offerings in each of its markets to include more of NSI's existing personal care and nutritional products. In addition to expanding its product offerings with existing NSI products, the Company intends to introduce new products tailored to specific markets.

The distribution of products through the network marketing and other direct selling channels has grown significantly in recent years. The World Federation of Direct Selling Associations ("WFDSA") reports that, since 1990, worldwide direct distribution of goods and services to consumers has increased 60%, resulting in the sale of over \$72 billion of goods and services in 1995. According to the WFDSA, \$34 billion of goods and services were sold by its members in 1995 through direct selling channels in the markets in which the Company currently operates, which represents 47% of the global volume of direct sales.



## OPERATING STRENGTHS

The Company believes that its success is due to its commitment to provide a wide range of premium quality, innovative personal care and nutritional products and an appealing global business opportunity for persons interested in establishing a direct sales business. The Company has been able to achieve rapid, sustained and profitable growth by capitalizing on the following operating strengths:

**PREMIUM PRODUCT OFFERINGS.** The Company is committed to building its brand name and distributor and customer loyalty by selling premium quality, innovative personal care and nutritional products that appeal to broad markets. This commitment is illustrated by the Company's personal care products slogan "All of the Good and None of the Bad" and its nutritional products slogan "Adding Life to Years." The Company offers products designed for the direct selling channel by focusing on innovative consumable products which build loyalty and lead to repeat purchases. Management believes that the Company's focus on innovative products supports its distributors' demonstrative and educational sales techniques.

**GLOBAL DISTRIBUTOR COMPENSATION PLAN.** The strength of the Company's global distributor compensation plan (the "Global Compensation Plan") is its seamless integration across all markets in which NSI products are sold. By entering into international sponsoring agreements with NSI, distributors are authorized to sponsor new distributors in each country where NSI or the Company has operations. This allows distributors to receive commissions at the same rate for sales in foreign countries as for sales in their home country. This is a significant benefit to distributors 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. The seamless integration of the Global Compensation Plan means that distributor knowledge and experience can be used to rapidly build distributor leadership in new markets.

**HIGH LEVEL OF DISTRIBUTOR INCENTIVES.** 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 each product sale which can result in commissions to distributors aggregating up to 58% of such product's wholesale price. On a global basis, however, commissions have averaged from 40% to 42% of revenue from commissionable sales over the last seven years.

**NEW MARKET DEVELOPMENT PROGRAM.** The Company has developed a low cost, disciplined approach to opening new markets. Each market opening is preceded by a thorough analysis of economic and political conditions, regulatory standards and other business, tax and legal issues. Prior to a market opening, the Company's management team, in conjunction with NSI support personnel, local legal counsel and tax advisors, works to obtain all necessary regulatory approvals and establish facilities capable of meeting distributor needs. This market development approach, combined with the Global Compensation Plan, which motivates distributors to train and sponsor other distributors to sell products in new markets, has enabled the Company to quickly and successfully open new markets. See "Risk Factors-- Entering New Markets."

**DISTRIBUTOR SUPPORT PROGRAMS.** The Company is committed to providing a high level of 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. The Company provides walk-in, telephonic and computerized product fulfillment and tracking services that result in user-friendly, timely product distribution. Each walk-in center maintains meeting rooms which distributors may utilize in training and sponsoring activities.

RELATIONSHIP WITH NSI. NSI, founded in 1984 and based in Provo, Utah, is engaged in selling personal care and nutritional products and, together with its affiliates, comprises one of the largest network marketing organizations in the world. NSI has provided, and will continue to provide, a high level of support services to the Company, including product development, marketing and other managerial support services. Management believes that the Company's relationship with NSI has allowed the Company to increase revenue and net income at rates that otherwise may not have been possible.

EXPERIENCED MANAGEMENT TEAM. The Company's senior management team, members of which founded NSI, has been instrumental in successfully managing the growth in revenue and net income experienced by the Company to date. The Company has also attracted experienced local general managers to oversee operations in Japan, Taiwan, Hong Kong and South Korea.

#### GROWTH STRATEGY

The Company's primary objective is to capitalize on its operating strengths to become a leading distributor of consumer products in each of its markets. Specifically, the Company's strategy to increase revenue and net income is as follows:

INTRODUCE NEW PRODUCTS. Because new products tend to increase sales by existing distributors and attract new distributors, the Company intends to continue introducing existing and new NSI products. For example, LifePak, the Company's most successful nutritional product, is currently available only in Japan, where, after being introduced in 1995, it has grown to represent approximately 20% of revenue. The Company intends, subject to regulatory approval, to introduce LifePak in Taiwan in late 1996 and in Hong Kong in 1997. In addition, the Company expects to launch Epoch, a new line of ethnobotanical personal care products, in all markets by mid-1997. The Company also intends to introduce products tailored to specific demographic and geographic market segments and will consider introducing entirely new product categories in the future.

OPEN NEW MARKETS. The Company will continue to pursue attractive new market opportunities. Thailand is the next country in which the Company intends to commence operations, subject to receipt of necessary government approvals. The Company's preparatory work for Thailand is currently ongoing. In addition, the Company has conducted preliminary investigations on the feasibility of commencing operations in Indonesia, Malaysia, the Philippines, the PRC, Singapore and Vietnam. The Company believes that these countries may represent significant markets for the future expansion of its operations. See "Risk Factors--Entering New Markets."

ATTRACT, RETAIN AND ENHANCE PRODUCTIVITY OF DISTRIBUTORS. To date, the Company has enjoyed significant growth in the number of its active distributors (defined as those distributors which have purchased products from the Company during the previous three months). By leveraging its operating strengths, the Company intends to continue to create and maintain a business climate to promote the growth in the number of active distributors and to increase distributor retention, motivation and productivity. In addition, the Company will pursue growth in the number of active distributors by continuing to work with NSI to enhance the Global Compensation Plan, selectively opening new distributor walk-in centers to provide a local presence in additional key cities, enhancing distributor recognition programs, and targeting inactive distributors who may still have an interest in the Company's business opportunity or products.

INCREASE PRODUCT CONSUMPTION. The Company intends to increase sales to new and existing consumers through (i) increasing product promotions in marketing literature, (ii) increasing the availability of sample packages, (iii) emphasizing product "systems," such as the HairFitness system of various shampoos and conditioners, which leads to the purchase of multiple products rather than a single product, and (iv) implementing an automatic reordering system which is designed to result in convenient repeat purchases.

THE OFFERINGS

Of the 7,600,000 shares of Class A Common Stock, par value \$ per share, being offered hereby, 4,600,000 shares are being offered initially in the United States and Canada by the U.S. Underwriters, 1,670,000 shares are being offered initially in a concurrent offering in Japan by the Japanese Underwriters, and 1,330,000 shares are being offered initially in a concurrent offering outside the United States, Canada and Japan by the International Underwriters. The initial public offering price and the underwriting discount per share are identical for the Offerings. See "Underwriting."

Class A Common Stock offered

by(1):  
 The Company..... 4,750,000 shares  
 The Selling Stockholders..... 2,850,000 shares  
 Total Class A Common Stock.... 7,600,000 shares

Common Stock to be outstanding

after the Offerings:  
 Class A Common Stock(2)..... shares  
 Class B Common Stock(3)(4)..... shares  
 Total Common Stock..... shares

Use of proceeds..... The Company expects to apply the net proceeds of the Offerings (i) to finance the Company's entry into selected new countries (including the payment of a one-time licensing fee to NSI); (ii) to repay a portion of the S Distribution Notes (as defined below); (iii) to introduce new products into countries in which the Company currently operates; (iv) to enhance the Company's technological infrastructure; (v) to establish additional offices and distribution centers in countries in which the Company currently operates; and (vi) for general corporate purposes.

Proposed New York Stock Exchange

symbol..... "NUS"

Voting rights..... The Class A Common Stock and Class B Common Stock vote as a single class on all matters, except as otherwise required by law, with each share of Class A Common Stock entitling its holder to one vote and each share of Class B Common Stock entitling its holder to ten votes. In all other respects the holders of Class A Common Stock and the holders of Class B Common Stock have equal rights. All of the shares of Class B Common Stock are owned by the Selling Stockholders. After consummation of the Offerings, the Selling Stockholders will beneficially own shares of Common Stock having approximately % of the combined voting power of the outstanding shares of Common Stock (approximately % if the Underwriters' over-allotment options are exercised in full).

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- (1) Assumes no exercise of the Underwriters' over-allotment options, which have been granted by the Selling Stockholders.
  - (2) Includes (i) 7,600,000 shares of Class A Common Stock being offered in the Offerings; (ii) shares of Class A Common Stock that will be outstanding after the Offerings and are reserved for issuance pursuant to the distributor incentives program; (iii) shares of Class A Common Stock that will be outstanding after the Offerings and are reserved for issuance to distributors and employees of NSI and its affiliates, excluding employees of the Company. Does not include (i) shares reserved for issuance pursuant to the 1996 Stock Incentive Plan, including options to purchase shares of Class A Common Stock to be granted immediately prior to the Offerings at an exercise price equal to 90% of the initial public offering price of Class A Common Stock, and (ii) shares of Class A Common Stock subject to stock options which have been granted to an executive officer of the Company at an exercise price of \$ per share. See "Management--1996 Stock Incentive Plan" and "Certain Relationships and Related Transactions."
  - (3) All shares of Class B Common Stock are currently held by the Selling Stockholders and each such share is convertible at any time into one share of Class A Common Stock and converts automatically into one share of Class A Common Stock (i) upon a transfer to a person other than a Selling Stockholder and (ii) if the number of shares of Class B Common Stock becomes less than 10% of the aggregate number of shares of Common Stock outstanding. See "Description of Capital Stock--Common Stock--Conversion."

SUMMARY COMBINED FINANCIAL AND OTHER INFORMATION

The following tables set forth summary combined, pro forma and other financial information of the Company.

	YEAR ENDED SEPTEMBER 30,				YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,	
	1991	1992	1993	1994	1994(/1/)	1995	1995	1996
(IN THOUSANDS, EXCEPT PER SHARE DATA)								
INCOME STATEMENT DATA:								
Revenue.....	\$ 677	\$42,919	\$110,624	\$254,637	\$264,440	\$358,609	\$158,125	\$287,711
Cost of sales.....	462	14,080	38,842	86,872	82,241	96,615	41,901	80,963
Gross profit.....	215	28,839	71,782	167,765	182,199	261,994	116,224	206,748
Operating expenses:								
Distributor incentives.....	130	14,659	40,267	95,737	101,372	135,722	60,224	107,090
Selling, general and administrative.....	1,249	10,065	27,150	44,566	48,753	67,475	27,511	44,551
Operating income.....	(1,164)	4,115	4,365	27,462	32,074	58,797	28,489	55,107
Other income (expense), net.....	3	160	133	443	(394)	511	549	617
Income before provision for income taxes.....	(1,161)	4,275	4,498	27,905	31,680	59,308	29,038	55,724
Provision for income taxes.....	--	1,503	417	10,226	10,071	19,097	9,350	20,591
Net income (loss).....	\$(1,161)	\$ 2,772	\$ 4,081	\$ 17,679	\$ 21,609	\$ 40,211	\$ 19,688	\$ 35,133

PRO FORMA INCOME STATEMENT DATA(/2/)(/3/):

Revenue.....	\$358,609	\$158,125	\$287,711
Cost of sales.....	96,615	41,901	80,963
Gross profit.....	261,994	116,224	206,748
Operating expenses:			
Distributor incentives.....	135,722	60,224	107,090
Selling, general and administrative.....	73,264	30,405	47,446
Operating income.....	53,008	25,595	52,212
Other income (expense), net(/4/)	(1,272)	(1,234)	617
Income before provision for income taxes.....	51,736	24,361	52,829
Provision for income taxes.....	20,530	9,345	19,381
Net income (loss).....	\$ 31,206	\$ 15,016	\$ 33,448
Net income per share(/5/)	\$	\$	\$

Weighted average common shares outstanding(/5/)..

AS OF JUNE 30, 1996

ACTUAL AS ADJUSTED(/6/)

(IN THOUSANDS)

BALANCE SHEET DATA:

Cash and cash equivalents.....	\$ 51,464	\$113,464
Working capital.....	39,334	59,469
Total assets.....	124,691	206,695
Short term debt.....	--	44,565
Stockholders' equity.....	55,885	93,324

AS OF SEPTEMBER 30,

AS OF DECEMBER 31,

AS OF JUNE 30,

1991 1992 1993 1994 1994 1995 1995 1996

OTHER INFORMATION(/7/):

Number of active distributors.....	--	33,000	106,000	152,000	170,000	236,000	200,000	384,000
Number of Executive distributors.....	--	649	2,788	5,835	6,083	7,550	7,302	12,446

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- (1) The information for the year ended December 31, 1994 is not included in the Company's Combined Financial Statements included elsewhere in this Prospectus. Such information has been presented for comparative purposes.
  - (2) The unaudited pro forma income statement data reflects the Reorganization, the Offerings and the following adjustments as if such events had occurred on January 1, 1995: (i) the amortization over a 20 year period of a \$15.0 million payment to NSI for the exclusive rights to distribute NSI products in Thailand, Indonesia, Malaysia, the Philippines, the PRC, Singapore and Vietnam (the "License Fee"); (ii) the recognition by the Company of additional management charges of \$3.8 million per year relating to certain support services provided to the Company by NSI and an NSI affiliate, which costs were borne by NSI prior to the Reorganization; (iii) additional administrative and overhead costs of \$1.3 million per year as if the Company had operated as a public company; (iv) adjustments for U.S. Federal and state income taxes as if the Company had been taxed as a C corporation rather than an S corporation; and (v) interest expense of \$1.8 million relating to the issuance of \$59.6 million of interest bearing S distribution notes (the "S Distribution Notes") due and payable within six months (8% interest per annum) to the Selling Stockholders in respect of the earned and undistributed taxable S corporation earnings at June 30, 1996, that would have been distributed had the Company's S corporation status been terminated on June 30, 1996.
  - (3) The pro forma financial statements do not reflect an estimated non-cash operating expense of \$ million in connection with the one-time grant of stock options at 25% of the initial public offering price to independent distributors (non-employees) of the Company in connection with the Offerings. These options will include conditions related to the achievement of performance goals and will vest in one year. The Company will record distributor stock incentive expense for these non-employee stock options. See "Certain Relationships and Related Transactions."
  - (4) Other income and expense for the year ended December 31, 1995, and for the six months ended June 30, 1995, includes increased interest expense of \$1.8 million relating to the issuance of \$59.6 million of S Distribution Notes.
  - (5) Computed based upon the number of shares of Common Stock outstanding giving effect to the Reorganization and the Offerings.
  - (6) The unaudited pro forma balance sheet data as of June 30, 1996, reflects (i) the sale of 4,750,000 shares of Class A Common Stock pursuant to the Offerings, (ii) the issuance of \$59.6 million of S Distribution Notes to the Selling Stockholders, (iii) a one-time payment of the \$15.0 million License Fee to NSI, (iv) a \$15.0 million partial payment of the S Distribution Notes from the proceeds of the Offerings, and (v) the recognition of a deferred tax asset of \$5.0 million relating to adjustments for U.S. Federal and state income taxes as if the Company had been taxed as a C corporation rather than as an S corporation since inception. No adjustment has been made to give effect to the Company's earned and undistributed taxable S Corporation earnings for the period from July 1, 1996 through the S Termination Date. The Company anticipates the increase in the S Distribution Notes to be between approximately \$20.0 million and \$30.0 million. See "The Reorganization and S Corporation Distribution." The Company estimates that, at the Offerings, it will reserve between approximately \$40.0 million and \$50.0 million of cash on hand for repayment of the S Distribution Notes. The balance of the Notes will be repaid from cash generated by operations.
  - (7) 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 a distributor who has submitted a qualifying letter of intent and achieved a specified personal and group sales volume for a four month period.

## RISK FACTORS

An investment in the Class A Common Stock involves special considerations and significant risks, including, but not limited to, those discussed or referred to below. Prospective investors should carefully consider the following risks and information in conjunction with the other information contained in this Prospectus before purchasing shares of Class A Common Stock.

### RELIANCE UPON INDEPENDENT DISTRIBUTORS OF NSI; EFFECT OF ADVERSE PUBLICITY

The Company distributes its products exclusively through independent distributors who have contracted directly with NSI to become distributors. Consequently, the Company does not contract directly with distributors but licenses its distribution system and distributor force from NSI. 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 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 NSI, or the public's perception of the Company's products, product ingredients, NSI's 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 or no 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 percent 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. This is of particular concern in Taiwan, where industry sources have estimated that up to 10% of the population is already involved in some form of direct selling.

Because distributors are independent contractors of NSI, neither NSI nor the Company is in a position to provide the same level of direction, motivation and oversight as either would with respect to its own employees. Although NSI 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 certain resale price maintenance and other regulations that limit the ability of NSI and the Company to monitor and control the sales practices of distributors.

Distributor actions can negatively impact the Company and its products. For example, in October 1995, the Company's business permit applications were denied by the Malaysian government as the result of activities by certain NSI distributors before required government approvals could be secured. NSI subsequently terminated the distributorship rights of some of the distributors involved and elected to withdraw from the Malaysian market for a period of time. Distributor activities in other countries in which the Company has not commenced operations may similarly result in an inability to, or delay in, securing required regulatory and business permits. See "Business--New Market Opportunities." In addition, the publicity resulting from inappropriate earnings claims and product representations by distributors can make the sponsoring and retaining of distributors more difficult, thereby negatively impacting sales. Furthermore, the Company's business and results of operations could be adversely affected if NSI terminates a significant number of distributors or certain distributors who play a key role in the Company's distribution system. There can be no assurance that these or other distributor actions will not have a material adverse effect on the Company's business or results of operations.

## GOVERNMENT REGULATION

Direct selling activities are regulated by various governmental agencies. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as "pyramid" 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. As is the case with most network marketing companies, NSI and the Company have from time to time received inquiries from various government regulatory authorities regarding the nature of their business and other issues such as compliance with local business opportunity and securities laws. Although to date none of these inquiries has resulted in a finding materially adverse to the Company or NSI, adverse publicity resulting from inquiries into NSI's operations by certain government agencies in the early 1990's materially adversely affected NSI's business and results of operations. There can be no assurance that the Company or NSI will not face similar inquiries in the future which, either as a result of findings adverse to the Company or merely 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. 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. Even though management believes that laws governing direct selling are generally becoming more permissive, many countries, including Singapore, one of the Company's potential markets, currently have laws in place that would prohibit the Company and NSI from conducting business in such markets. There can be no assurance that the Company will be allowed to conduct business in each of the new markets licensed from NSI, particularly in those (such as Singapore) which currently prohibit network marketing.

The Company is also subject to or affected by extensive governmental regulations not specifically addressed to network marketing. Such regulations govern, among other things, (i) product formulation, labeling, packaging and importation, (ii) product claims and advertising, whether made by the Company or its distributors, (iii) fair trade laws that prohibit fixing retail prices of products, and (iv) taxes, transfer pricing and similar regulations that affect foreign taxable income and customs duties. Although the Company believes that it is in material compliance with all regulations applicable to it, it 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. Any assertion or determination that either the Company or any of its distributors is 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 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.

## CONCENTRATION OF DISTRIBUTORS; RELIANCE ON DISTRIBUTOR NETWORKS

The loss of a key distributor together with a group of leading distributors in such key distributor's downline network, or the loss of a significant number of distributors for any reason, could adversely affect sales of the Company's products, impair the Company's ability to attract new distributors and adversely impact earnings. This is the result of the nature of the Company's network marketing distribution system, under which distributors develop relationships with other distributors, both within their own countries and internationally, and under which the Company's sales are concentrated within, and consequently dependent upon, a relatively small number of distributor networks.

Under the Global Compensation Plan, a distributor receives commissions based on products sold by the distributor and by participants in the distributor's worldwide downline network, regardless of the country



in which such participants are located. The Company, on the other hand, receives revenues based almost exclusively on the volume of products sold within the Company's markets. So, for example, if a distributor located in Japan sponsors a distributor in Europe, the Japanese distributor could receive commissions based on the sales made by the European distributor, but the Company would not receive any revenue since the products would have been sold outside of the Company's markets. The interests of the Company and distributors therefore diverge somewhat in that the Company's primary objective is to maximize the amount of products sold within the Company's markets, while the distributors' objective is to maximize the amount of products sold by the participants in the distributors' worldwide downline networks. The Company and NSI have observed that the commencement of operations in a new country tends to distract the attention of distributors from the established markets for a period of time while key distributors begin to build their downline networks within the new country. NSI is currently contemplating opening operations in additional countries outside of the Company's markets. To the extent distributors focus their energies on establishing downline networks in these new countries, and decrease their focus on building organizations within the Company's markets, the Company's business and results of operations could be adversely affected. Furthermore, the Company itself is currently contemplating opening new markets. In the event distributors focus on these new markets, sales in existing markets might be adversely affected. There can be no assurance that these new markets will develop or that any increase in sales in new markets will not be more than offset by a decrease in sales in the existing markets.

#### ENTERING NEW MARKETS

As part of its growth strategy, the Company has acquired from NSI the right to act as NSI's exclusive distribution vehicle in Thailand, Indonesia, Malaysia, the Philippines, the PRC, Singapore and Vietnam. The Company currently intends, subject to receipt of government approvals, to commence operations in Thailand in the near future and has conducted preliminary investigations into the feasibility of opening the other markets in the countries for which the Company has the right to act as NSI's exclusive distributor. The regulatory and political climate in these other markets is such that a replication of the Company's current operating structure cannot be guaranteed. Because the Company's personal care and nutritional product lines are positioned as premium product lines, the market potential for the Company's product lines in relatively less developed countries, such as the PRC and Vietnam, remains to be determined. Modifications to each product line may be needed to accommodate the market conditions in each country, while maintaining the integrity of the Company's products. No assurance can be given that the Company will be able to successfully reformulate its product lines in any of its new markets to attract local consumers.

Each of the proposed new markets will present additional unique difficulties and challenges. In Thailand, for example, businesses which are more than 50% owned by non-citizens are not permitted to operate unless they have an Alien Business Permit, which is frequently difficult to obtain. Under the treaty of Amity and Economic Relations between Thailand and the United States (the "Treaty of Amity") an Alien Business Permit is not required if a Thailand business is owned by an entity organized in the United States, a majority of whose owners are U.S. citizens or entities. From time to time, it has been reported that certain Thailand government officials have considered supporting the termination of the Treaty of Amity. There can be no assurance that the Company will ever be able to obtain all of the necessary permits and approvals to commence operations in Thailand. The Company could face particular difficulties in commencing operations in Thailand if the Treaty of Amity were terminated and the Company were forced to obtain an Alien Business Permit.

The PRC has also proven to be a particularly difficult market for foreign corporations due to its extensive government regulation and the historical political tenants of the PRC government. In order to enter the market in the PRC, the Company may be required to create a joint venture enterprise with a Chinese entity and to establish a local manufacturing presence, which will entail a significant investment on the Company's part. The Company will likely have to apply for licenses on a province by province basis and the repatriation of the Company's profits will be subject to restrictions on currency conversion and the fluctuations of the government controlled exchange rate. In addition, because distribution systems are greatly fragmented, the Company may be forced to use business models significantly different from those used by the Company in more developed countries. The

lack of a comprehensive legal system and the uncertain and sporadic enforcement of existing legislation and laws could also have an adverse effect on the Company's proposed business in the PRC.

The other potential new markets also present significant regulatory, political and economic obstacles to the Company. In Singapore, for example, network marketing is currently illegal and is not permitted under any circumstances. Although the Company believes that this restriction will eventually be relaxed or repealed, no assurance can be given that such regulation will not remain in place and that the Company will not be permanently prevented from initiating sales in Singapore. In addition, Malaysia has governmental guidelines that have the effect of limiting foreign ownership of companies operating in Malaysia. There can be no assurance that the Company will be able to properly structure Malaysian operations to comply with this policy. Therefore, although the Company believes that significant opportunities exist to expand its operations into new markets, there can be no assurance that these or other difficulties will not prevent the Company from realizing the benefits of this opportunity.

#### MANAGING GROWTH

The Company has experienced rapid growth since it commenced operations in 1991. The management challenges imposed by this growth include entry into new markets, growth in the number of employees and distributors, expansion of facilities necessary to accommodate growth and additions and modifications to the Company's product lines. To manage these changes effectively, the Company may be required to hire additional management and operations personnel and to improve its operational, financial and management systems. If the Company is unable to manage growth effectively or hire or retain qualified personnel, the Company's business and results of operations could be adversely affected.

#### POSSIBLE ADVERSE EFFECT ON THE COMPANY OF A CHANGE IN THE STATUS OF HONG KONG

The Company has offices and a portion of its operations in the British Crown Colony of Hong Kong. Effective July 1, 1997, the exercise of sovereignty over Hong Kong will be transferred from the Government of the United Kingdom of Great Britain and Northern Ireland (the "United Kingdom") to the government of the PRC pursuant to the Sino-British Joint Declaration on the Question of Hong Kong (the "Joint Declaration") and Hong Kong will become a Special Administrative Region ("SAR") of the PRC. The Joint Declaration provides that Hong Kong will be directly under the authority of the government of the PRC but Hong Kong will enjoy a high degree of autonomy except in foreign and defense affairs, and that Hong Kong will be vested with executive, legislative and independent judicial power. The Joint Declaration also provides that the current social and economic systems in Hong Kong will remain unchanged for 50 years after June 30, 1997 and that Hong Kong will retain the status of an international financial center. Although sales in Hong Kong accounted for less than 5% of the Company's revenues for the year ended December 31, 1995, Hong Kong serves as the location for the Company's regional offices and an important base of operations for many of the Company's most successful distributors whose downline distributor networks extend into other Asian markets. Any adverse effect on the social, political or economic systems in Hong Kong resulting from this transfer could have a material adverse effect on the Company's business and results of operations. Although the Company does not anticipate any material adverse change in the business environment in Hong Kong resulting from the 1997 transfer of sovereignty, the Company is formulating contingency plans to transfer the Company's regional office to another jurisdiction in the event that the Hong Kong business environment is so affected.

#### RELATIONSHIP WITH AND RELIANCE ON NSI; POTENTIAL CONFLICTS OF INTEREST

Following the Reorganization, NSI will retain ownership and control of the NSI trademarks, tradenames, the Global Compensation Plan, distributor lists and related intellectual property and know-how (collectively, the "Licensed Property"), and will license to the Company rights to use the Licensed Property in certain markets. Thus the Company will not be able to use the Nu Skin name to expand into other markets for which the Company does not currently have a license without first obtaining additional licenses or other rights from NSI. There can be no assurance that NSI will make any additional markets available to the Company or that the terms of any new licenses from NSI will be acceptable to the Company.

NSI has licensed to the Company, through the Subsidiaries, rights to distribute NSI products and to use the Licensed Property in the Company's markets, and an NSI affiliate, Nu Skin Management Group, Inc. ("NSIMG") will provide management support services to the Company and the Subsidiaries, pursuant to distribution, trademark/tradename license, licensing and sales, and management services agreements (collectively, the "Operating Agreements"). The Company will rely on NSI for research, development, testing, labeling and regulatory compliance for products sold to the Company under the distribution agreements, and virtually all of the Company's revenues will be derived from products and sales aids purchased from NSI pursuant to these agreements. NSIMG will provide the Company with a variety of management and consulting services, including, but not limited to, management, legal, financial, marketing and distributor support/training, public relations, international expansion, human resources, strategic planning, product development and operations administration services. Each of the Operating Agreements is for a term ending December 31, 2016, and is subject to renegotiation after December 31, 2001, in the event that the Selling Stockholders, on a combined basis, no longer beneficially own a majority of the combined voting power of the outstanding shares of Common Stock. The Company will be almost completely dependent on the Operating Agreements to conduct its business, and in the event NSI is unable or unwilling to perform its obligations under the Operating Agreements, or terminates the Operating Agreements as provided therein, the Company's business and results of operations will be adversely affected.

Upon the consummation of the Offerings, approximately % of the combined voting power of the outstanding shares of Common Stock will be held by the Selling Stockholders (approximately % if the Underwriters' overallotment options are exercised in full). Consequently, the Selling Stockholders will have the ability, acting in concert, to elect all directors of the Company and approve any action requiring approval by a majority of the stockholders of the Company. The Selling Stockholders also own, and following the Offerings will continue to own, 100% of the outstanding shares of NSI. As a result of this ownership, the Selling Stockholders will consider the short-term and the long-term impact of all stockholder decisions on the consolidated financial results of NSI and the Company. See "--Control by Selling Stockholders; Anti-Takeover Effect of Dual Classes of Common Stock."

The Operating Agreements were approved by the present Board of Directors of the Company, which is composed entirely of officers and shareholders of NSI. It is expected that, subsequent to the closing of the Offerings, the composition of the Board of Directors of the Company will be changed so that at least two of its members will be persons unaffiliated with NSI. In addition, most of the executive officers of the Company are also executive officers of NSI. It is expected that a number of the Company's executive officers will continue to spend a portion of their time on the affairs of NSI, for which they will continue to receive compensation from NSI.

In view of the substantial relationships between the Company and NSI, conflicts of interest may exist or arise with respect to existing and future business dealings, including, without limitation, the relative commitment of time and energy by the executive officers to the respective businesses of the Company and NSI, potential acquisitions of businesses or properties, the issuance of additional securities, the election of new or additional directors and the payment of dividends by the Company. There can be no assurance that any conflicts of interest will be resolved in favor of the Company. Under Delaware and Utah law, a person who is a director of both the Company and NSI owes fiduciary duties to both corporations and their respective shareholders. As a result, persons who are directors of both the Company and NSI are required to exercise their fiduciary duties in light of what they believe to be best for each of the companies and its shareholders. See "Certain Relationships and Related Transactions."

#### RELIANCE ON AND CONCENTRATION OF OUTSIDE MANUFACTURERS

All the Company's products are produced by unaffiliated manufacturers primarily through NSI. The Company currently has little or no direct contact with these manufacturers. The Company's profit margins and its ability to deliver its existing products on a timely basis are dependent upon the ability of NSI's 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 is dependent 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 be dependent in part on the services of suitable outside manufacturers.

The Company currently acquires products or ingredients from sole suppliers or suppliers that are considered by the Company to be the superior suppliers of such ingredients. The Company believes that, in the event it is unable to source any products or ingredients from its current suppliers, 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 such a supplier would not have a material adverse effect on the Company's business and results of operations.

With respect to sales to the Company, NSI currently relies on two unaffiliated manufacturers to produce approximately 70% and 60% of its personal care and nutritional products, respectively. The Company believes that in the event that NSI's relationship with either of these manufacturers is terminated, NSI will be able to find suitable replacement manufacturers. However, there can be no assurance that the loss of either manufacturer would not have a material adverse effect on the Company's business and results of operations.

#### HOLDING COMPANY STRUCTURE

The Company will conduct all of its operations through the Subsidiaries. Accordingly, an important source of the Company's income will be dividends and other distributions from the Subsidiaries. Each of the Subsidiaries has its operations in a country other than the United States, the country in which the Company is organized. In addition, each of the Subsidiaries receives its revenues in the local currency of the country or jurisdiction in which it is situated. As a consequence, the Company's ability to obtain dividends or other distributions is subject to, among other things, restrictions on dividends under applicable local laws and regulations, and foreign currency exchange regulations of the country or jurisdictions in which the Subsidiaries operate. The Subsidiaries' ability to pay dividends or make other distributions to the Company is also subject to their having sufficient funds from their operations legally available for the payment of such dividends or distributions that are not needed to fund their operations, obligations or other business plans. Because the Company will be a stockholder of each of the Subsidiaries, the Company's claims as such will generally rank junior to all other creditors of and claims against the Subsidiaries. In the event of a Subsidiary's liquidation, there may not be assets sufficient for the Company to recoup its investment in such Subsidiary.

#### TAXATION RISKS AND TRANSFER PRICING

After the Reorganization, the Company will be 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 will be subject to taxation in the country in which it operates, currently ranging from a statutory tax rate of 57.9% in Japan to 16.5% in Hong Kong. The Company will be eligible for 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 will not have a material adverse effect on the Company's business or results of operations.

## INCREASE IN DISTRIBUTOR COMPENSATION EXPENSE

Under the Licensing and Sales Agreement ("Licensing and Sales Agreement") between the Company and NSI, the Company is obligated to pay NSI a fixed commission expense of 42% of commissionable product sales to distributors in each of the Company's markets (with the exception of South Korea where, due to government regulations, the Company utilizes a different formula to satisfy this obligation). The Agreement provides that the Company is to satisfy this obligation by paying commissions owed to local distributors. In the event that these commissions exceed 42% of commissionable product sales, the Company is entitled to receive the difference from NSI. In the event that the commissions paid are lower than 42%, the Company must pay the difference to NSI. Under this formulation, the Company's total commission expense is fixed at 42% of commissionable product sales in each country (except for South Korea). The 42% figure has been set on the basis of NSI's experience over the past seven years which indicates that actual commissions paid in a given year together with the cost of administering the Global Compensation Plan average approximately 42% of commissionable product sales for such year. In the event that actual commissions payable to distributors from sales in the Company's markets vary from these historical results, whether as a result of changes in distributor behavior or changes to the Global Compensation Plan or in the event that NSI's cost of administering the Global Compensation Plan increases or decreases, the Licensing and Sales Agreement provides that the intercompany settlement figure may be modified to more accurately reflect actual results. This could result in the Company becoming obligated to make greater settlement payments to NSI under the Licensing and Sales Agreement. Such additional payments could adversely affect the Company's results of operations. Because the Company licenses the right to use the Global Compensation Plan from NSI, the structure of the plan, including commission rates, is under the control of NSI.

## SEASONALITY AND CYCLICALITY

The Company's business is impacted by general seasonal trends common to the direct selling channel in Asia. Seasonal fluctuations experienced by the Company have generally been related to the occurrence of major cultural events and vacation patterns in each of the Company's markets. For example, the Company has historically experienced a decline in revenue in Japan, Taiwan and Hong Kong during the local New Year celebrations, which fall in the Company's first quarter. Management also anticipates a decline in revenue for the first quarter in South Korea, when a similar New Year celebration occurs. In Japan, the Company has also historically experienced a decline in revenue during August, when many of the local distributors traditionally take vacations.

The Company's results of operations have been subject to cyclical variations. Generally, the Company has experienced rapid revenue growth in each new market from the commencement of operations. In Japan, Taiwan and Hong Kong, the initial rapid revenue 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 addition, the Company has also experienced variations on a quarterly basis in its results of operations, as new products are introduced and new markets are opened. No assurances can be given that the Company's revenue growth rate in South Korea, which commenced operations in February 1996, or in new markets where operations have not commenced, will follow this pattern.

## PRODUCT LIABILITY

The Company may be subject, under applicable laws and regulations, to liability for loss or injury caused by its products. The Company is currently covered for product liability claims to the extent of and under insurance programs maintained by NSI for its benefit and for the benefit of its affiliates purchasing NSI products and will continue to be so covered after the Offerings. Although the Company has not been the subject of material product liability claims and the laws and regulations providing for such liability in the Company's markets appear to have been seldom utilized, 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. The Company does not currently maintain its own product liability policy.

## COMPETITION

The markets for personal care and nutritional products are large and intensively competitive. The Company competes directly with companies that manufacture and market personal care and nutritional products in each of the Company's product lines. 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.

The Company also competes with other direct selling organizations, some of which have longer operating histories and greater name recognition and financial resources. Management envisions the entry of many more direct selling organizations into the marketplace as this channel of distribution expands over the next several years. The Company has been advised that certain large, well-financed corporations are planning to launch direct selling enterprises which will compete with the Company in certain of its product lines. There can be no assurance that the Company will be able to successfully meet the challenges posed by this increased competition.

The Company competes for the time, attention and commitment of its independent distributor force. Given that the pool of individuals interested in the business opportunities presented by direct selling tends to be limited in each market, the potential pool of distributors for the Company's products is reduced to the extent other network marketing companies successfully recruit these individuals into their businesses. Although management believes that the Company offers an attractive business opportunity, there can be no assurance that other network marketing companies will not be able to recruit the Company's existing distributors or deplete the pool of potential distributors in a given market.

## OPERATIONS OUTSIDE THE UNITED STATES; CURRENCY RISKS

Virtually all of the Company's assets and operations are located, and all of its revenues are derived from, operations outside the United States. The Company's operations may be materially and adversely affected by economic, political and social conditions in the countries in which it operates. A change in policies by any government in the Company's markets could adversely affect the Company and its operations through, among other things, changes in laws, rules or regulations, or the interpretation thereof, confiscatory taxation, restrictions on currency conversion, currency repatriation or imports, or the expropriation of private enterprises. Although the general trend in these countries has been toward more open markets and trade policies and the fostering of private business and economic activity, no assurance can be given that the governments in these countries will continue to pursue such policies or that such policies will not be significantly altered in future periods. This could be especially true in the event of a change in leadership, social or political disruption or upheaval, or unforeseen circumstances affecting economic, political or social conditions or policies. Moreover, the Company's ability to expand its operations into the new markets for which it has received an exclusive license to distribute NSI products will directly depend on its ability to secure the requisite government approvals and comply with the local government regulations in each of those countries. The Company has in the past experienced difficulties in obtaining such approvals as a result of certain actions taken by its distributors, and no assurance can be given that these or similar problems will not prevent the Company from commencing operations in those countries. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations--Currency Fluctuation and Exchange Rate Information."

The Company purchases virtually all of its products from NSI through Nu Skin Hong Kong. Nu Skin Hong Kong pays for its purchases from NSI under the Regional Distribution Agreement in U.S. dollars, while the other Subsidiaries pay for their purchases from Nu Skin Hong Kong under the Wholesale Distribution Agreements in

their local currency. Nu Skin Hong Kong therefore bears significant currency exchange risk as a result of purchases from NSI on behalf of the Subsidiaries. Fluctuations in currency exchange rates, particularly those caused by an increase in the value of the U.S. dollar, could have a material adverse effect on the Company's financial position, results of operations and cash flows. The Company is not a party to material foreign currency hedging transactions and does not anticipate that it will engage in significant currency hedging transactions in the future. See "Management's Discussion and Analysis of Results of Operations."

#### IMPORT RESTRICTIONS, DUTIES AND REGULATION OF CONSUMER GOODS

With the exception of a small percentage of revenues in Japan, virtually all of the Company's sales were derived from products purchased from NSI. All of those products were 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 most cases, permits or licenses are required to import particular types of goods, including nutritional supplements and personal care products. Duties of varying amounts are imposed based on the values or quantities of the goods imported. In certain countries and jurisdictions, cosmetic and nutritional are subject to significant import duties. Other products that the Company imports, notably products in the personal care line, may be subject to health and safety regulations. Certain products in the nutritional line are also subject to governmental regulation regarding food and drugs, which regulations have had the effect of limiting the Company's ability to sell some of its products in some of its countries and jurisdictions. Certain of the Company's products which may be deemed in certain countries to be "pharmaceutical" in nature may not be sold through network marketing channels in those countries. 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 products require reformulation to comply with local requirements. In addition, new regulations could be adopted or any of the existing regulations could be changed at any time in a manner that could have a material adverse effect on the Company's business and results of operations. Duties on imports are a component of national trade and economic policy and could be changed in a manner that would be materially adverse to the Company's sales and its competitive position compared to locally-produced goods, in particular in countries such as Taiwan, where the Company's products are already subject to high customs duties. In addition, import restrictions in certain countries and jurisdictions limit the Company's ability to import products from NSI. In some jurisdictions, such as the PRC, regulators may prevent the importation of NSI products altogether. Present or future health and safety or food and drug regulations 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.

#### CONTROL BY SELLING STOCKHOLDERS; ANTI-TAKEOVER EFFECT OF DUAL CLASSES OF COMMON STOCK

Because of the relationship between the Company and NSI, management elected to structure the capitalization of the Company in such a manner as to minimize the possibility of a change in control of the Company without the consent of the current NSI shareholders. Consequently, the shares of Class B Common Stock 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. Immediately following the Offerings, the shareholders of NSI will collectively own 100% of the outstanding shares of the Class B Common Stock representing approximately % of the combined voting power of the outstanding shares of Common Stock (approximately % if the Underwriters' over-allotment options are exercised in full). Accordingly, following completion of the Offerings, the shareholders of NSI, acting fully or partially in concert, will be able 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. NSI is a privately-held company, the shareholders of which are named herein under "Principal and Selling Stockholders." As long as the shareholders of NSI are majority stockholders of the Company, assuming they act in concert, third parties will not be able to obtain control of the Company through purchases of shares of Class A Common Stock.

In addition, the Operating Agreements between the Company and NSI include provisions that significantly reduce the likelihood of an involuntary change of control. These anti-takeover mechanisms could have a negative impact on the Company's valuation and be a limiting factor on the potential appreciation in value of the shares offered hereby.

#### ABSENCE OF PUBLIC MARKET FOR CLASS A COMMON STOCK; DETERMINATION OF OFFERING PRICE; PRICE FLUCTUATIONS

Prior to the Offerings, there has been no public market for the Class A Common Stock and there can be no assurance that an active market for the Class A Common Stock will develop or continue after the closing of the Offerings. Accordingly, no assurance can be given as to the liquidity of the market for the Class A Common Stock or the price at which any sales of shares of Class A Common Stock may occur in the future, which price will depend upon the number of holders thereof and other factors beyond the control of the Company, including liquidity of the market for the Common Stock, investor perceptions of the Company, changes in conditions or trends in the Company's industry or publicly traded comparable companies, and adverse publicity which the Company may suffer and general economic and other conditions. The initial public offering price per share of the Class A Common Stock will be determined by negotiation among the Company, the Selling Stockholders and representatives of the Underwriters, and may not be indicative of the market price for the shares of Class A Common Stock after the closing of the Offerings.

#### SHARES ELIGIBLE FOR FUTURE SALE

The Board of Directors of the Company is entitled to issue additional shares of Class A Common Stock, generally without any stockholder vote. The Company, its officers and directors, and the shareholders of NSI have agreed not to sell or otherwise dispose of any shares of Class A Common Stock or securities convertible into or exchangeable for shares of Class A Common Stock for 180 days after the date of this Prospectus without the prior written consent of Merrill Lynch & Co., except that the Company may, without such prior consent, grant options or issue shares of Class A Common Stock pursuant to the 1996 Stock Incentive Plan. See "Management--Executive Compensation" and "Underwriting." The shares of Class A Common Stock and Class B Common Stock issued in the Reorganization will be "restricted securities," as defined in Rule 144 promulgated under the 1933 Act and, absent registration or an exemption from registration under the 1933 Act, cannot, as Rule 144 is currently in effect, be traded for a period of at least two years after the Reorganization. Accordingly, approximately shares of Class A Common Stock will be eligible for resale under Rule 144 on , 1998, which is the expiration of the two-year holding period pursuant to Rule 144. The sale or issuance or the potential for sale or issuance of such shares of Class A Common Stock could have an adverse impact on the market price of the Class A Common Stock or on any trading market for the Class A Common Stock that may develop. See "Shares Eligible for Future Sale."

The Selling Stockholders have entered into a stockholder's agreement which restricts the extent to which any of them can dispose of shares of Common Stock following the Offerings. Among other things, in order to ensure the qualification of the Reorganization under Section 351 of the Internal Revenue Code of 1986, as amended (the "Code"), such stockholders have agreed not to transfer any shares they own for 365 days after the Offerings without the consent of the Company except for certain transfers to distributor and employee incentive programs. After the expiration of the 365-day period, no such stockholder is permitted to transfer in any one-year period a number of shares greater than ten percent of the number of shares beneficially owned by such stockholder at the time of the Offerings.

#### DILUTION

The initial public offering price is expected to be substantially higher than the book value per share of Common Stock. Investors purchasing shares of Common Stock in the Offerings will therefore incur immediate and substantial dilution. See "Dilution."



THE REORGANIZATION AND S CORPORATION DISTRIBUTION

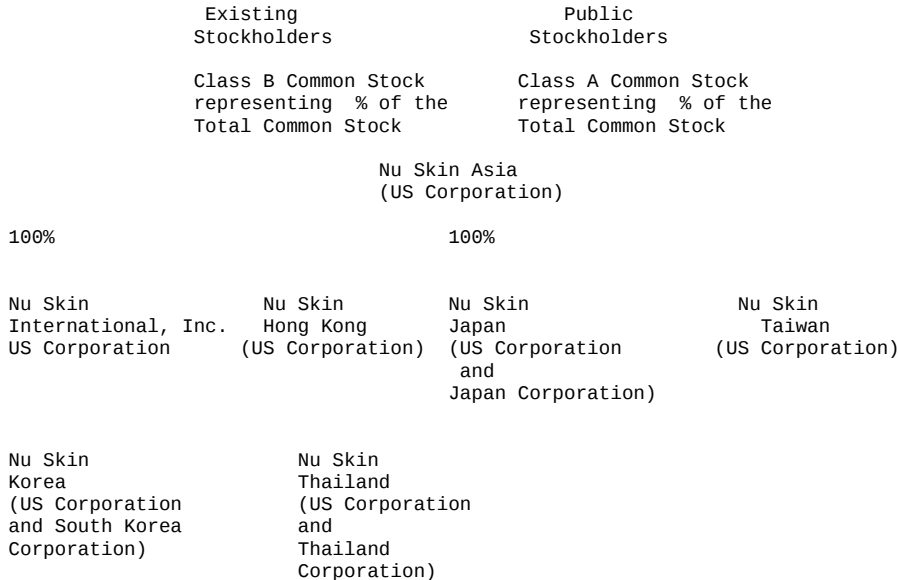
THE REORGANIZATION

Prior to or concurrently with the Offerings, the shareholders of Nu Skin Japan, Nu Skin Korea, Nu Skin Taiwan, Nu Skin Hong Kong and Nu Skin Thailand will contribute their shares of capital stock to the capital of the Company in a transaction intended to qualify under Section 351 of the Internal Revenue Code of 1986, as amended (the "Code"), in exchange for shares of the Company's Class B Common Stock (the "Reorganization"). Prior to the Reorganization, all of the outstanding shares of capital stock of the Subsidiaries and Nu Skin Thailand were held by the Selling Stockholders. The Reorganization will result in each of the Subsidiaries and Nu Skin Thailand becoming a wholly-owned subsidiary of the Company.

Nu Skin Hong Kong and Nu Skin Taiwan are Utah corporations, each operating through branches in Hong Kong and Taiwan, respectively. Nu Skin Japan and Nu Skin Korea are Japanese and South Korean corporations and both are domesticated corporations in Delaware. Nu Skin Thailand, which currently has no operations, is a Thailand corporation and also a Delaware domesticated corporation. Nu Skin Japan, Nu Skin Korea and Nu Skin Thailand each has dual residence in the U.S. and its respective foreign jurisdiction, and each is treated as a U.S. corporation for U.S. tax purposes and a Japan, South Korea or Thailand corporation, respectively, for tax purposes in each such jurisdiction. After the Reorganization, Nu Skin Hong Kong and Nu Skin Taiwan will continue to be viewed as branches in Hong Kong and Taiwan, respectively, and Nu Skin Japan, Nu Skin Korea and Nu Skin Thailand will continue to be viewed as domestic corporations in Japan, South Korea and Thailand, respectively.

The following chart illustrates the organizational structure of the Company immediately after the Reorganization and the Offerings.

POST-REORGANIZATION AND THE OFFERINGS



S CORPORATION DISTRIBUTION

Prior to the Reorganization, each Subsidiary had elected to be treated as an "S" corporation under subchapter S of the Code and comparable state tax laws. As a result of the Subsidiaries' S corporation status, the earnings of the Subsidiaries since incorporation have been included in the taxable income of the Selling Stockholders for Federal and certain state income tax purposes, and the Subsidiaries have generally not been subject to U.S. Federal or state income tax on such earnings. Prior to the consummation of the Offerings, the Subsidiaries' S corporation status will be terminated (the "S Termination Date"). Prior to the S Termination

Date, the Company will declare a distribution to the Selling Stockholders that will include all of the Subsidiaries' previously earned and undistributed S corporation earnings through the S Termination Date (the "S Corporation Distribution"). As of June 30, 1996, the Subsidiaries' aggregate undistributed taxable S corporation earnings were \$59.6 million. The Company estimates that the Subsidiaries' aggregate undistributed taxable S corporation earnings will be between \$80.0 million and \$90.0 million as of the S Termination Date (which includes approximately \$20.0 million to \$30.0 million of the Company's earned and undistributed taxable S corporation earnings for the period from July 1, 1996 through the S Termination Date). The S Corporation Distribution will be distributed in the form of promissory notes due within six months of the S Termination Date bearing interest at 8% per annum (S Distribution Notes). Upon the consummation of the Offerings, approximately \$15.0 million of the proceeds from the Offerings will be used to pay a portion of the S Distribution Notes. The Company estimates that, at the Offerings, it will reserve between approximately \$40.0 million and \$50.0 million of cash on hand for repayment of the S Distribution Notes. The balance of the Notes will be repaid from cash generated by operations. On and after the S Termination Date, the Company will no longer be treated as an S corporation and, accordingly, will be fully subject to Federal and state income taxes. See "Management's Discussion and Analysis of Results of Operations--Liquidity and Capital Resources."

## USE OF PROCEEDS

The net proceeds from the sale of shares of Class A Common Stock by the Company are estimated to be approximately \$92 million, based on an assumed initial public offering price of \$ per share and after deducting estimated underwriting discounts and offering expenses payable by the Company. The Company will not receive any of the proceeds from the sale of shares of Class A Common Stock by the Selling Stockholders, including from the exercise of the Underwriter's over-allotment option. The Company has agreed to pay certain expenses on behalf of the Selling Stockholders.

The Company anticipates applying the net proceeds of the Offerings as follows: (i) approximately \$40 million of such proceeds will be used, together with operating income, to finance the entry of the Company into Thailand, the Philippines, the PRC (where it is anticipated that the Company will be required to invest in a manufacturing facility), Malaysia, Indonesia, Vietnam and Singapore, which includes a \$15 million payment to NSI for the exclusive rights to distribute NSI products in these countries and which may include organizational costs, the initial build up of inventory and other start up expenses; (ii) approximately \$15 million will be used to repay a portion of the S Distribution Notes; (iii) approximately \$12 million of such proceeds will be used for the introduction of new products in the Company's markets; (iv) approximately \$12 million of such proceeds will be used to enhance the Company's technological infrastructure, including the expansion of information systems hardware and support capabilities allowing the Company the ability to better support distributors; (v) approximately \$10 million of such proceeds will be used to expand the Company's presence and operations in South Korea, Japan and Taiwan, which will include the establishment of several additional walk-in distributor centers in major cities; and (vi) the remainder of such proceeds, approximately \$3 million, will be used for general corporate purposes, which may include additional capital expansion projects. Pending such uses, the Company intends to invest the proceeds from the Offerings in short-term, interest bearing investment grade instruments.

## DIVIDEND POLICY

The Company does not anticipate that, after the Offerings, any dividends will be declared on the Class A Common Stock in the immediate future. The Company intends from time to time to re-evaluate this policy based on its net income and its alternative uses for retained earnings, if any. Any future declaration of dividends, however, will be subject to the discretion of the Board of Directors of the Company and subject to certain limitations under the General Corporation Law of the State of Delaware (the "DGCL"). The time, amount and form of dividends, if any, will depend, among other things, on the Company's results of operations, financial condition, cash requirements and other factors deemed relevant by the Board of Directors of the Company. It is anticipated that any dividends, if declared, will be paid in U.S. dollars. The Company, as a holding company, will be dependent on the earnings and cash flow of, and dividends and distributions from, the Subsidiaries to pay any cash dividends or distributions on the Class A Common Stock that may be authorized by the Board of Directors of the Company. See "Certain United States Tax Consequences to Non-United States Holders." Holders of Class A Common Stock and holders of Class B Common Stock will share equally in any dividends declared by the Board of Directors. See "Description of Capital Stock--Common Stock--Dividends" and "--Preferred Stock."

CAPITALIZATION

The following table sets forth the cash and cash equivalents, the short-term debt and capitalization of the Company on a combined basis as of June 30, 1996, and as adjusted as of that date to give effect to the Reorganization, including (i) the S Corporation Distribution as if the Company's S Corporation status had terminated on such date; and (ii) \$5.0 million of net deferred tax assets that would have been recorded had the Company's S Corporation status been terminated on June 30, 1996, and as further adjusted to reflect the sale by the Company of shares of Class A Common Stock in the Offerings, and the application of the net proceeds therefrom. The information below should be read in conjunction with the Combined Financial Statements (including Notes thereto) and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and pro forma financial statements included elsewhere in this Prospectus.

AS OF JUNE 30, 1996			
(IN THOUSANDS)			
ACTUAL	AS ADJUSTED	AS FURTHER ADJUSTED (/1/)(/2/)(/3/)	
Cash and cash equivalents.....	\$51,465	\$51,464	\$113,464
Short-term debt(/4/)...	\$ --	\$59,565	\$ 44,565
Long-term debt.....	\$ --	\$ --	\$ --
Stockholders' equity:			
Capital Stock of the Subsidiaries prior to the Reorganization....	4,550(/5/)	--	--
Preferred Stock, par value \$0.001 per share, 25,000,000 shares authorized, no shares issued and outstanding .....	--	--	--
Class A Common Stock, par value \$ per share, 500,000,000 shares authorized, and, shares issued and outstanding actual, as adjusted and as further adjusted, respectively.....	--	--	13
Class B Common Stock, par value \$ per share, shares authorized, and, shares issued and outstanding actual, as adjusted and as further adjusted, respectively.....	--	100(/5/)	92
Additional paid in capital.....	--	--	91,995
Cumulative foreign currency translation adjustment.....	(3,780)	(3,780)	(3,780)
Retained earnings.....	55,115	5,004(/6/)	5,004
Total stockholders' equity.....	55,885	1,324	93,324
Total capitalization.....	\$55,885	\$ 1,324	\$ 93,324

- (1) Reflects the sale by the Company of 4,750,000 shares of Class A Common Stock at an estimated offering price of \$ per share, less estimated offering expenses of \$8.0 million, including Underwriters' discounts. The Company will use a portion of the Offerings to pay the \$15.0 million License Fee to NSI. Approximately \$15.0 million of the net proceeds of the Offerings will also be used to repay a portion of the S Distribution Notes, and the Company will reserve between approximately \$40.0 million and \$50.0 million of cash on hand for repayment of the S Distribution Notes. The balance of the S Distribution Notes will be repaid from cash generated by operations.
- (2) Reflects the conversion of shares of Class B Common Stock into Class A Common Stock. These shares will be reserved for issuance to independent distributors, employees of the Company and employees of affiliated companies.
- (3) No adjustment has been made to give effect to the Company's earned and undistributed taxable S Corporation earnings for the period from July 1, 1996, through the S Termination Date. The Company anticipates the increase in the S Distribution Notes to be between approximately \$20.0 million and \$30.0 million. See "The Reorganization and S Corporation Distribution."

- (4) Reflects the distribution of \$59.6 million of S Distribution Notes to the Selling Stockholders in respect of the earned and undistributed taxable S corporation earnings at June 30, 1996, that would have been distributed had the Subsidiaries' S corporation status been terminated on June 30, 1996. Approximately \$15.0 million of the net proceeds of the Offerings will be used to repay a portion of the S Distribution Notes.
- (5) Reflects the contribution by the Selling Stockholders of their interests in the Subsidiaries in exchange for shares of Class B Common Stock.
- (6) Reflects the recognition of a deferred tax asset of \$5.0 million. In connection with the Reorganization, the Company will make certain adjustments for U.S. Federal and state income taxes as if the Company had been taxed as a C corporation rather than an S corporation.

DILUTION

The net tangible book value of the Company at June 30, 1996 was approximately \$55.9 million, or \$ per share of Common Stock. After giving effect to the Reorganization and the S Corporation Distribution as if they had occurred as of June 30, 1996 and the Company's S Corporation status had terminated at such date, the pro forma net tangible book value of the Company at June 30, 1996 would have been approximately \$1.3 million, or \$ per share of Common Stock. After giving effect to the sale of the 4,750,000 shares of Class A Common Stock offered by the Company hereby, and the application of the estimated net proceeds therefrom as set forth under "Use of Proceeds" (after deducting estimated offering expenses and the underwriting discount), the pro forma net tangible book value of the Company as adjusted at June 30, 1996 would have been approximately \$78.3 million, or \$ per share. See "The Reorganization and S Corporation Distribution" and "Use of Proceeds." This represents an immediate dilution of \$ per share to purchasers of shares at the initial public offering price. The following table illustrates the per share dilution:

Assumed initial public offering price per share(/1/)	\$
Net tangible book value per share at June 30, 1996	\$
Increase in net tangible book value per share attributable to the establishment of deferred tax assets	
Decrease in net tangible book value per share attributable to S Corporation Distribution and Reorganization	
Adjusted net tangible book value per share before the Offerings	
Increase in net tangible book value per share attributable to the Offerings	
Decrease in tangible book value per share attributable to the payment of the License Fee	
Net tangible book value, as further adjusted, per share after the Offerings	
Dilution per share to purchasers of shares in the Offerings	

(1) Before deducting estimated underwriting discounts and commissions and estimated expenses of the Offerings payable by the Company.

The following table summarizes on a pro forma basis as of June 30, 1996 the difference between the number of shares of Common Stock purchased from the Company, the total consideration paid and the average price per share paid by the Selling Stockholders and by the purchasers of Common Stock in the Offerings at an assumed initial offering price of \$ per share.

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Selling Stockholders....	(/1/)	%	\$ --(/2/)	--%	\$--
New investors.....	7,600,000(/3/)	%	159,600,000	100%	\$
Total.....		100.0%	\$159,600,000	100.0%	

- (1) Excludes the 2,850,000 shares assumed to be sold to new investors in connection with the Offerings. Includes million shares which the Selling Stockholders have committed to transfer to the Company, NSI and other affiliates for subsequent issuance to independent distributors and employees under the terms of various stock option plans. See "Summary Compensation--1996 Stock Incentive Plan."
- (2) The cash consideration paid by the Selling Stockholders has been reduced by distributions previously made to the Selling Stockholders and certain distributions to be received by the Selling Stockholders out of the net proceeds of the Offerings. See "The Reorganization and S Corporation Distribution" and "Use of Proceeds."
- (3) Includes 2,850,000 shares sold to new investors by the Selling Stockholders and 4,750,000 new shares in connection with the Offerings.

SELECTED COMBINED AND OTHER FINANCIAL INFORMATION

The following selected combined financial data as of December 31, 1994 and 1995 and for the fiscal years ended September 30, 1993 and 1994 and for the three month period ended December 31, 1994 and for the year ended December 31, 1995 have been derived from the Company's Combined Financial Statements, which have been audited by Price Waterhouse LLP, independent accountants, included elsewhere in this Prospectus. The combined financial data as of September 30, 1993 and 1994 are derived from the combined financial statements of the Company, which have been audited but are not contained herein. The financial data as of September 30, 1991 and 1992 and for the fiscal years ended September 30, 1991 and 1992 and for the year ended December 31, 1994 and as of June 30, 1996 and for the six months ended June 30, 1995 and 1996 are unaudited. Interim results, in the opinion of management, include all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial information for such periods; however, such results are not necessarily indicative of the results which may be expected for any other interim period or for a full year. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined Financial Statements and the related notes thereto included elsewhere in this Prospectus.

	YEAR ENDED SEPTEMBER 30,				THREE MONTHS ENDED DECEMBER 31,	YEAR ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,		
	1991	1992	1993	1994	1994	1994(/1/)	1995	1995	1996
(IN THOUSANDS, EXCEPT PER SHARE DATA)									
<b>INCOME STATEMENT DATA:</b>									
Revenue.....	\$ 677	\$42,919	\$110,624	\$254,637	\$73,562	\$264,440	\$358,609	\$158,125	\$287,711
Cost of sales.....	462	14,080	38,842	86,872	19,607	82,241	96,615	41,901	80,963
Gross profit.....	215	28,839	71,782	167,765	53,955	182,199	261,994	116,224	206,748
Operating expenses:									
Distributor incen-									
tives.....	130	14,659	40,267	95,737	27,950	101,372	135,722	60,224	107,090
Selling, general and									
administrative.....	1,249	10,065	27,150	44,566	13,545	48,753	67,475	27,511	44,551
Operating income.....	(1,164)	4,115	4,365	27,462	12,460	32,074	58,797	28,489	55,107
Other income (expense),									
net.....	3	160	133	443	(813)	(394)	511	549	617
Income before provision									
for income taxes.....	(1,161)	4,275	4,498	27,905	11,647	31,680	59,308	29,038	55,724
Provision for income									
taxes.....	--	1,503	417	10,226	2,730	10,071	19,097	9,350	20,591
Net income (loss).....	\$(1,161)	\$ 2,772	\$ 4,081	\$ 17,679	\$ 8,917	\$ 21,609	\$ 40,211	\$ 19,688	\$ 35,133

PRO FORMA, AS ADJUSTED, INCOME STATEMENT DATA(2/)(3/):

Revenue.....	\$358,609	\$158,125	\$287,711
Cost of sales.....	96,615	41,901	80,963
Gross profit.....	261,994	116,224	206,748
Operating expenses:			
Distributor incentives.....	135,722	60,224	107,090
Selling, general and administrative.....	73,264	30,405	47,446
Operating income.....	53,008	25,595	52,212
Other income (expense), net(/4/)	(1,272)	(1,234)	617
Income before provision for income taxes.....	51,736	24,361	52,829
Provision for income taxes.....	20,530	9,345	19,381
Net income (loss).....	\$ 31,206	\$ 15,016	\$ 33,448
Net income per share(/5/)	\$	\$	\$
Weighted average common shares outstanding(/5/)			

	AS OF SEPTEMBER 30,				AS OF DECEMBER 31,		AS OF
	1991	1992	1993	1994	1994	1995	JUNE 30,
	1996						
BALANCE SHEET DATA: (IN THOUSANDS)							
Cash and cash equivalents.....	\$1,132	\$1,553	\$14,591	\$18,077	\$ 16,288	\$ 63,213	\$ 51,464
Working capital.....	(921)	1,026	(504)	15,941	26,680	47,863	39,334
Total assets.....	2,733	10,236	41,394	71,565	61,424	118,228	124,691
Stockholders' equity....	(656)	2,749	6,926	24,934	33,861	61,771	55,885

	AS OF JUNE 30, 1996	
	ACTUAL	AS ADJUSTED(/6/)
BALANCE SHEET DATA: (IN THOUSANDS)		
Cash and cash equivalents.....	\$ 51,464	\$113,464
Working capital.....	39,334	59,469
Total assets.....	124,691	206,695
Short term debt.....	--	44,565
Stockholders' equity.....	55,885	93,324

	AS OF SEPTEMBER 30,				AS OF DECEMBER 31,		AS OF JUNE 30,	
	1991	1992	1993	1994	1994	1995	1995	1996
OTHER INFORMATION(/7/):								
Number of active distributors.....	--	33,000	106,000	152,000	170,000	236,000	200,000	384,000
Number of executive distributors.....	--	649	2,788	5,835	6,083	7,550	7,302	12,446

(1) The information for the year ended December 31, 1994 is not included in the Company's Combined Financial Statements included elsewhere in this Prospectus. Such information has been presented for comparative purposes.

(2) The unaudited pro forma income statement data reflects the Reorganization, the Offerings and the following adjustments as if such events had occurred on January 1, 1995: (i) the amortization over a 20 year period of a \$15.0 million payment to NSI for the exclusive rights to distribute NSI products in Thailand, Indonesia, Malaysia, the Philippines, the PRC, Singapore and Vietnam (the "License Fee"); (ii) the recognition by the Company of additional management charges of \$3.8 million per year relating to certain support services provided to the Company by NSI and an NSI affiliate, which costs were borne by NSI prior to the Reorganization; (iii) additional administrative and overhead costs of \$1.3 million per year as if the Company had operated as a public company; (iv) adjustments for U.S. Federal and state income taxes as if the Company had been taxed as a C corporation rather than an S corporation; and (v) interest expense of \$1.8 million relating to the issuance of \$59.6 million of interest bearing S distribution notes (the S Distribution Notes) due and payable within six months (8% interest per annum) to the Selling Stockholders in respect of the earned and undistributed taxable S corporation earnings at June 30, 1996, that would have been distributed had the Company's S corporation status been terminated on June 30, 1996.

(3) The pro forma financial statements do not reflect an estimated non-cash operating expense of \$ million in connection with the one-time grant of stock options at 25% of the initial public offering price to independent distributors (non-employees) of the Company in connection with the Offerings. These options will include conditions related to the achievement of performance goals and will vest in one year. The Company will record distributor stock incentive expense for these non-employee stock options. See "Certain Relationships and Related Transactions."

(4) Other income and expense for the year ended December 31, 1995, and for the six months ended June 30, 1995, includes increased interest expense of \$1.8 million relating to the issuance of \$59.6 million of S Distribution Notes.

(5) Computed based upon the number of shares of Common Stock outstanding giving effect to the Reorganization and the Offerings.

(6) The unaudited pro forma balance sheet data as of June 30, 1996, reflects (i) the sale of 4,750,000 shares of Class A Common Stock pursuant to the Offerings, (ii) the issuance of \$59.6 million of S Distribution Notes to the Selling Stockholders, (iii) a one-time payment of the \$15.0 million License Fee to NSI, (iv) a \$15.0 million partial payment of the S Distribution Notes from the proceeds of the Offerings, and (v) the recognition of a deferred tax asset of \$5.0 million relating to adjustments for U.S. Federal and state income taxes as if the Company had been taxed as a C corporation rather than as an S corporation since



inception. No adjustment has been made to give effect to the Company's earned and undistributed taxable S Corporation earnings for the period from July 1, 1996 through the S Termination Date. The Company anticipates the increase in the S Distribution Notes to be between approximately \$20.0 million and \$30.0 million. See "The Reorganization and S Corporation Distribution." The Company estimates that, at the Offerings, it will reserve between approximately \$40.0 million and \$50.0 million of cash on hand for repayment of the S Distribution Notes. The balance of the Notes will be repaid from cash generated by operations.

- (7) 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 a distributor who has submitted a qualifying letter of intent and achieved a specified personal and group sales volume for a four month period.

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 Combined Financial Statements and the related notes thereto included elsewhere in this Prospectus. See also "The Reorganization."

OVERVIEW

Nu Skin Asia Pacific is a rapidly growing network marketing company involved in the distribution and sale of premium quality, innovative personal care and nutritional products. The Company is the exclusive distribution vehicle for Nu Skin International, Inc. ("NSI") in the countries of Japan, Taiwan, Hong Kong (including Macau) and South Korea, where the Company currently has operations, and in Thailand, Indonesia, Malaysia, the Philippines, the PRC, Singapore and Vietnam, where operations have not commenced. Additionally, the Company supplies certain products to NSI affiliates in Australia and New Zealand. The Company's network of independent distributors has grown since inception to more than 375,000 active distributors as of June 30, 1996.

The Company has generated increased revenue each year since it commenced operations in September 1991 and has operated profitably each year since 1992. The Company's growth is primarily due to an increase in revenue from sales of personal care products, the introduction of nutritional products, an increase in the number of active distributors and the expansion of operations into new geographic markets.

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. The Company recognizes virtually all of its revenue when the Company ships products and sales materials to its distributors, which occurs after payment is received by the Company. Revenue is net of returns, which have historically been approximately 1.5% of gross sales. The following table sets forth revenue information for the time periods indicated.

COUNTRY	DATE OPERATIONS COMMENCED	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
		1993	1994	1995	1995	1996
(IN MILLIONS)						
Japan.....	April 1993	\$ 101.2	\$ 172.9	\$ 231.5	\$ 100.7	\$ 166.5
Taiwan.....	January 1992	38.6	79.2	105.4	48.3	67.6
South Korea.....	February 1996	--	--	--	--	43.4
Hong Kong.....	September 1991	14.3	10.9	17.1	7.5	8.1
Sales to NSI affiliates(/1/)	January 1993	8.5	1.4	4.6	1.6	2.1
Total revenue.....		\$ 162.6	\$ 264.4	\$ 358.6	\$ 158.1	\$ 287.7

(1) Includes revenue from the sale of certain products to NSI affiliates in Australia and New Zealand.

Revenue generated in Japan and Taiwan represented 57.9% and 23.5%, respectively, of total revenue generated during the six months ended June 30, 1996. Since the commencement of operations in February 1996, the Company's South Korean operations generated \$43.4 million of revenue, or 15.1% of total revenue for the six months ended June 30, 1996. Revenue generated in Hong Kong during the six months ended June 30, 1996 represented 2.8% of total Company revenue.

Cost of sales primarily consists of the cost of products purchased from NSI as well as customs duties related to the importation of such products. As the sales mix changes between product categories and from country to country, cost of sales and, accordingly, gross profit, will fluctuate.

Distributor incentives are the Company's most significant expense. Pursuant to the Operating Agreements with NSI, the Company is obligated to pay a fixed commission expense of 42% on product sales (except in South Korea, where, due to government regulations, the Company utilizes a different formula to satisfy this obligation). The Company satisfies this commission obligation by paying commissions owed to local distributors and settling the difference with NSI. 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 36.4% to 38.1% since September 30, 1993. Non-commissionable items consist of sales materials and starter kits as well as sales to NSI affiliates in Australia and New Zealand.

Selling, general and administrative expenses include wages and benefits, rents and utilities, travel and entertainment, promotion and advertising and professional fees, as well as license and management fees paid to NSI and Nu Skin International Management Group, Inc. ("NSIMG"). Pursuant to the Operating Agreements, the Company contracts for management support services from NSIMG, for which the Company pays a fee equal to an allocation of expenses plus 3%. In addition, the Company pays to NSI a license fee of 4% of the Company's revenues from sales to distributors (excluding sales of starter kits) for the use of NSI's distributor lists, distribution system and certain related intangibles.

Provision for income taxes is dependent on the statutory tax rates in each of the countries in which the Company operates. Historically, each of the Subsidiaries was only taxed in its local jurisdiction in accordance with relevant tax laws. Statutory tax rates in the countries in which the Company has operations are 16.5% in Hong Kong, 25.0% in Taiwan, 30.1% in South Korea and 57.9% in Japan. 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.

Upon the consummation of the Reorganization, the Company will be subject to taxation in the United States, where it is incorporated, at a statutory corporate federal tax rate of 35%. In addition, each Subsidiary will be subject to taxation in the country in which it operates. The Company will receive foreign tax credits for the amount of foreign taxes actually paid in a given period, which may be utilized to reduce taxes paid in the United States. 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 may 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.

RESULTS OF OPERATIONS

The following tables set forth (i) the results of operations and supplemental data, and (ii) operating results and supplemental data as a percentage of revenue, respectively, for the periods indicated.

	YEAR ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,	
	1993	1994	1994	1995	1995	1996
(IN MILLIONS)						
Revenue.....	\$110.6	\$254.6	\$264.4	\$358.6	\$ 158.1	\$ 287.7
Cost of sales.....	38.8	86.8	82.2	96.6	41.9	81.0
Gross profit.....	71.8	167.8	182.2	262.0	116.2	206.7
Operating expenses:						
Distributor incentives.....	40.3	95.7	101.4	135.7	60.2	107.0
Selling, general and adminis- trative.....	27.1	44.6	48.8	67.5	27.5	44.6
Operating income.....	4.4	27.5	32.0	58.8	28.5	55.1
Other income (expense), net....	.1	.4	(.4)	.5	.5	.6
Income before provision for income taxes.....	4.5	27.9	31.6	59.3	29.0	55.7
Provision for income taxes.....	.4	10.2	10.0	19.1	9.3	20.6
Net income.....	\$ 4.1	\$ 17.7	\$ 21.6	\$ 40.2	\$ 19.7	\$ 35.1
Unaudited supplemental da- ta(1/):						
Net income before pro forma provision for income taxes....	\$ 4.5	\$ 27.9	\$ 31.6	\$ 59.3	\$ 29.0	\$ 55.7
Pro forma provision for income taxes.....	1.5	10.4	11.5	22.8	11.1	20.4
Net income after pro forma provision for income taxes....	\$ 3.0	\$ 17.5	\$ 20.1	\$ 36.5	\$ 17.9	\$ 35.3

	YEAR ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,	
	1993	1994	1994	1995	1995	1996
Revenue.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales.....	35.1	34.1	31.1	26.9	26.5	28.1
Gross profit.....	64.9	65.9	68.9	73.1	73.5	71.9
Operating expenses:						
Distributor incentives... ..	36.4	37.6	38.4	37.8	38.1	37.2
Selling, general and ad- ministrative.....	24.5	17.5	18.4	18.8	17.4	15.5
Operating income.....	4.0	10.8	12.1	16.5	18.0	19.2
Other income (expense), net.....	.1	.2	(.1)	.1	.3	.2
Income before provision for income taxes.....	4.1	11.0	12.0	16.6	18.3	19.4
Provision for income taxes.....	.4	4.0	3.8	5.3	5.9	7.2
Net income.....	3.7%	7.0%	8.2%	11.3%	12.4%	12.2%
Unaudited supplemental da- ta(1/):						
Net income before pro forma provision for income tax- es.....	4.1%	11.0%	12.0%	16.6%	18.3%	19.4%
Pro forma provision for income taxes.....	1.4	4.1	4.3	6.4	7.0	7.1
Net income after pro forma provision for income tax- es.....	2.7%	6.9%	7.7%	10.2%	11.3%	12.3%

(1) Reflects adjustment for Federal and state income taxes as if the Company had been taxed as a C corporation rather than an S corporation.

SIX MONTHS ENDED JUNE 30, 1996 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 1995

REVENUE was \$287.7 million during the six months ended June 30, 1996, an increase of 82.0% from the revenue of \$158.1 million recorded during the same period in 1995. This increase is attributable to the following factors. First, revenue in Japan increased by \$65.8 million, or 65.3%, primarily as a result of the continued success of nutritional, color cosmetics and HairFitness products, which were introduced in October 1995. Second, revenue in Taiwan increased by \$19.3 million, or 40.0%, primarily as a result of the introduction of color cosmetics and other products, along with the opening of a new distribution center in Taichung, Taiwan. Third, in February 1996, Nu Skin Korea commenced operations and, through June 30, 1996, has generated revenue of \$43.4 million. Additionally, revenue in Hong Kong increased by \$0.6 million during the six months ended June 30, 1996 as compared to the same period in 1995.

GROSS PROFIT as a percentage of revenue was 71.9% and 73.5% during the six months ended June 30, 1996 and 1995, respectively. This decline is a result of the introduction of three nutritional products in Japan in October 1995 and the commencement of operations in South Korea in 1996. IDN products are generally subject to higher duties than other products marketed by the Company, which yields lower gross profit as a percentage of revenue. The commencement of operations in South Korea also impacted gross profit as a percentage of revenue due to South Korean regulations which result in higher prices on imported products than in other markets.

DISTRIBUTOR INCENTIVES as a percentage of total revenue declined from 38.1% for the six months ended June 30, 1995 to 37.2% for the same period in 1996. The primary reason for this decline was increased revenue from South Korea where local regulations limit the incentives which can be paid to South Korean distributors.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES as a percentage of revenue declined from 17.4% during the six months ended June 30, 1995 to 15.5% during the same period in 1996. This fluctuation was primarily due to economies of scale gained as the Company's revenue increased.

OPERATING INCOME during the six months ended June 30, 1996 increased to \$55.1 million, an increase of 93.3% from the \$28.5 million of operating income recorded during the same period in 1995. Operating income as a percentage of revenue increased from 18.0% to 19.2%. This increase was caused primarily by lower selling, general and administrative expenses as a percentage of revenue.

OTHER INCOME increased by \$0.1 million during the six months ended June 30, 1996 as compared to the same period in 1995.

PRO FORMA PROVISION FOR INCOME TAXES increased to \$20.4 million during the six months ended June 30, 1996 compared to \$11.1 million during the same period in 1995. The effective tax rate decreased to 36.6% in 1996 as compared to 38.3% for the same period in 1995. The Company generated excess foreign tax credits in 1995 which did not continue in 1996.

NET INCOME AFTER PRO FORMA PROVISION FOR INCOME TAXES increased by \$17.4 million to \$35.3 million during the six months ended June 30, 1996 compared to the \$17.9 million during the same period in 1995. Pro forma net income as a percentage of revenue increased to 12.3% for the six months ended June 30, 1996 as compared to 11.3% for the same period in 1995.

YEAR ENDED DECEMBER 31, 1995 COMPARED TO THE YEAR ENDED DECEMBER 31, 1994

REVENUE was \$358.6 million during the year ended December 31, 1995, an increase of 35.6% from the \$264.4 million of revenue recorded during 1994. This increase was due primarily to an increased number of active distributors in each market, which was the primary factor contributing to a \$58.6 million increase in revenue in Japan, a \$26.2 million increase in revenue in Taiwan and a \$6.2 million increase in revenue in Hong Kong. Nutritional products, color cosmetics products and a new line of HairFitness products were introduced in

Japan in the fourth quarter of 1995, accounting for \$25.0 million of the \$58.6 million increase. Revenue in Taiwan and Hong Kong increased as a result of a higher volume of sales of color cosmetics, which were introduced in late 1994, and other personal care products. Additionally, certain new product introductions by NSI affiliates in Australia and New Zealand led to a \$3.2 million increase in revenue.

GROSS PROFIT as a percentage of revenue increased from 68.9% in 1994 to 73.1% in 1995. The increase in gross profit resulted from a reduction in product costs on purchases from NSI and from other cost savings related to inventory shipping and handling.

DISTRIBUTOR INCENTIVES as a percentage of revenue decreased from 38.4% in 1994 to 37.8% in 1995. This decline was primarily attributable to an increase in revenue in 1995 from non-commissionable sales materials and sales to NSI affiliates.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES as a percentage of revenue increased to 18.8% during the year ended December 31, 1995, from 18.4% during 1994. This increase was primarily due to a one-time cost incurred in February 1995 in connection with moving the Company's Japanese facilities into a larger, more accessible office and distributor center in Tokyo, Japan.

OPERATING INCOME increased to \$58.8 million in 1995 from \$32.0 million in 1994, an increase of 83.7%. Operating income as a percentage of revenue increased to 16.5% from 12.1%. The increase was primarily the result of the product cost reductions discussed above.

OTHER INCOME increased by approximately \$0.9 million during 1995 as compared to 1994. This increase was primarily caused by the disposal of property and equipment related to a move to new facilities during 1994, and an increase in interest income generated through the short term investment of cash.

PRO FORMA PROVISION FOR INCOME TAXES increased to \$22.8 million during the year ended December 31, 1995 as compared to \$11.5 million for the same period in 1994. The effective tax rate was 38.4% in 1995 as compared to 36.4% in 1994.

NET INCOME AFTER PRO FORMA PROVISION FOR INCOME TAXES increased by \$16.4 million to \$36.5 million during the year ended December 31, 1995 as compared to \$20.1 million for the same period in 1994. Pro forma net income as a percentage of revenue increased to 10.2% during the year ended December 31, 1995 as compared to 7.7% for the same period in 1994.

YEAR ENDED SEPTEMBER 30, 1994, COMPARED TO THE YEAR ENDED SEPTEMBER 30, 1993

REVENUE for the year ended September 30, 1994, was \$254.6 million, an increase of 130.2% when compared to the \$110.6 million of revenue reported in 1993. This increase was largely due to the following three factors: (i) a \$113.6 million increase in revenue reflecting a full year of operations in Japan in fiscal year 1994 as compared to only six months of operations in fiscal year 1993; (ii) a \$33.2 million increase in revenue in Taiwan due to a growing number of active distributors purchasing the Company's products; and (iii) a \$2.3 million increase in revenue in Hong Kong. These increases were partially offset by a \$5.1 million decrease in revenues from sales to NSI affiliates in Australia and New Zealand.

GROSS PROFIT as a percentage of revenue increased slightly to 65.9% in fiscal year 1994 from 64.9% in fiscal year 1993. The increase in gross profit as a percentage of revenue was primarily due to changes in the sales mix.

DISTRIBUTOR INCENTIVES as a percentage of revenue increased to 37.6% during the year ended September 30, 1994, from 36.4% during the year ended September 30, 1993. This increase was primarily due to a decrease in non-commissionable sales to NSI affiliates in Australia and New Zealand which represented 6.7% of total revenue in fiscal year 1993 compared to less than 1.0% of total revenue in fiscal year 1994.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES as a percentage of revenue decreased to 17.5% during the year ended September 30, 1994, from 24.5% during the year ended September 30, 1993. This decrease in selling, general and administrative expenses as a percentage of revenue was the result of economies of scale obtained as revenue increased in Japan and Taiwan.

OPERATING INCOME during the year ended September 30, 1994, increased to \$27.5 million from \$4.4 million recorded during the year ended September 30, 1993. This increase was the combination of an increase in revenue and a decrease in selling, general, and administrative expenses.

OTHER INCOME increased by \$0.3 million during the year ended September 30, 1994 as compared to the same period in 1993.

PRO FORMA PROVISION FOR INCOME TAXES increased to \$10.4 million during the year ended December 31, 1994, as compared to \$1.5 million for the same period in 1993. The effective tax rate was 37.3% in 1994 compared to 33.3% in 1993.

NET INCOME AFTER PRO FORMA PROVISION FOR INCOME TAXES increased by \$14.5 million to \$17.5 million during the year ended December 31, 1994 as compared to \$3.0 million for the same period in 1993. Pro forma net income as a percentage of revenue increased to 6.9% for the year ended December 31, 1994 as compared to 2.7% for the same period in 1993.

#### UNAUDITED PRO FORMA COMBINED RESULTS OF OPERATIONS

As part of the Reorganization and Offerings, several actions will occur which will impact the comparability of the historical financial results for the Company with the future results of the Company. The following adjustments are reflected in the unaudited pro forma combined financial information set forth below and included elsewhere in this Prospectus: (i) the amortization over a 20 year period of a \$15.0 million payment to NSI for the exclusive rights to distribute NSI products in Thailand, Indonesia, Malaysia, the Philippines, the PRC, Singapore and Vietnam, (ii) the recognition by the Company of additional management charges of \$3.8 million per year relating to certain support services provided to the Company by NSIMG and NSI, which costs were borne by NSI prior to the Reorganization, (iii) additional administrative and overhead costs of \$1.3 million per year as if the Company had operated as a public company, (iv) increased interest expense of \$1.8 million relating to the issuance of \$59.6 million of S Distribution Notes due and payable within six months (8% interest per annum) to the Selling Stockholders in respect of the earned and undistributed taxable S corporation earnings at June 30, 1996 that would have been distributed had the Company's S corporation status been terminated on June 30, 1996, and (v) adjustments for U.S. Federal and state income taxes as if the Company had been taxed as a C corporation rather than an S corporation. The pro forma financial statements do not reflect an estimated non-cash operating expense of \$ million in connection with the one-time grant of stock options at 25% of the initial public offering price to independent distributors (non-employees) of the Company in connection with the Offerings. These options will include conditions related to the achievement of performance goals and will vest in one year. The Company will record distributor incentive stock expense for these non-employee stock options. See "Certain Relationships and Related Transactions."

The following table sets forth the percentage of revenue represented by the specific components of income and expense on a pro forma basis for the periods presented. See "Unaudited Pro Forma Combined Financial Statements" (including Notes thereto) included elsewhere in this Prospectus.

	FOR THE SIX MONTHS ENDED JUNE 30,		
	FOR THE YEAR ENDED DECEMBER 31, 1995	1995	1996
Revenue.....	100.0%	100.0%	100.0%
Cost of sales.....	26.9	26.5	28.1
Gross profit.....	73.1	73.5	71.9
Operating expenses:			
Distributor Incentives.....	37.8	38.1	37.2
Selling, general and administrative.....	20.4	19.2	16.5
Operating income.....	14.9	16.2	18.2
Other income (expense), net.....	(0.4)	(0.7)	0.2
Income before provision for income taxes.....	14.5	15.5	18.4
Provision for income taxes.....	5.7	5.9	6.7
Net income.....	8.8%	9.6%	11.7%

Upon the consummation of the Reorganization, the Company will be subject to taxation in the United States, where it is incorporated, at a statutory corporate federal tax rate of 35%. In addition, each Subsidiary will be subject to taxation in the country in which it operates. The Company will receive foreign tax credits for the amount of foreign taxes actually paid in a given period, which may be utilized to reduce taxes paid in the United States. 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.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company generates significant cash flow from operations. During the year ended December 31, 1995, cash provided by operations totaled \$65.0 million. As of June 30, 1996, the Company had cash and cash equivalents of \$51.5 million. As of June 30, 1996, the Subsidiaries' aggregate undistributed taxable S corporation earnings were \$59.6 million. The Company estimates that the Subsidiaries' aggregate undistributed taxable S corporation earnings will be between \$80.0 million and \$90.0 million as of the S Termination Date (which includes approximately \$20.0 million to \$30.0 million of the Company's earned and undistributed taxable S corporation earnings for the period from July 1, 1996 through the S Termination Date). The S Corporation Distribution will be distributed in the form of promissory notes due within six months of the S Termination Date bearing interest at 8% per annum (S Distribution Notes). Upon the consummation of the Offerings, approximately \$15.0 million of the proceeds from the Offerings will be used to pay a portion of the S Distribution Notes. The Company estimates that at the Offerings it will reserve between approximately \$40.0 million and \$50.0 million of cash on hand for repayment of the S Distribution Notes. The balance of the Notes will be repaid from cash generated by operations. On and after the S Termination Date, the Company will no longer be treated as an S corporation and, accordingly, will be fully subject to Federal and state income taxes. See "Management's Discussion and Analysis of Results of Operations--Liquidity and Capital Resources."

The Company is able to generate significant cash balances due to its rapid growth, high margins and minimal capital requirements. As of June 30, 1996, working capital was \$39.3 million compared to \$47.9 million



and \$26.7 million at December 31, 1995 and 1994, respectively. Cash and cash equivalents at June 30, 1996 were \$51.5 million compared to \$63.2 million and \$16.3 million at December 31, 1995 and 1994, respectively.

Historically, the Company's principal need for funds has been for distributor incentives, working capital (principally inventory purchases), 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. The Company did, however, rely upon borrowings from NSI in initially establishing operations in Japan, Taiwan and Hong Kong. Regulations in South Korea preclude borrowings from related entities, which led to the Company establishing an \$8.0 million line of credit to facilitate the opening of the South Korean market. As of June 30, 1996, all borrowings under the line of credit had been repaid, and no further borrowings under the line of credit are anticipated.

Capital expenditures, primarily for equipment, computer systems and software, office furniture and leasehold improvements, were \$2.9 million, \$5.4 million and \$1.7 million for the six months ended June 30, 1996, and the years ended December 31, 1995 and 1994, respectively. The Company anticipates additional capital expenditures of \$3.5 million to support growth through the end of 1996. In addition, the Company anticipates capital expenditures over the next two years of approximately \$22.0 million to further enhance its infrastructure, including computer systems and software, warehousing facilities and distributor centers in order to accommodate future growth.

Under the Operating Agreements with NSI, the Company incurs related party payables. The Company had related party payables of \$21.0 million, \$28.7 million and \$10.6 million at June 30, 1996, and December 31, 1995 and 1994, respectively. In addition, the Company had related party receivables of \$9.9 million, \$1.8 million and \$17.9 million, respectively, at those dates. NSI has the right to charge interest on balances outstanding in excess of 60 days at a rate of 2% above the U.S. prime rate. As of June 30, 1996, none of the related party payables or receivables had been outstanding for more than 60 days.

Management believes that the proceeds from the Offerings together with future cash flows from operations will be adequate to fund cash needs relating to the implementation of the Company's strategic plans, including opening new markets and funding the S Distribution Notes.

#### SEASONALITY AND CYCLICALITY

The Company's business is impacted by general seasonal trends common to the direct selling channel in Asia. Seasonal fluctuations experienced by the Company have generally been related to the occurrence of major cultural events and vacation patterns in each of the Company's markets. For example, the Company has historically experienced a decline in revenue in Japan, Taiwan and Hong Kong during the local New Year celebrations, which fall in the Company's first quarter. Management also anticipates a decline in revenue for the first quarter in South Korea, when a similar New Year celebration occurs. In Japan, the Company has also historically experienced a decline in revenue during August, when many of the local distributors traditionally take vacations.

The Company's results of operations have been subject to cyclical variations. Generally, the Company has experienced rapid revenue growth in each new market from the commencement of operations. In Japan, Taiwan and Hong Kong, the initial rapid revenue 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 addition, the Company has also experienced variations on a quarterly basis in its results of operations, as new products are introduced and new markets are opened. No assurances can be given that the Company's revenue growth rate in South Korea, which commenced operations in February 1996, or in new markets where operations have not commenced, will follow this pattern.

QUARTERLY RESULTS

The following table sets forth certain unaudited quarterly data for the periods shown.

	YEAR ENDED DECEMBER 31, 1995				YEAR ENDED DECEMBER 31, 1996	
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER(/1/)	1ST QUARTER(/2/)	2ND QUARTER
	(IN MILLIONS)					
Revenue.....	\$77.7	\$80.5	\$83.3	\$117.2	\$124.2	\$163.5
Gross profit.....	57.3	59.7	61.0	83.9	89.4	117.4
Operating income.....	13.5	15.0	12.7	17.6	23.2	31.9

(1) LifePak, Nu Colour and HairFitness products were introduced in Japan during October of 1995.

(2) The Company commenced operations in South Korea in February of 1996.

CURRENCY FLUCTUATION AND EXCHANGE RATE INFORMATION

The Company purchases inventory from NSI in U.S. dollars and assumes currency exchange rate risk with respect to such purchases. Local currency in Japan, Taiwan, Hong Kong and South Korea is generally used to settle non-inventory transactions with NSI. It is anticipated that the Company will transact its business in new markets with NSI in a similar manner, as permitted by local regulations. 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. The Company is not a party to material foreign currency hedging transactions and does not anticipate engaging in significant currency hedging transactions in the future.

INFLATION

In general, costs are affected by inflation and the effects of inflation may be experienced by the Company in future periods. Management believes, however, that such effects have not been material to the Company during the periods presented. Certain of the countries in which the Company operates have experienced significant inflation in the past. Although to date this inflation has not had a material effect on the Company's results of operations, there can be no assurance that inflation will not in the future so affect results of operations.

## BUSINESS

### GENERAL

Nu Skin Asia Pacific is a rapidly growing network marketing company involved in the distribution and sale of premium quality, innovative personal care and nutritional products. The Company is the exclusive distribution vehicle for Nu Skin International, Inc. in the countries of Japan, Taiwan, Hong Kong (including Macau) and South Korea, where the Company currently has operations, and in Thailand, Indonesia, Malaysia, the Philippines, the PRC, Indonesia, Singapore and Vietnam, where operations have not yet commenced.

The Company is one of the fastest growing network marketing companies in Asia. Revenue increased 82.0% to \$287.7 million for the six months ended June 30, 1996 from \$158.1 million for the same period in 1995. Net income increased 78.2% to \$35.1 million for the six months ended June 30, 1996 from \$19.7 million for the same period in 1995. Revenue increased 35.6% to \$358.6 million for the year ended December 31, 1995 from \$264.4 million in 1994. Net income increased 86.1% to \$40.2 million for the year ended December 31, 1995 from \$21.6 million in 1994. The Company's network of independent distributors has grown since inception in 1991 to more than 375,000 active distributors as of June 30, 1996.

The Company's product philosophy is to combine the best of science and nature in developing premium quality, innovative personal care and nutritional products which are specifically designed for the network marketing distribution channel. The Company offers products in two distinct categories: personal care products, marketed under the trademark "Nu Skin," and nutritional products, marketed under the trademark "Interior Design Nutritionals" (IDN). The Nu Skin personal care product lines include facial care, body care, hair care and color cosmetics, as well as specialty products such as sun protection, oral hygiene and fragrances. The IDN product lines include nutritional supplements, weight management products and nutritious snacks, and sports nutrition products.

In Japan, Taiwan and Hong Kong, the Company currently offers most of NSI's personal care products and approximately one-third of NSI's nutritional products. In South Korea, the Company currently offers one-third of NSI's personal care products and none of the nutritional products. The Company believes that it can significantly grow its business and attract new customers by expanding its product offerings in each of its markets to include more of NSI's existing personal care and nutritional products. In addition to expanding its product offerings with existing NSI products, the Company intends to introduce new products tailored to specific markets.

The distribution of products through the network marketing and other direct selling channels has grown significantly in recent years. The WFDSA reports that, since 1990, worldwide direct distribution of goods and services to consumers has increased 60%, resulting in the sale of over \$72 billion of goods and services in 1995. According to the WFDSA, \$34 billion of goods and services were sold by its members in 1995 through direct selling channels in the markets in which the Company operates, which represents 47% of the global volume of direct sales.

### OPERATING STRENGTHS

The Company believes that its success is due to its commitment to provide a wide range of premium quality, innovative personal care and nutritional products and an appealing global business opportunity for persons interested in establishing a direct sales business. The Company has been able to achieve rapid, sustained and profitable growth by capitalizing on the following operating strengths:

**PREMIUM PRODUCT OFFERINGS.** The Company is committed to building its brand name and distributor and customer loyalty by selling premium quality, innovative personal care and nutritional products that appeal to broad markets. This commitment is illustrated by the Company's personal care products slogan "All of the Good and None of the Bad" and its nutritional products slogan "Adding Life to Years." The Company offers products designed for the direct selling channel by focusing on innovative consumable products which build loyalty and

lead to repeat purchases. Management believes that the Company's focus on innovative products supports its distributors' demonstrative and educational sales techniques.

**GLOBAL DISTRIBUTOR COMPENSATION PLAN.** The strength of the Global Compensation Plan is its seamless integration across all markets in which NSI products are sold. By entering into international sponsoring agreements with NSI, distributors are authorized to sponsor new distributors in each country where NSI or the Company has operations. This allows distributors to receive commissions for sales at the same rate for sales in foreign countries as for sales in their home country. This is a significant benefit to distributors 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. The seamless integration of the Global Compensation Plan means that distributor knowledge and experience can be used to rapidly build distributor leadership in new markets.

**HIGH LEVEL OF DISTRIBUTOR INCENTIVES.** 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 each product sale which can result in commissions to distributors aggregating up to 58% of such product's wholesale price. On a global basis, however, commissions have averaged from 40% to 42% of revenue from commissionable sales over the last seven years.

**NEW MARKET DEVELOPMENT PROGRAM.** The Company has developed a low cost, disciplined approach to opening new markets. Each market opening is preceded by a thorough analysis of economic and political conditions, regulatory standards and other business, tax and legal issues. Prior to a market opening, the Company's management team, in conjunction with NSI support personnel, local legal counsel and tax advisors, works to obtain all necessary regulatory approvals and establish facilities capable of meeting distributor needs. This marked development approach, combined with the Global Compensation Plan, which motivates distributors to train and sponsor other distributors to sell products in new markets, has enabled the Company to quickly and successfully open new markets. See "Risk Factors--Entering New Markets."

**DISTRIBUTOR SUPPORT PROGRAMS.** The Company is committed to providing a high level of 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. The Company provides walk-in, telephonic and computerized product fulfillment and tracking services that result in user-friendly, timely product distribution. Each walk-in center maintains meeting rooms which distributors may utilize in training and sponsoring activities.

**RELATIONSHIP WITH NSI.** NSI, founded in 1984 and based in Provo, Utah, is engaged in selling personal care and nutritional products and, together with its affiliates, comprises one of the largest network marketing organizations in the world. NSI has provided, and will continue to provide, a high level of support services to the Company, including product development, marketing and other managerial support services. Management believes that the Company's relationship with NSI has allowed the Company to increase revenue and net income at rates that otherwise may not have been possible. See "Risk Factors--Relationship with and Reliance on NSI; Potential Conflict of Interest."

**EXPERIENCED MANAGEMENT TEAM.** The Company's senior management team, members of which founded NSI, has been instrumental in successfully managing the growth in revenue and net income experienced by the Company to date. The Company has also attracted experienced local general managers to oversee operations in Japan, Taiwan, Hong Kong and South Korea.

#### GROWTH STRATEGY

The Company's primary objective is to capitalize on its operating strengths to become a leading distributor of consumer products in each of its markets. Specifically, the Company's strategy to increase revenue and net income is as follows:

**INTRODUCE NEW PRODUCTS.** Because new products tend to increase sales by existing distributors and attract new distributors, the Company intends to continue introducing existing and new NSI products. For example, LifePak, the Company's most successful nutritional product, is currently available only in Japan, where, after being introduced in 1995, it has grown to represent approximately 20% of revenue. The Company intends, subject to regulatory approval, to introduce LifePak in Taiwan in late 1996 and in Hong Kong in 1997. In addition, the Company expects to launch Epoch, a new line of ethnobotanical personal care products, in all markets by mid-1997. The Company also intends to introduce products tailored to specific demographic and geographic market segments and will consider introducing entirely new product categories in the future.

**OPEN NEW MARKETS.** The Company will continue to pursue attractive new market opportunities. Thailand is the next country in which the Company intends to commence operations, subject to receipt of necessary government approvals. The Company's preparatory work for Thailand is currently ongoing. In addition, the Company has conducted preliminary investigations on the feasibility of commencing operations in Indonesia, Malaysia, the Philippines, the PRC, Singapore and Vietnam. The Company believes that these countries may represent significant markets for the future expansion of its operations. See "Risk Factors--Entering New Markets."

**ATTRACT, RETAIN AND ENHANCE PRODUCTIVITY OF DISTRIBUTORS.** To date, the Company has enjoyed significant growth in the number of its active distributors (defined as those distributors which have purchased products from the Company during the previous three months). By leveraging its operating strengths, the Company intends to continue to create and maintain a business climate to promote the growth in the number of active distributors and to increase distributor retention, motivation and productivity. In addition, the Company will pursue growth in the number of active distributors by continuing to work with NSI to enhance the Global Compensation Plan, selectively opening new distributor walk-in centers to provide a local presence in additional key cities, enhancing distributor recognition programs, and targeting inactive distributors who may still have an interest in the Company's business opportunity or products.

**INCREASE PRODUCT CONSUMPTION.** The Company intends to increase sales to new and existing consumers through (i) increasing product promotions in marketing literature, (ii) increasing the availability of sample packages, (iii) emphasizing product "systems," such as the HairFitness system of various shampoos and conditioners, which leads to the purchase of multiple products rather than a single product, and (iv) implementing an automatic reordering system which is designed to result in convenient repeat purchases.

#### INDUSTRY OVERVIEW

The distribution of products through the network marketing and other direct selling channels has grown dramatically in recent years. The WFDSA reports that, since 1990, worldwide direct distribution of goods and services to consumers has increased 60%, resulting in the sale of over \$72 billion of goods and services in 1995. According to the WFDSA, \$34 billion of goods and services were sold by its members in 1995 through direct selling channels in the markets in which the Company currently operates, which represents 47% of the global volume of direct sales. The Company believes that extended family relationships, the family culture and the extended social networks common in Asian countries are particularly well suited to the Company's network marketing methods. The Company also believes that a variety of recent social and economic changes which have occurred throughout Asia have had a positive impact on the Company's revenues and net income. Trends that have benefited the Company include the emergence of a greater interest on the part of some Asians in pursuing more independent entrepreneurial activities outside traditional business settings, an increase in the number of Asian women joining the work force and an increase in the number of Asians seeking supplemental income from alternative sources.

The Asian retail market is generally characterized by fragmented distribution and numerous small retailers who may have only limited knowledge of the products they sell and may not be able to effectively demonstrate their products to customers. In Japan, these problems are further exacerbated by the multi-tiered, traditional Japanese distribution system which has proven difficult for many foreign manufacturers to penetrate. Outside of

Japan, the general lack of a developed distribution infrastructure throughout Asia has fostered and encouraged the growth of direct selling as a significant distribution channel. Given this environment, the Company believes that the high level of personal service provided by direct selling companies, including convenient in-home demonstrations, easy-access product ordering, timely delivery and product return policies, provides additional value to consumers. In addition, rapidly growing Asian economies and a growing demand in Asia for Western brand name products has fueled the growth and demand for high quality consumer products.

#### COUNTRY PROFILES

The following table sets forth the Company's revenue and the total number of active distributors for each of the countries in which the Company currently operates for the years ended December 31, 1994 and 1995 and for the six months ended June 30, 1996.

COUNTRY	YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED
	1994	1995	JUNE 30, 1996
(DOLLARS IN THOUSANDS)			
Revenue:			
Japan.....	\$ 172,960	\$ 231,540	\$166,513
Taiwan.....	79,219	105,415	67,561
Hong Kong.....	10,880	17,046	8,093
South Korea(/1/)	--	--	43,407
Total(/2/)	\$ 263,059	\$ 354,001	\$285,574
Active Distributors(/3/)(/4/):			
Japan.....	106,000	147,000	195,000
Taiwan.....	53,000	75,000	93,000
Hong Kong.....	11,000	14,000	14,000
South Korea(/1/)	--	--	82,000
Total.....	170,000	236,000	384,000

(1) The Company commenced operations in South Korea in February 1996.

(2) Does not include sales of certain products to NSI affiliates in Australia and New Zealand of \$1.4 million, \$4.6 million and \$2.1 million in 1994, 1995 and the first six months of 1996, respectively.

(3) "Active Distributors" include only those distributors who purchased products from the Company during the three months ended as of the date indicated.

(4) Numbers are rounded to the nearest thousand.

The following table sets forth certain estimated economic and demographic data regarding the Company's markets:

COUNTRY	1995 POPULATION (IN MILLIONS)	1995 GDP (IN BILLIONS OF \$)	1995 GDP PER CAPITA (IN \$)	REAL GDP GROWTH 1995/1994(%)
Japan.....	125.3	\$4,645.5	\$37,672	0.9%
Taiwan.....	21.2	259.9	13,403	6.1
Hong Kong.....	6.2	144.3	26,442	5.0
South Korea.....	44.9	446.4	11,422	8.1

Source: World Information Sources; Country Data Forecasts March, 1996.

JAPAN. The Company, through its subsidiary Nu Skin Japan, commenced operations in Japan in April 1993. According to the WFDSA, the direct selling channel in Japan generated sales of approximately \$30 billion of goods and services in 1995, 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.

To date, the Company has experienced significant growth in Japan, where revenue increased 34% in 1995 compared to 1994 and has continued to grow at 44% on an annualized basis for the six months ended June 30, 1996. Significant revenue was recognized from the outset of the Company's operations in Japan due to the immediate attention given to the market by leading NSI distributors from around the world. A great deal of the Company's success to date can be directly attributed to the growth of its Japanese business in recent years. Furthermore, given the size of the Japanese market, management believes that there is significant opportunity for expansion of its market share. Nu Skin Japan currently offers 50 of the 80 NSI personal care products and 9 of the 30 IDN products, including LifePak, the core IDN product. Additionally, Nu Skin Japan offers 11 personal care products that are manufactured in Japan and are specifically targeted to the Japanese market.

In support of the Company's growth strategy, Nu Skin Japan intends to (i) focus on internal country development by opening offices in additional Japanese cities, thereby increasing consumer awareness and enhancing the Company's image; (ii) expand development capacity to develop more products that are particularly suited to the Japanese market; and (iii) enhance corporate support of distributors by upgrading information technology resources.

TAIWAN. The Company, through its subsidiary Nu Skin Taiwan, commenced operations in Taiwan in January 1992. According to the WFDSA, the direct selling channel in Taiwan generated approximately \$2 billion in sales of goods and services in 1995, of which 43% were nutritional products. Currently, two million people (approximately 10% of the population) are estimated to be involved in direct selling.

Revenue growth in Taiwan has averaged 52% on an annualized basis since 1992. The Company believes that the recent increase in sales is primarily due to (i) the opening of walk-in centers in Kaohsiung and Taichung; (ii) increased distributor training and recognition; and (iii) increased product offerings. Based on information provided by the Taiwan Direct Selling Association, Nu Skin Taiwan is the third largest direct selling business in Taiwan. Management believes that Nu Skin Taiwan has captured approximately 31% and 1% of the market for personal care products and nutritional supplements, respectively, sold through the direct selling channel. Nu Skin Taiwan currently offers 55 of the 80 NSI personal care products and 7 of the 30 IDN products.

In support of the Company's growth strategy, Nu Skin Taiwan intends to (i) capitalize on the size of the nutritional supplements market by expanding the current product offerings in Taiwan to include additional NSI products, in particular LifePak, which, subject to regulatory approval, is scheduled for introduction in Taiwan by the end of 1996, (ii) focus more resources on product development specifically for the Taiwanese market, (iii) add additional walk-in distribution and distributor support centers in additional major cities, and (iv) enhance corporate support of distributors by upgrading information technology resources.

HONG KONG. The Company, through its subsidiary Nu Skin Hong Kong, commenced operations in Hong Kong in September 1991. According to the WFDSA, the direct selling channel in Hong Kong generated approximately \$78 million in sales of goods and services in 1995. Hong Kong represents an important market in the structure of the Asian region because it serves as the location of the Company's regional office and is an important base of operations for many of the Company's most successful distributors, whose downline distributor networks extend into other Asian markets. Nu Skin Hong Kong currently offers 69 of the 80 NSI personal care products and 13 of the 30 IDN products.

Hong Kong is currently a British Crown Colony and is scheduled to become a Special Administrative Region ("SAR") of the PRC effective July 1, 1997. The further integration of the Hong Kong economy and political system with the economy and political system of the PRC could have an impact on the Company's business in Hong Kong. See "Risk Factors--Possible Adverse Effect on the Company of a Change in the Status of Hong Kong."

In February 1995, Macau, a Portuguese colony scheduled to become an SAR of the PRC in 1999, was opened as a new market. Revenue figures for Macau are combined with those of Hong Kong. Macau represents the smallest of the Company's markets in population, with just under 500,000 residents. The Company's Macau office works under the direction of Nu Skin Hong Kong.

In support of the Company's growth strategy, Nu Skin Hong Kong intends to (i) promote distributor growth, retention and leadership development through local initiatives such as a recently opened "distributor business center," which provides offices for distributors to rent, at cost, from which they can conduct business; (ii) seek regulatory approvals for the introduction of LifePak; which is not yet available in Hong Kong, and (iii) stimulate purchases from inactive distributors through direct mail campaigns.

SOUTH KOREA. The Company, through its subsidiary Nu Skin Korea, commenced operations in South Korea in February 1996. According to the WFDSA, the direct selling channel in South Korea generated approximately \$1.7 billion in sales of goods and services in 1995.

The Company's sales in South Korea exceeded \$43 million through June 30, 1996, making the Company the second largest direct seller in the country. Nu Skin Korea currently offers 26 of the 80 NSI personal care products and none of the IDN products. Nu Skin Korea was among the first foreign-owned firms to register and begin operations under the new direct selling legislation implemented in 1995. Management believes that significant competition will soon enter the South Korean market. See "Risk Factors--Competition" and "--Competition."

In support of the Company's growth strategy, Nu Skin Korea intends to (i) continue to add products from NSI's personal care product line to stimulate new sales; (ii) seek regulatory approvals for the introduction of IDN products; (iii) continue to develop an infrastructure to support a rapidly growing distributor base, including, but not limited to, adding additional walk-in centers in major South Korean cities; and (iv) promote the development of local distributor leadership.

#### NEW MARKET OPPORTUNITIES

The Company has developed a low cost, disciplined approach to opening new markets. Each market opening is preceded by a thorough analysis of economic and political conditions, regulatory standards and other business, tax and legal issues. Prior to a market opening, the Company's management team, in conjunction with NSI support personnel, local legal counsel and tax advisors, works to obtain all necessary regulatory approvals and establish facilities capable of meeting distributor needs. This approach, combined with the Global Compensation Plan, which motivates distributors to sponsor and train other distributors to sell products in new markets, has enabled the Company to quickly and successfully open new markets.

The Company, as a matter of policy, does not announce the timing of its opening of new markets. However, the Company has announced that its next new market expansion efforts will be in Thailand and anticipates opening this market upon receipt of all final government approvals. In addition to Thailand, the Company is the exclusive distributor of NSI products in Indonesia, Malaysia, the Philippines, the PRC, Singapore and Vietnam. The Company believes that these countries collectively represent significant markets for future expansion. There are, however, significant risks and uncertainties associated with this expansion. See "Risk Factors--Entering New Markets."

The following table sets forth certain economic and demographic data regarding the countries for which the Company has an exclusive license but in which the Company has not commenced operations.

COUNTRY	1995 POPULATION (IN MILLIONS)	1995 GDP (IN BILLIONS OF \$)	1995 GDP PER CAPITA (IN \$)	REAL GDP GROWTH 1995/1994
Thailand.....	60.7	\$ 162.7	\$ 3,033	8.6%
Indonesia.....	203.1	196.4	1,066	8.0%
Malaysia.....	20.0	86.5	4,826	9.6%
Philippines.....	68.9	74.6	1,186	4.8%
PRC.....	1,227.0	673.5	680	10.2%
Singapore.....	3.0	79.2	29,573	8.9%
Vietnam.....	74.7	22.8	379	9.5%

Source: World Information Services; Country Data Forecasts March, 1996



THAILAND. According to the WFDSA, direct sales in 1995 totaled \$562 million in Thailand. This makes Thailand the sixteenth largest direct selling market worldwide. In opening the Thailand market, the Company does not anticipate a material departure from its traditional business model.

INDONESIA. Indonesia has experienced a recent emphasis on deregulation and private enterprise and an average annual growth in GDP of 6% from 1985 to 1994. The Indonesian Direct Selling Association reports that there are 600,000 participants in direct selling in the country. Management believes that the combination of the above factors creates an attractive opportunity for expansion.

MALAYSIA. According to the WFDSA, more than \$640 million in goods and services were sold through the direct selling channel in Malaysia in 1995. There are currently several direct selling companies operating in Malaysia. In October 1995, the Company's business permit applications were denied by the Malaysian government as the result of activities by certain NSI distributors before required government approvals could be secured. See "Risk Factors--Reliance Upon Independent Distributors of NSI; Effect of Adverse Publicity." Management is reevaluating the time frame in which it will reapproach the Malaysian market.

PHILIPPINES. Even though the per capita GDP in the Philippines is low, the Company believes that there is demand for premium personal care and nutrition products, especially near Manila, the capital city, which, in 1995, had a population of 11 million. Management believes that nearly \$500 million of goods and services are sold annually through the direct selling channel and that more than 20 international direct selling companies currently operating in the Philippines.

PRC. With the PRC's large population and the Company's success in the neighboring and Chinese-speaking countries of Hong Kong and Taiwan, management believes that the PRC will be an attractive market for the Company. The PRC government and local jurisdictions have recently initiated rules and regulations for network marketing companies. The Company believes that it will be able to comply with these regulations in operating a network marketing business in the PRC. See "Risk Factors--Reliance Upon Independent Distributors of NSI; Effect of Adverse Publicity."

SINGAPORE. In Singapore, relatively high levels of GDP per capita indicate that the country enjoys strong consumer buying power and a dynamic market structure similar to Hong Kong. Although direct selling activities are permitted, currently network marketing is not allowed in Singapore. See "Risk Factors--Entering New Markets."

VIETNAM. The Company believes that there is little or no direct selling activity in Vietnam. However, the country is moving towards a market-based economy and has recently adopted a freely convertible currency. The Company anticipates that the increase in free enterprise will help to develop the direct selling channel.

#### 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 retail sale or personal consumption. Pursuant to the Global Compensation Plan, products are sold exclusively to or through independent distributors who are not employees of the Company or NSI. Distributors contract directly with NSI, and NSI makes such distributors available to the Company through Licensing and Sales Agreements. See "--Relationship with NSI" and "Certain Relationships and Related Transactions."

Network marketing is an effective vehicle to distribute the Company's products because (i) a consumer can be educated about a product in person by a distributor, which is more direct than the use of television and print advertisements; (ii) direct sales allow for actual product testing by a potential consumer; (iii) the impact of distributor and consumer testimonials is enhanced; and (iv) as compared to other distribution methods, distributors can give customers higher levels of service and attention, by, among other things, delivering products to a consumer's home and following up on sales to ensure proper product usage, customer satisfaction, and to encourage repeat purchases. Under most network marketing systems, independent distributors purchase products either for resale or for personal consumption.

Direct selling as a distribution channel has been enhanced in the past decade due to advancements in communications, including telecommunications, and the proliferation of the use of videos and fax machines. Direct selling companies can now produce high quality videos for use in product education, demonstrations and sponsoring sessions that project a desired image for the Company and the product line. Management believes that high quality sales aids play an important role in the success of distributor efforts. For this reason, NSI 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. These facilities and expertise are available for the Company's use. Management is committed to fully utilizing current and future technological advances to continue enhancing the effectiveness of direct selling.

NSI's network marketing program differs from many other network marketing programs in several respects. First, the Global Compensation Plan allows NSI distributors to develop a seamless global network of downline distributors. Second, NSI'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 40% to 42% of revenue from commissionable sales over the last seven years.

**SPONSORING.** The Company relies solely on its distributor force 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.

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, they create additional levels in the structure, but their downline distributors remain part of the same distribution line as their original sponsors. See "Risk Factors--Concentration of Distributors; Reliance on Distributor Networks."

Sponsoring activities are not required of distributors. However, because of the financial incentives provided to those who succeed in building a distributor network, 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 where Company products are presented and where 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 NSI which obligates the distributor to abide by NSI'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 Japan, Taiwan and Hong Kong, distributors are also required to purchase a starter kit, which includes NSI's policies and procedures, for between \$55 and \$85, which essentially represents the cost of producing the starter kit, and active distributors are required to pay the Company an Annual Materials Fee ("AMF") of up to \$35 to cover the cost of newsletters, magazines and updates that are mailed regularly to them. In South Korea, due to local regulations, distributors are not required to purchase a starter kit, and active distributors are not required to pay an AMF.

**GLOBAL COMPENSATION PLAN.** One of the Company's key competitive advantages is the Global Compensation Plan, which it licenses from NSI. The Global Compensation Plan is seamlessly integrated across all markets in which NSI products are sold. This seamless integration means that the Company's distributor base has global reach and that the knowledge and experience resident in current distributors can be used to build

distributor leadership in new markets. By entering into international sponsoring agreements with NSI, distributors are authorized to sponsor new distributors in each country where NSI or the Company has operations. These countries currently include the U.S., the United Kingdom, Puerto Rico, Canada, Taiwan, Hong Kong (including Macau), Japan, South Korea, Australia, New Zealand, Ireland, Germany, France, the Netherlands, Belgium, Italy, Spain, Mexico and Guatemala. This allows distributors to receive commissions at the same rate for sales in foreign countries as for sales in their home country. This is a significant benefit to distributors 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. Under the Global Compensation Plan, a distributor is paid consolidated monthly commissions in the distributor's home country, in local currency, for product sales in that distributor's global downline distributor network. Current and future distributor lists have been licensed by NSI to the Company, pursuant to Licensing and Sales Agreements. See "--Relationship with NSI" and "Certain Relationships and Related Transactions."

The Global Compensation Plan allows an individual the opportunity to develop a business, the success of which is based upon that individual's level of commitment, time, enthusiasm, personal skills, contacts, and motivation. For many, a distributorship is a very small business, in which products may be purchased primarily for personal consumption and for resale to relatively few customers. For others, a distributorship becomes a full-time occupation.

**HIGH LEVEL OF DISTRIBUTOR INCENTIVES.** 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 such product's wholesale price. On a global basis, however, commissions have averaged from 40% to 42% of revenue from commissionable sales for each of the last seven years.

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 ("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 each month. 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 distributorships 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

EXECUTIVE DISTRIBUTORS	AS OF DECEMBER 31,				AS OF
	1992	1993	1994	1995	JUNE 30, 1996
Japan.....	--	2,459	3,613	4,017	7,422
Taiwan.....	551	1,170	2,093	3,014	3,685
Hong Kong.....	164	275	377	519	507
South Korea.....	--	--	--	--	832
Total.....	715	3,904	6,083	7,550	12,446

On a monthly basis, the Company and NSI evaluate requests for exemptions to the Global Compensation Plan to determine whether technical exemptions should be granted. 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 appropriate recommendations are made to NSI.

**DISTRIBUTOR SUPPORT.** The Company is committed to providing a high level of 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.** NSI'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. Distributors are independent contractors and are thus prohibited from representing themselves as agents or employees of NSI or 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. 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 NSI and the Company conduct business and are not allowed to export products from one country to another. Prior to the commencement of Company operations in a new country, distributor activity is restricted to discussions of the product line and business opportunity with personal acquaintances.

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

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 either the Company or the NSI names) may be placed in accordance with certain guidelines in some countries. NSI logos and names may not be permanently displayed on physical premises. Distributors may not use NSI trademarks or other intellectual property of NSI without NSI's consent.

Products may not be sold, and the business opportunity may not be promoted, in traditional retail environments such as food markets, pharmacies and drugstores. Nor may business be conducted 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, distributors can receive commission bonuses only if, on a monthly basis (i) the distributor achieves at least 100 points (approximately U.S. \$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.

If NSI 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. Distributors may voluntarily terminate their distributorship at any time.

**PAYMENT.** Distributors pay for products prior to or shortly after shipment. Accordingly, the Company carries minimal accounts receivable. Distributors pay for products in one of several ways. Cash, which represents a large portion of all payments, is received by order takers in the distribution center when orders are personally picked up by a distributor. In addition, in Japan cash is sent through the mail using a postal cash envelope. The Company also accepts payment through the use of credit cards. This method of payment is very popular in Hong Kong and Taiwan and is expected to increase in popularity in South Korea. Another form of payment utilized in Japan is a Tososhin card, which is essentially a distributor credit card utilized to place orders. Bank wire transfers are also popular throughout Asia, particularly in Japan.

PRODUCT SUMMARY

The Company offers products in two distinct categories: personal care products, marketed under the trademark "Nu Skin," and nutritional products, marketed under the trademark "Interior Design Nutritionals" (IDN). The Company is entitled to distribute NSI products in specified Asian countries pursuant to a Regional Distribution Agreement. See "--Relationship with NSI." NSI markets 80 different personal care and 30 different nutritional products, of which 69 and 13, respectively, are available in the Company's current markets. Nearly all products sold by the Company are purchased from NSI, with the exception of a line of 11 personal care products which are produced locally in Japan. In addition to products, the Company offers a variety of sales aids, including items such as starter kits, introductory kits, brochures, product catalogs, videotape and personal care accessories.

The following chart indicates how many of the NSI personal care and IDN products available as of June 30, 1996, in each of the Company's current markets.

PERSONAL CARE AND IDN PRODUCT OFFERINGS

PRODUCT CATEGORIES /PRODUCT LINES	TOTAL PRODUCTS OFFERED IN THE CURRENT COUNTRIES				
	OFFERED BY NSI	JAPAN	TAIWAN	HONG KONG	SOUTH KOREA
Personal Care:					
Facial Care.....	17	10(1/1)	13	15	9
Body Care.....	12	9	9	12	7
Hair Care.....	14	13	13	13	10
Color Cosmetics.....	11	10	10	10	-
Specialty.....	26	8	10	19	-
Total.....	80	50	55	69	26
IDN:					
Nutritional Supplements..	18	7	5	10	-
Weight Management Products and Nutritious Snacks.....	8	1	2	3	-
Sports Nutrition.....	4	1	-	-	-
Total.....	30	9	7	13	-

(1) In Japan, the Company also sells 11 locally sourced facial care products.

Presented below are the dollar amount and percentage of revenue of each of the two product categories and other sales aid revenue for the years ended December 31, 1994 and 1995, and for the six months ended June 30, 1996.

REVENUE BY PRODUCT CATEGORY

PRODUCT CATEGORY	YEAR ENDED DECEMBER 31, 1994		YEAR ENDED DECEMBER 31, 1995		SIX MONTHS ENDED JUNE 30, 1996	
	\$	%	\$	%	\$	%
(DOLLARS IN THOUSANDS)						
Personal care.....	\$ 241,188	91.2%	\$ 308,145	85.9%	\$ 213,707	74.3%
Nutritional.....	5,464	2.1	16,298	4.5	51,065	17.7
Sales aids.....	17,788	6.7	34,166	9.6	22,939	8.0
Total.....	\$ 264,440	100.0%	\$ 358,609	100.0%	\$ 287,711	100.0%

## PERSONAL CARE PRODUCTS

The Company's current personal care products category is divided into the following lines: facial care, body care, hair care and color cosmetics, as well as specialty products, such as sun protection, oral hygiene and fragrances. Each of the Subsidiaries markets a variety of the 80 personal care products currently offered by NSI. The Company also offers product sets that include a 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, where distributors and consumers are anxious to purchase a variety of products, and during holiday and gift giving seasons in each market. The Company anticipates the introduction of additional personal care products into each market, based on the likelihood of the particular product's success in the market as well as applicable regulatory approvals.

The personal care products offered in Taiwan and Hong Kong are substantially the same formulations of the products offered by NSI in the U.S. In Japan and South Korea, however, most of the products have been reformulated to satisfy certain regulatory requirements with respect to product ingredients and preservatives and to meet the preferences of Japanese and South Korean consumers.

The following is a brief description of each line within the personal care product category offered by the Company as of June 30, 1996:

**FACIAL CARE.** The goal of the facial care line 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. The Company's facial care line currently consists of 17 different products: Cleansing Lotion, Facial Scrub, Exfoliant Scrub, Facial Cleansing Bar, Clay Pack, pH Balance Facial Toner, NaPCA Moisturizer, Rejuvenating Cream, Celltrex (called Hylatrex in Japan and South Korea), Intensive Eye Complex, HPX Hydrating Gel, Face Lift and Activator (two formulas for sensitive and normal skin), Jungamals Lip Balm, Clarifex Cleansing Scrub, Clarifex Mud, Alpha Extra Face and Nu Colour Eye Makeup Remover.

**BODY CARE.** The Company's line of body care products relies on premium quality ingredients to cleanse and condition skin. The cleansers are uniquely formulated without soap, and the moisturizers contain light but effective humectants and emollients. The Company's body care line currently consists of 12 products: Antibacterial Body Cleansing Gel, Liquid Body Lufra, Body Smoother, Hand Lotion, NaPCA Moisture Mist, Body Bar, Body Cleansing Gel, Enhancer, Glacial Marine Mud (Original), Jungamals Crazy Crocodile Cleaner, Jungamals Rhino Ray Resister and Alpha Extra Body. Glacial Marine Mud (Original) is exclusively licensed to NSI for sale in the direct selling channel.

**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 that have been shown to have dramatic 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 and Jungamals Tiger Tangle Tamer Shampoo.

**COLOR COSMETICS.** In the latter part of 1995, the Company introduced Nu Colour, a new line of color cosmetics, in Hong Kong, Taiwan and Japan. The Nu Color line consists of 11 products with 72 sku's including MoistureShade Liquid Finish (10), MoistureShade Pressed Powder (4), Blush Duo (5), Eye Shadow Trio (6), Mascara (2), Eyeliner (3), Lip Liner (5), Lipstick (20), DraMATTEics Lip Pencils (6), Nu Colour Moisture Finish (10), and Lip Gloss.

**SPECIALTY PRODUCTS.** The Company recently introduced a product line labeled Epoch, 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 Glacial Marine Mud, Deodorant with Citrisomes, Polishing Bar, LeafClean Hand Wash, Everglide Foaming Shave Gel, Desert Breeze Aftershave and Post Shave Lotion for Women. Epoch will be launched in the fall of 1996 in Hong Kong and Taiwan and is currently expected to be launched, subject to regulatory approval, in the spring of 1997 in Japan and South Korea. Glacial Marine Mud is exclusively licensed to NSI for sale in the direct selling channel.

Nutriol, a line of products exclusively licensed to NSI 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.

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. In the Asian market, the Company's sun care line is currently available in Hong Kong and Japan. At present, Sunright Prime Pre & Post Sun Moisturizer and Sunright Lip Balm are not available in Japan.

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 and AP-24 Anti-Plaque Breath Spray. These products are currently available in Hong Kong and Taiwan. The Company currently intends to launch this product line, subject to regulatory approval, in South Korea and Japan in 1997. The AP-24 oral health care products for kids offers products designed to make oral care fun for children, including Jungamal's Tough Tusk Toothpaste and Jungamal's Fluffy Flamingo Floss.

The Company offers a men's and a women's fragrance under the Nu Skin trademark Safiro.

PRODUCT SETS. The Company currently offers product sets that include a sampling of products from a given product line. These package configurations are intended to encourage increased product trials.

#### INTERIOR DESIGN NUTRITIONALS

The IDN product category is comprised of 30 products in the following lines: nutritional supplements, weight management products and nutritious snacks, and sports nutrition. IDN is designed to promote healthy, active lifestyles and general well-being through proper diet, exercise and nutrition. Although less developed in the Asian market than the personal care category, each of the Subsidiaries, except Nu Skin Korea, markets a variety of the IDN products offered by NSI. In the United States, the IDN division is an official licensee of the U.S. Olympic Committee.

The Company believes that the nutritional supplement market is expanding in Asia because of changing dietary patterns, a health-conscious population and recent reports supporting the benefits of using vitamin and mineral nutritional supplements. This product line is particularly well suited to network marketing because the average consumer is often uneducated regarding nutritional products. The Company believes that network marketing is a more efficient method than traditional retailing channels in educating consumers regarding the benefits of nutritional products. Because of the numerous over-the-counter vitamin and mineral supplements in Asia, the Company is confident that individual attention and testimonials by distributors will provide information and comfort to a potential consumer.

IDN products generally require reformulation to satisfy the strict regulatory requirements of each Asian market. While each product's concept and positioning are generally the same, regulatory differences between U.S. and Asian markets result in some product ingredient differences. In addition, Asian preferences and regulations favor tablets instead of gel caps, which are typically used in the U.S.



The following is a brief description of each of the IDN product lines:

**NUTRITIONAL SUPPLEMENTS.** LifePak, 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 Japan in October 1995 resulted in a significant increase in revenue and currently represents 20% of the Company's sales in Japan. LifePak is scheduled for launch in Taiwan in the fall of 1996.

Additional nutritional supplements include: Vitox, which incorporates beta carotene and other important vitamins for overall health; Metabotrim, which provides B vitamins necessary to convert food to energy and chromium chelate which has been shown to help preserve lean muscle mass; Optimum Omega, a pure source of omega 3 fatty acids aimed to improve cardiovascular health; Image HNS, an all-around vitamin and antioxidant supplement; and Optigar Q, a blend of co-enzyme Q10 and deodorized garlic. The IDN Masters Wellness System provides a nutritional program specifically for an aging generation. Jungamals Children's Chewables combine natural flavors and colors and contain a unique blend of antioxidants, chelated minerals, and vitamins specifically tailored for children. NutriFi 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.

The Company also offers a number of nutritional drinks. Hot & Healthy, unlike traditional hot drinks, is 100% caffeine-free and contains beneficial ingredients such as Korean Panax Ginseng and grape seed extract. Splash C with juice crystals 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.

IDN's botanical line contains phytonutrients for those who seek natural ingredients in dietary supplements and is designed to address specific areas of need. The botanicals, offered in eight different dietary supplements, provide natural ingredients without sugar, salt, wheat, dairy products, artificial colors, chemicals or preservatives.

**WEIGHT MANAGEMENT PRODUCTS AND NUTRITIOUS SNACKS.** As part of its mission to promote a healthy lifestyle and long-term wellness, IDN includes a Weight Management Lifestyle System (which includes LifePak and Metabotrim), Breakbars, which provide carbohydrates, protein and fiber, Appeal Lite, a nutritional drink containing chelated minerals and vitamins, and instructional assessment materials with a counseling program.

**SPORTS NUTRITION.** To cater to health conscious individuals with active lifestyles, the IDN Sports Nutrition System offers a comprehensive, flexible program for individuals who desire to optimize performance on an individual basis. The system includes LifePak, OverDrive, a sports supplement licensed by the U.S. Olympic Committee that features antioxidants, B vitamins and chromium chelate, GlycoBar energy bars, and Sportalyte performance drink to help supply the necessary carbohydrates, electrolytes and chelated minerals to optimize performance. AminoBuild is a low fat high protein drink mix that is designed to replace nutrients before and after workouts.

#### SALES AIDS

The Company provides an assortment of sales aids to facilitate the sales of its products. Sales aids include videotapes, promotional clothing, pens, stationary, 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 are not commissionable items (i.e., 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 to date has averaged approximately 1.5% of annual revenue through 1995.

#### PRODUCT DEVELOPMENT AND PRODUCTION

**PRODUCT DEVELOPMENT PHILOSOPHY.** The Company is committed to building its brand name and distributor and customer loyalty by selling premium quality, innovative personal care and nutritional products that appeal to broad markets. This commitment is illustrated by the Company's personal care products slogan "All of the Good and None of the Bad" and its nutritional products slogan "Adding Life to Years." 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. For example, NSI avoids soaps and other harsh cleansers that can dry and irritate skin, undesirable oils such as lanolin, elements known to be irritating and pore clogging, volatile alcohols such as ethyl alcohol, and conditioning agents that leave heavy residues. This philosophy has led to the Company being one of the only personal care companies in Japan to disclose every ingredient to consumers. This philosophy has also led to the Company's commitment to avoid any ingredients in nutritional supplements that are reported to have any long-term addictive or harmful effects, even if short-term effects may be desirable. Independent distributors need to have confidence that they are distributing the best products available in order to have a sense of pride in their association with the Company and to have products that are distinguishable from "off the shelf" products. NSI and the Company are committed to developing and providing quality products that can be sold at an attractive retail price and allow the Company to maintain reasonable profit margins.

NSI is also committed to constantly improving its evolving 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, NSI 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, NSI continuously evaluates its entire line of products for possible enhancements and improvements.

In addition, 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.

NSI maintains a laboratory and a staff of approximately 90 individuals involved in product development. NSI also relies on an advisory board comprised of recognized authorities in various disciplines. In addition, NSI and the Company evaluate a significant number of product ideas that are presented by distributors and other outside sources. NSI believes that strategic relationships with certain vendors also provide important access to innovative product concepts. The Company will continue to develop products tailored to appeal to the particular needs of the Company's markets.

Historically, one of the reasons for the success of the Company's personal care product line has been its gender neutral positioning. This product positioning substantially expands the size of the traditional skin and hair care market. NSI's IDN line of products has historically been positioned to be age neutral. However, with a substantial distributor and user base established, the Company believes that it can further increase its market share in both the personal care and the nutritional products categories by introducing age and gender specific products, including LifePak for Women, additional vitamin products targeted to seniors, and personal care products targeted to either men or women.

**PRODUCTION.** All the Company's products are produced by unaffiliated manufacturers primarily through NSI. The Company currently has little or no direct contact with these manufacturers. The Company's profit

margins and its ability to deliver its existing products on a timely basis are dependent upon the ability of NSI's 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 is dependent 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 be dependent in part on the services of suitable outside manufacturers.

The Company currently acquires products or ingredients from sole suppliers or suppliers that are considered by the Company to be the superior suppliers of such ingredients. The Company believes that, in the event it is unable to source any products or ingredients from its current suppliers, 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 such a supplier would not have a material adverse effect on the Company's business and results of operations.

With respect to sales to the Company, NSI currently relies on two unaffiliated manufacturers to produce approximately 70% and 60% of its personal care and nutritional products, respectively. The Company believes that in the event that NSI's relationship with either of these manufacturers is terminated, NSI will be able to find suitable replacement manufacturers. However, there can be no assurance that the loss of either manufacturer would not have a material adverse effect on the Company's business and results of operations. See "Risk Factors--Reliance on and Concentration of Outside Manufacturers."

#### RELATIONSHIP WITH NSI

Upon the consummation of the Offerings, approximately % of the combined voting power of the outstanding shares of Common Stock will be held by the Shareholders of NSI. In addition, the Company has entered into, or, upon consummation of the Offerings will enter into, the Operating Agreements with NSI and with NSIMG, a Delaware corporation also controlled by the shareholders of NSI, summary descriptions of which are set forth below. Such summaries are qualified in their entirety by reference to the Operating Agreements, which are filed as exhibits to the Registration Statement of which this Prospectus forms a part. In the future the Company may enter into amendments to the Operating Agreements or additional agreements with NSI or NSIMG. The Company intends to seek the approval of a majority of its independent directors for any amendment to the Operating Agreements and any new agreement which the Company believes to be of material importance to the Company and as to which the Company and NSI or NSIMG have conflicting interests.

**DISTRIBUTION AGREEMENTS.** The Company has entered into a regional distribution agreement (the "Regional Distribution Agreement") with NSI, through Nu Skin Hong Kong, pursuant to which NSI has granted to the Company the exclusive right to sell and distribute NSI products and sales aids in the Company's markets. Nu Skin Japan, Nu Skin Taiwan and Nu Skin Korea have each entered into wholesale distribution agreements (the "Wholesale Distribution Agreements") with Nu Skin Hong Kong, pursuant to which each such Subsidiary has been granted the right to sell and distribute NSI products in its respective country.

The Company has the right to purchase any of NSI's products, subject to unavailability due to local regulatory requirements. See "--Government Regulation." Purchases are made by submission of a purchase order to NSI, which NSI must accept unless it has insufficient inventory to fill the order. In determining whether it has sufficient inventory to fill a given order, NSI is required to treat the Company on a parity basis with its other affiliates.

The prices for products are governed by a price schedule which is subject to change by NSI from time to time upon at least 30 days advance notice. NSI pays ordinary freight and the Company pays handling, excise taxes and customs duties on the products the Company orders. In order to assist NSI in planning its inventory and pricing, the Company is required to provide NSI with certain business plans and reports of its sales and prices to independent distributors.

The Company purchases virtually all of its products from NSI through Nu Skin Hong Kong. Nu Skin Hong Kong pays for its purchases from NSI under the Regional Distribution Agreement in U.S. dollars, while the other Subsidiaries pay for their purchases from Nu Skin Hong Kong under the Wholesale Distribution Agreements in their local currency. Nu Skin Hong Kong therefore bears significant currency exchange risk as a result of purchases from NSI on behalf of the other Subsidiaries. See "Risk Factors--Operations Outside the United States; Currency Risks."

The Company is responsible for paying for and obtaining government approvals and registrations necessary for importation of NSI's products into its markets. In addition, the Company is responsible for obtaining any government approvals, including any filings and notifications, necessary for the effectiveness of the Regional Distribution Agreement and the Wholesale Distribution Agreements or for the parties performance thereunder.

NSI is generally responsible for paying for the research, development and testing of the products sold to the Company, including any product reformulations needed to comply with local regulatory requirements. NSI warrants as to the merchantability of, and its title to, such products. NSI has further indemnified the Company from losses and liability relating to claims arising out of alleged or actual defects in the design, manufacture or content of its products. NSI is required to maintain insurance covering claims arising from the use of its products and to cause each Subsidiary to be a named insured on such insurance policy. The Subsidiaries are also required to maintain insurance policies covering the business to be conducted by them pursuant to the Regional Distribution Agreement and the Wholesale Distribution Agreements.

The Company is prohibited from selling NSI products outside of the countries for which it has an exclusive distribution license, except that the Company may sell certain NSI products to NSI affiliates in Australia and New Zealand. In addition, the Company is prohibited from selling products which directly or indirectly compete with NSI products in any country without NSI's prior consent, which consent will not be unreasonably withheld or delayed. The Company may sell non-competing products without restriction.

The Company may manufacture products which do not compete with NSI products without restriction but may not manufacture products which compete directly or indirectly with NSI products without NSI's prior consent, which consent will not be unreasonably withheld or delayed. Any products manufactured by the Company carrying an NSI trademark will be subject to the Trademark License Agreements with NSI described below and will require the payment to NSI of certain royalties as set forth therein. If NSI discontinues a product that the Company would like to continue to sell, the Company may elect to manufacture the product itself or through a third party manufacturer unless NSI has a competing product. In this event, NSI has agreed to license the product formulation and any associated trademarks and tradenames to the Company pursuant to the Trademark/Tradenname License Agreements described below. See "--Relationship with NSI--Trademark/ Tradenname License Agreements."

When the Company determines to commence operations in Thailand, Indonesia, Malaysia, the Philippines, the PRC, Singapore or Vietnam, NSI has agreed under the Regional Distribution Agreement to enter into new Trademark/Tradenname License Agreements and Licensing and Sales Agreements and to cause NSIMG to enter into new Management Services Agreements, in each case substantially similar to those described below, with the Company or subsidiaries operating in such countries. See "--Relationship with NSI--Trademark/Tradenname License Agreements;" "--Relationship with NSI--Licensing and Sales Agreements."

TRADEMARK/TRADENAME LICENSE AGREEMENTS. Pursuant to the Trademark/Tradenname License Agreement, NSI has granted to each Subsidiary an exclusive license to use in its market the NSI and IDN trademarks, the individual product trademarks used on NSI products and any NSI tradenames. Each of the Subsidiaries may thus use the licensed trademarks and tradenames on products and commercial materials not purchased from NSI, including locally sourced products and commercial materials and products and commercial materials manufactured by such subsidiary and may grant a sub-license, with the consent of NSI, for the licensed

trademarks and tradenames in its market. In addition, each Subsidiary has the right to export such products and commercial materials into other Company markets with NSI's consent, which consent shall not be unreasonably withheld or delayed.

The Company pays a royalty to NSI for use of the licensed trademarks and tradenames on products and commercial materials not purchased from NSI, including locally sourced products and commercial materials and products and commercial materials manufactured by the Company. The royalty is paid monthly and is equal to 5% of the Company's revenues from such products and commercial materials for such month generally and a total of 8% where NSI owns the formula or has exclusive rights in the subject market for such products or commercial materials.

NSI has the right to inspect the premises where products using its trademarks are manufactured in order to ensure that the products meet its quality standards. The Company's labels, packaging, advertising and promotional materials using NSI's trademarks must conform with NSI's published standards and NSI has the right of prior approval. The Company is responsible for correcting any manufacturing defects in locally sourced products or products it manufactures that are brought to the Company's attention by NSI or otherwise.

NSI is responsible for securing and maintaining trademark registrations in the territory covered by each Trademark/Tradename Agreement. NSI has agreed to take such actions as the Company may reasonably request to protect its and the Company's rights to the licensed trademarks from infringement and related claims and has indemnified the Company from losses and liability resulting from such claims.

LICENSING AND SALES AGREEMENTS. Currently, all distributor agreements are entered into between the distributor and NSI rather than with the Company. Therefore, the Company does not own the distributor lists or the distribution system, the Global Compensation Plan, copyrights and related intangibles. Consequently, each of the Subsidiaries has entered into a Licensing and Sales Agreement with NSI which includes a license to the Company to use the distributor lists, the Global Compensation Plan, know how, distributor system and related intellectual property exclusively in its markets. The Company pays a license fee to NSI of 4% of the Company's revenue from product sales (excluding starter and introductory kits) to NSI distributors for the use of such licensed property. The Company may not grant a sublicense for the licensed property.

The Company is required to use the Global Compensation Plan to distribute any products, except as NSI may agree to modify the plan in accordance with local requirements. The Company must comply with all policies implemented by NSI under the Global Compensation Plan. This is necessary to ensure global consistency in NSI's operations. The Company must also employ all NSI policies relating to commissions payable to, and other relationships with, NSI distributors.

The Company is obligated to pay NSI a fixed commission expense of 42% of commissionable product sales to distributors in each of the Company's markets (with the exception of South Korea where, due to government regulations, the Company utilizes a different formula to satisfy this obligation). The Licensing and Sales Agreement provides that the Company is to satisfy this obligation by paying commissions owed to local distributors. In the event that these commissions exceed 42% of commissionable product sales, the Company is entitled to receive the difference from NSI. In the event that the commissions paid are lower than 42%, the Company must pay the difference to NSI. Under this formulation, the Company's total commission expense is fixed at 42% of commissionable product sales in each country (except for South Korea). The 42% figure has been set on the basis of NSI's experience over the past seven years which indicates that actual commissions paid in a given year together with the cost of administering the Global Compensation Plan average approximately 42% of commissionable product sales for such year. In the event that actual commissions payable to distributors from sales in the Company's markets vary from these historical results, whether as a result of changes in distributor behavior or changes to the Global Compensation Plan or in the event that NSI's cost of administering the Global Compensation Plan increases or decreases, the Licensing and Sales Agreement provides that the intercompany settlement figure may be modified to more accurately reflect actual results.

In addition to payments to local distributors, the Company is generally responsible for distributor support and relations within Japan, Taiwan, Hong Kong and South Korea. The Company has agreed to use its best efforts to support the development of NSI's distributor network in its markets by purchasing starter or introductory kits from NSI and selling them to potential NSI distributors.

NSI has agreed to take such actions as the Company may reasonably request to protect its and the Company's rights to the property licensed under the Licensing and Sales Agreements from infringement and related claims and has indemnified the Company from losses and liability resulting from such claims. Both NSI and the Company are required to maintain insurance coverage adequate to insure their assets and financial stability. NSI is responsible for ensuring that the property licensed under the Licensing and Sales Agreements complies with local laws and regulations, including direct selling laws.

**MANAGEMENT SERVICES AGREEMENTS.** Upon consummation of the Offerings, the Subsidiaries will enter into Management Services Agreements with NSIMG, pursuant to which NSIMG has agreed to provide a variety of management and support services to each Subsidiary. These services will likely include management, legal, financial, marketing and distributor support/training, public relations, international expansion, human resources, strategic planning, product development and operations administration services. Most of NSI's senior management personnel and most employees who deal with international issues are employees of NSIMG.

Generally, the management and support services will be provided by employees of NSI and NSIMG acting through NSIMG either (i) on a temporary basis in a specific consulting role or (ii) on a full-time basis in a management position in the country in which the services are required. The Management Services Agreement does not cover the services of many of the Company's executive officers. See "Management--Executive Compensation."

**GENERAL PROVISIONS.** The Operating Agreements are each for a term ending on December 31, 2016, and, after December 31, 2001, will be subject to renegotiation in the event that members of the families of, or trusts or foundations established by or for the benefit of the Selling Stockholders of NSI on a combined basis no longer beneficially own a majority of the combined voting power of the outstanding shares of Common Stock of the Company. Such renegotiation provision is to protect the NSI trademarks and product quality, as well as to ensure the confidentiality of NSI trade secrets. Each Operating Agreement is subject to termination by either party in the event of: (i) a material breach by the other party which remains uncured for a period of 60 days after notice thereof; (ii) the bankruptcy or insolvency of the other party; (iii) entry of a judgment by a court of competent jurisdiction against the other party in excess of \$25,000,000; or (iv) the placement of a lien or encumbrances securing an amount in excess of \$25,000,000 on the assets of the other party. Each Operating Agreement is further subject to termination by NSI upon 30 days notice in the event of a change of control of the subsidiary party thereto. Each Operating Agreement provides that neither party may assign its rights thereunder without the consent of the other party. Each Operating Agreement is governed by Utah law. Any dispute arising under an Operating Agreement is to be settled by arbitration conducted in Utah in accordance with the applicable rules of the American Arbitration Association, as supplemented by the commercial arbitration procedures for international commercial arbitration.

**MUTUAL INDEMNIFICATION AGREEMENTS.** Prior to or concurrently with the Offerings, the Company and NSI will enter into a mutual indemnification agreement pursuant to which NSI will indemnify the Company for certain claims, losses and liabilities relating to the operations of the Subsidiaries prior to the Reorganization and the Company will indemnify NSI for certain claims, losses and liabilities relating to the operations of the Subsidiaries after the Reorganization.

#### COMPETITION

**PERSONAL CARE AND NUTRITIONAL PRODUCTS.** The markets for personal care and nutritional products are large and intensively competitive. The Company competes directly with companies that manufacture and market personal care and nutritional products in each of the Company's product categories. 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 will be able to successfully meet the challenges posed by this increased 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. Management envisions the entry of many more direct selling organizations into the marketplace as this channel of distribution expands over the next several years. The Company has been advised that certain large, well-financed corporations are planning to launch direct selling enterprises which will compete with the Company in certain of its product lines. There can be no assurance that the Company will be able to successfully meet the challenges posed by this increased competition.

#### GOVERNMENT REGULATION

Direct selling activities are regulated by various governmental agencies. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as "pyramid" 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. See "Risk Factors--Government Regulation." In Japan, the Company's distribution system is regulated under the "Door-to-Door" Sales Law, which requires the submission of specific information concerning the Company's business and products and which provides certain cancellation and cooling-off rights for consumers and new distributors. In Taiwan, the Fair Trade Law (and the Enforcement Rules and Supervisory Regulations of Multi-Level Sales) requires the Company to comply with registration procedures and also provides distributors with certain rights regarding cooling-off periods and product returns. The Company also complies with South Korea's strict Door-to-Door Sales Act, which requires, among other things, the regular reporting of revenue, the registration of distributors together with the issuance of a registration card, and the maintaining of a current distributor registry. This law also limits the amount of sponsoring bonuses that a registered multi-level marketing company can pay to its distributors to 35% of the aggregate wholesale value of products sold in a given month.

The Japanese Ministry of Health and Welfare ("MOHW") requires the Company to possess an import business license and to register each personal care product imported into the country. Packaging and labeling requirements are also specified. The Company has had to reformulate many products to satisfy MOHW regulations. In Japan, nutritional foods, drugs and quasi-drugs are all strictly regulated. The chief concern involves the types of claims and representations that can be made regarding the efficacy of nutritional products. The Company's successful introduction of IDN products in Japan was done utilizing the combined efforts of NSI's technical staff as well as inside and outside consultants.

All "medicated" cosmetic and pharmaceutical products, including PharmAssist, require registration in Taiwan. Non-medicated cosmetic products, such as shampoo and hair conditioner, require no registration.

In Hong Kong, cosmetic products not classified as "drugs" nor as "pharmaceutical products" are not subject to statutory registrations, packaging and labeling requirements apart from the Trade Descriptions Ordinance. In Macau, "pharmaceutical" products are strictly regulated; general products are not subject to registration requirements.

In South Korea, the Company has obtained the mandatory certificate of confirmation as a qualified importer of cosmetics under the Pharmaceutical Affairs Law as well as additional product approvals for each of the 45 categories of cosmetic products which it imports. Each new cosmetic product undergoes a 60 day post-customs

inspection where, in addition to compliance with ingredient requirements, each product is inspected for compliance with South Korean labeling requirements.

The Company believes it is operating in compliance in all material respects with all applicable regulations relating to both its products and distribution system.

#### EMPLOYEES

As of June 30, 1996, the Company had approximately 800 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. Each Subsidiary is directed by an experienced manager. In Japan, Taiwan, Hong Kong and South Korea, the Company's employee staff consists of well trained, highly efficient personnel that support distributors in a professional manner.

#### PROPERTIES

In each of its current markets, the Company has established a central office for the local administrative staff who is directed by a general manager. These offices also have a training room for distributor and employee use and an adjoining distribution center where distributors can place, pay for, and pick up orders. In Japan, Taiwan, and South Korea additional pick up centers have been added to provide better service to distributors and meet the increasing demand for product. In Hong Kong, the Company maintains a distributor business center where established distributors can use office space for training and sponsoring activities at cost.

In addition to the Company's corporate headquarters in Provo, Utah, the following table summarizes, as of June 30, 1996, the Company's leased office and distribution facilities in each country where the Company currently has operations.

#### PROPERTIES LEASED

LOCATION -----	FUNCTION -----	LEASE TOTAL -----
Tokyo, Japan.....	Central office/ distribution center	35,000 square feet
Osaka, Japan.....	Distribution center/office	7,700 square feet
Taipei, Taiwan.....	Central office/distribution center	22,000 square feet
Kaohsiung, Taiwan.....	Distribution center/office	9,500 square feet
Taichung, Taiwan.....	Distribution center/office	17,000 square feet
Taoyuan, Taiwan.....	Warehouse/distribution center	36,000 square feet
Causeway Bay, Hong Kong.....	Central office/distribution center/distributor business center/regional office	19,000 square feet
Tsing Yi, Hong Kong.....	Warehouse	10,000 square feet
Macau.....	Distribution center/office	2,000 square feet
Seoul, Korea.....	Central office/distribution center	20,000 square feet
Seoul, Korea.....	Distribution center	7,000 square feet
Kyungki-Do, Korea.....	Warehouse	16,000 square feet

#### LEGAL PROCEEDINGS

The Company is not a party to any litigation or other legal proceedings or investigations which is expected to have a material adverse effect on its financial condition or results of operations, nor are any such proceedings known to be contemplated.



MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding the Company's directors and executive officers.

NAME ----	AGE ---	POSITION -----
Blake M. Roney.....	38	Chairman of the Board
Steven J. Lund.....	42	President, Chief Executive Officer and Director
Renn M. Patch.....	46	Chief Operating Officer
Corey B. Lindley.....	32	Vice President of Finance
Michael D. Smith.....	50	Vice President of Operations
M. Truman Hunt.....	37	Vice President of Legal Affairs and Investor Relations
Keith R. Halls.....	38	Secretary and Director
Takashi Bamba.....	61	President, Nu Skin Japan
John Chou.....	50	President, Nu Skin Taiwan
S.T. Han.....	54	President, Nu Skin Korea
George Mak.....	42	President, Nu Skin Hong Kong
Mark L. Adams.....	44	Controller
Sandie N. Tillotson....	39	Director
Brooke B. Roney.....	34	Director
Kirk V. Roney.....	42	Director
Max L. Pinegar.....	65	Director
Max E. Esplin.....	53	Director

Blake M. Roney has served as Chairman of the Board since the Company's inception and is a founder of NSI. He has also served as President, Chief Executive Officer and Chairman of the Board of NSI and its affiliated entities since their respective inceptions. He received a B.S. degree from Brigham Young University. He is the brother of Kirk V. Roney and Brooke B. Roney.

Steven J. Lund has been the President, Chief Executive Officer and a Director of the Company since its inception. Mr. Lund has also served as Executive Vice President and a Director of NSI since its inception and as Vice President and Secretary of certain NSI affiliated entities since their respective inceptions. Mr. Lund previously worked as an attorney in private practice. He received a B.A. degree from Brigham Young University and a J.D. degree from Brigham Young University's J. Reuben Clark Law School.

Renn M. Patch has been the Chief Operating Officer of the Company since its inception. Since 1992 he has been Vice President of Global Operations and Assistant General Manager of NSI. Before joining NSI in 1991 as Director of Government Affairs, Mr. Patch was an associate with the Washington, D.C. consulting firm of Parry and Romani Associates. Mr. Patch earned a B.A. degree from the University of Minnesota, a J.D. degree from Hamline University School of Law, and his L.L.M. degree from Georgetown University.

Corey B. Lindley has been the Vice President of Finance of the Company since its inception. From 1993 to 1996, he served as Managing Director, International of NSI. Mr. Lindley worked as the International Controller of NSI from 1991 to 1994 and lived in Hong Kong and Japan during that time. Mr. Lindley is a Certified Public Accountant. Prior to joining NSI he worked for the accounting firm of Deloitte and Touche. He earned a B.S. degree from Brigham Young University and an M.B.A. degree from Utah State University.

Michael D. Smith has been the Vice President of Operations for the Company since its inception. He has also served as Vice President of Asian Operations of NSI since February 1996. Prior to that time, he served as General Counsel of NSI from 1992 to 1996 and as Director of Legal Affairs of NSI from 1989 to 1992. He earned B.S. and M.A. degrees from Brigham Young University and a J.D. degree from the University of Utah.

M. Truman Hunt has served as Vice President of Legal Affairs and Investor Relations since the Company's inception. He has also served as Counsel to the President of NSI since 1994. From 1991 to 1994, Mr. Hunt served as President and Chief Executive Officer of Better Living Products, Inc., an NSI affiliate involved in the manufacture and distribution of houseware products sold through traditional retail channels. Prior to this time, he was a securities and business attorney in private practice. He received a B.S. degree from Brigham Young University and a J.D. degree from the University of Utah.

Keith R. Halls has served as a Secretary and Director of the Company since its inception. He has also served as a General Vice President and Director of NSI since 1992. He served as Director of Finance of NSI from 1986 to 1992. Mr. Halls is a Certified Public Accountant. Mr. Halls received a B.A. degree from Stephen F. Austin State University and a B.S. degree from Brigham Young University.

Takashi Bamba has served as the President of Nu Skin Japan since 1995. From 1993 to the present, Mr. Bamba has served as General Manager and then President of Nu Skin Japan. Previously, Mr. Bamba served five years as President and CEO of Avon Products Co., Ltd., the publicly traded Japanese subsidiary of Avon Products, Inc. Prior to working at Avon Products Co., Ltd., he spent seventeen years at Avon Products, Inc. He received a B.A. degree from Yokohama National University.

John Chou has served as President, Nu Skin Taiwan since 1991. Prior to joining the Company in 1991, he spent twenty-one years in international marketing and management with 3M Taiwan, Amway Taiwan and Universal PR Co., a subsidiary of Edelman Public Relations Worldwide. Mr. Chou is a standing director of the Taiwan ROC Direct Selling Association. He is also a member of the Kiwanis International, and the Taiwan American Chamber of Commerce. He received a degree from Tan Kang University in Taipei, Taiwan.

S.T. Han has served as President of Nu Skin Korea since 1995. He joined the Company in 1995 in preparation for the Company's opening in South Korea. Prior to joining NSI, Mr. Han spent four years as the Executive Managing Director of Woosung Film Co., the exclusive distributor of Konica film in Korea. He also worked for Amway Korea, Ltd. during that company's start-up phase of operations in 1991. Mr. Han graduated with a B.A. degree from ChungAng University.

George Mak has served as President, Nu Skin Hong Kong since 1991. Prior to joining the Company in 1991, Mr. Mak worked for Johnson & Johnson as a personnel and administration manager for Hong Kong and Shanghai from 1989 to 1991. Prior to joining Johnson & Johnson he worked for 10 years in the human resources and accounting fields. He earned an M.B.A. degree from the University of East Asia, Macau.

Mark L. Adams has served as Controller since the Company's inception. He has served as International Controller of NSI since September 1996. Prior to joining NSI he was an audit manager with Arthur Andersen & Co. and served as Chief Financial Officer and Director of Sanyo Icon, a subsidiary of Sanyo Electric Co. Ltd. He received an M.A. from Brigham Young University and has been a Certified Public Accountant since 1978.

Sandie N. Tillotson has served as a Director of the Company since its inception. She was a founder of NSI and has also served as a General Vice President since 1992 and a Director of NSI since its inception. She served as Vice President of Corporate Services for NSI from 1984 to 1992. She earned a B.S. degree from Brigham Young University.

Brooke B. Roney has served as a Director of the Company since its inception. He was a founder of NSI and has also served as a General Vice President and Director of NSI since 1992. He served as Vice President of Distribution for NSI from 1984 to 1992. He is the brother of Blake M. Roney and Kirk V. Roney.

Kirk V. Roney has served as a Director of the Company since its inception. He has also served as a General Vice President since 1992 and a Director of NSI since 1984. He served as Vice President of Planning and Development of NSI from 1984 to 1992. He earned his Master's Degree in international business from the

American Graduate School of International Management. He earned an M.A. degree from Central Michigan University and a B.A. from Brigham Young University. He is the brother of Blake M. Roney and Brooke B. Roney.

Max L. Pinegar has served as a Director of the Company since September 1996. He has also served as General Manager of NSI since 1989 and as Vice President of NSI since 1992. He received a B.A. degree from Brigham Young University and an M.B.A. degree from the University of Utah.

Max E. Esplin has served as a Director of the Company since September 1996. He has also served as Vice President of Finance of NSI since 1993. He served as Controller of NSI from 1989 until 1993. Mr. Esplin is a Certified Public Accountant. He received a B.S. degree from Brigham Young University.

Following completion of the Offerings, the Board of Directors intends to appoint at least two additional directors who will not be officers or employees of NSI or the Company. It is expected that these outside directors will receive annual retainer and per meeting fees in connection with these directorships. See "Compensation of Directors."

#### COMMITTEES OF THE BOARD OF DIRECTORS

Within 90 days after the closing of the Offerings, the Company's Board will establish an Audit Committee consisting of at least two directors, none of whom will be an officer or employee of the Company or NSI. The duties of the Audit Committee will be to recommend to the Company's Board of Directors the selection of independent certified public accountants to audit annually the books and records of the Company, to review the activities and the reports of the independent certified public accountants and to report the results of such review to the Company's Board of Directors. The Audit Committee will also consider the adequacy of the Company's internal controls and internal auditing methods and procedures. Within 90 days after the closing of the Offerings, the Company's Board of Directors will establish a Compensation Committee consisting of at least two directors, none of whom will be an officer or employee of the Company, the duties of which are to make recommendations to the Company's Board of Directors with respect to the salaries, bonuses and other compensation to be paid to the Company's officers. The Company's Board of Directors also intends to establish an Executive Committee consisting of Messrs. Blake M. Roney, Steven J. Lund and Keith R. Halls. The duties of the Executive Committee are, to the extent authorized by the Company's Board of Directors, to exercise all the powers and authority of the Company's Board of Directors with respect to the management of the business and affairs of the Company.

#### COMPENSATION OF DIRECTORS

Following the Offerings, directors who do not receive compensation as officers or employees of the Company, NSI or its affiliates will be paid an annual fee of \$25,000 and a fee of \$1,000 for each meeting of the Board of Directors or any committee meeting thereof that they attend.

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Board of Directors does not currently have a compensation committee but anticipates establishing one within 90 days following the closing of the Offerings. Several members of the Company's Board of Directors are also directors of NSI and have set or will set compensation for certain executive officers of the Company who have been or will be following the Offerings, executive officers of NSI.

#### EXECUTIVE COMPENSATION

The Company was formed in September 1996, and consequently paid no compensation to the executive officers named in the table below during the year ended December 31, 1995. However, salary, bonus and other compensation is presented in the table below for the year ended December 31, 1995 based on payments by NSI as if the Company had been in existence during that period. During fiscal 1995, Messrs. Bamba, Chou, and Mak were employed full time as the Presidents of Nu Skin Japan, Nu Skin Taiwan and Nu Skin Korea, respectively.

During fiscal 1995, Messrs. Lund and Patch were, and after the Offerings will continue to be, executive officers of NSI. The compensation presented in the table below reflects an allocation of the time spent by Messrs. Lund and Patch providing services to the Subsidiaries during fiscal 1995. During 1996, the Company will pay Messrs. Lund and Patch annual salaries commensurate with their fiscal 1995 salaries in return for their services to the Company. These salaries and bonuses will be in addition to any amounts received by these officers from NSI in return for their services to NSI. During 1996, the Company will pay Messrs. Bamba, Chou and Mak salaries of \$361,028, \$211,111 and \$110,897, respectively. In addition, Messrs. Bamba, Chou and Mak will be eligible to participate in the Company's contemplated bonus incentive plan which is intended to be modeled after NSI's cash bonus long term incentive plan which was in effect for these individuals in fiscal 1995. See "--Bonus Incentive Plan." It is anticipated that Messrs. Bamba, Chou and Mak will continue to receive all of their compensation directly from the Company.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			ALL OTHER COMPENSATION
		SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	
Steven J. Lund..... President and Chief Executive Officer	1995	236,364	85,529(/1/)	--	--
Takashi Bamba..... President, Nu Skin Japan	1995	361,028	105,563(/2/)	98,063(/3/)	3,297(/4/)
John Chou..... President, Nu Skin Taiwan	1995	185,370	75,786(/2/)	63,730(/5/)	--
Renn M. Patch..... Chief Operating Officer	1995	97,175	104,765(/6/)	18,750(/7/)	--
George Mak..... President, Nu Skin Hong Kong	1995	102,564	17,535(/2/)	9,645(/8/)	--

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- (1) Cash bonus paid to Mr. Lund, not pursuant to a formal bonus plan.
  - (2) Cash bonus paid during fiscal 1995 pursuant to NSI's cash bonus long term incentive plan for the Presidents of the Subsidiaries.
  - (3) Includes deferred portion of a bonus accrued during fiscal 1995 pursuant to NSI's cash bonus long term incentive plan for the Presidents of the Subsidiaries and annual lease payments for a Company provided automobile.
  - (4) Annual premium for disability and accidental death insurance policy.
  - (5) Includes deferred portion of a bonus accrued during fiscal 1995 pursuant to NSI's cash bonus long term incentive plan for the Presidents of the Subsidiaries and annual payments for Company provided automobile and club dues.
  - (6) Noncash bonus paid to Mr. Patch, not pursuant to a formal bonus plan.
  - (7) Includes \$16,500 of accrued deferred compensation and \$2,250 of vested deferred compensation awarded to Mr. Patch under NSI's deferred compensation plan.
  - (8) Deferred portion of a bonus accrued during fiscal 1995 pursuant to NSI's cash bonus long term incentive plan for the Presidents of the Subsidiaries.

EMPLOYMENT AGREEMENTS

Messrs. Bamba, Chou and Han have entered into employment agreements with Nu Skin Japan, Nu Skin Taiwan and Nu Skin Korea, respectively. Under these agreements, these individuals are paid an annual salary and receive various other benefits. These individuals, together with Mr. Mak, are also entitled to participate in the Bonus Incentive Plan to be adopted by the Company prior to or concurrently with the Offerings. See "--Bonus Incentive Plan."

Mr. Bamba is employed as the President of Nu Skin Japan at an annual salary of \$361,028 as converted from local currency. This salary is subject to annual review by Nu Skin Japan. Under the terms of his

employment agreement, Mr. Bamba is entitled to reimbursement of business related expenses, the use of a company provided automobile, a country club membership and dues, and participation in any retirement plan offered by Nu Skin Japan. Mr. Bamba has the right under his employment agreement to have Nu Skin Japan purchase a country club membership and pay related dues, although he has not exercised this right. Mr. Bamba is also provided with a private insurance plan paid for by Nu Skin Japan provided the premium for such private insurance plan does not exceed (Yen)300,000 per year. Mr. Bamba has agreed to certain confidentiality obligations. The term of Mr. Bamba's employment is indefinite, subject to termination by Mr. Bamba or Nu Skin Japan upon three months' notice.

Mr. Chou is employed as the President of Nu Skin Taiwan at an annual salary of \$211,111 as converted from local currency. Under the terms of his employment agreement, Mr. Chou is entitled to health insurance paid for in part by Nu Skin Taiwan. Nu Skin Taiwan also provides Mr. Chou with a monthly car allowance. The term of Mr. Chou's employment agreement currently extends until June 1997. Under his employment agreement, Mr. Chou has agreed to certain confidentiality obligations.

Mr. Han is employed by the Company as the President of Nu Skin Korea at an annual salary of \$110,000 as converted from local currency. The Company also provides Mr. Han with the use of an automobile and driver as well as medical insurance and pension benefits. Mr. Han's employment is for a three year term ending January 1, 1999, subject to the right of the Company or Mr. Han to terminate the agreement on 60 days' advance notice. Once Mr. Han has been employed by the Company for 12 months, he will become entitled to receive, upon termination, severance pay equal to two months' salary for each consecutive year of service. Mr. Han has agreed to certain confidentiality and noncompetition obligations.

#### 1996 STOCK INCENTIVE PLAN

The Board of Directors of the Company has adopted the Nu Skin Asia, Inc. 1996 Stock Incentive Plan (the "Plan"). The purpose of the Plan is to attract and retain executives, other employees and independent consultants who are important to the success and growth of the Company and to ensure that their interests are aligned with the interests of the stockholders of the Company. The Company expects that the Selling Stockholders of the Company will approve the Plan prior to consummation of the Offerings.

**ADMINISTRATION.** The Plan is administered by the 1996 Stock Incentive Plan Committee (the "Plan Committee") which is the Company's Board of Directors and once constituted, the Compensation Committee of the Board of Directors. The Plan Committee will determine, from time to time, the individuals to whom awards shall be made, the type of awards, and the amount, size and terms of each award. The Plan Committee will make all other determinations necessary or advisable for the administration of the Plan.

**AWARDS.** Awards under the Plan may be in the form of options (both nonqualified stock options ("NQSOs") and incentive stock options ("ISOs")), contingent stock, restricted stock, and stock appreciation rights ("SARs"), or such other forms as the Plan Committee in its discretion may deem appropriate.

**NUMBER OF SHARES.** A total of \_\_\_\_\_ shares of the Company's Class A Common Stock has been authorized to be issued pursuant to the Plan. Messrs. Renn M. Patch, Corey B. Lindley, Michael D. Smith, Takashi Bamba, John Chou, S.T. Han, George Mak, and Mark Adams, will receive options to purchase \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ shares, respectively, each at an exercise price of \$ \_\_\_\_\_. These options vest ratably over four years following the date of grant. The Company anticipates granting \_\_\_\_\_ % of these shares to executive officers of the Company prior to the Offerings. The maximum number of awards that may be issued to any one person during the life of the Plan shall be limited to 10% of the shares reserved for issuance under the Plan. The maximum number of awards that may be awarded during a calendar year to any one person is limited to 10% of the shares reserved for issuance under the Plan. The number of shares which may be issued under the Plan as well as the terms of any outstanding awards may be equitably adjusted by the Plan Committee in the event of a stock split, stock dividend, recapitalization, merger, consolidation, combination or similar events.

**PLAN AMENDMENT.** The Board of Directors may amend the Plan, without stockholder approval, anytime in any respect unless stockholder approval of the amendment in question is required under Delaware law, the Internal Revenue Code of 1986, as amended, any exemption from Section 16 of the Securities Exchange Act of 1934, as amended, any national securities exchange system on which the shares are then listed or reported, by any regulatory body having jurisdiction with respect to the Plan, or other applicable laws, rules or regulations. No amendment to the Plan may alter or impair any option granted under the Plan without the consent of the holders thereof. The Plan may be terminated at any time by the Board of Directors.

**OPTIONS.** The Plan provides for the grant of ISOs to employees and NQSOs to employees and independent consultants. In the case of ISOs, the exercise price of an option may not be less than 100% of the fair market value of a share of Class A Common Stock at the time of grant (or 110% of such fair market value if the optionee owns more than 10% of the total voting power of all classes of Company stock outstanding at the time of grant). In the case of NQSOs, the exercise price of an option may not be less than 85% of the fair market value of a share of Class A Common Stock at the time of grant. The Plan Committee may provide for a reduction in the exercise price of a NQSO by dividends paid on a share of Class A Common Stock while the NQSO is outstanding. Options will be exercisable for a term determined by the Plan Committee provided such exercise shall not occur earlier than six months after the grant of the option and not later than ten years (five years if the optionee owns more than ten percent of the total voting power of all classes of Company Stock outstanding at the time of grant). The aggregate fair market value of shares (determined at the time of grant) with respect to which ISOs granted by an employee for the first time in any one calendar year that are exercisable shall not exceed \$100,000. If any option is not granted, exercised, or held pursuant to the provisions applicable to an ISO, it will be considered to be an NQSO to the extent that any or all of the grant is in conflict with these restrictions. In general, if options are for any reason cancelled, or expire or terminate unexercised, the shares covered by such options shall again be available for the grant of options. No options may be granted after 10 years from the effective date of the Plan. The Plan Committee has the power to permit acceleration of previously determined exercise terms under certain circumstances and upon such terms and conditions as the Plan Committee deems appropriate.

**CONTINGENT STOCK.** The Plan Committee will determine the amount of contingent stock to be granted to a participant based on the past or expected impact the participant has had or can have on the financial well being of the Company and other factors determined by the Plan Committee to be appropriate. A participant receiving an award of contingent stock will receive the stock upon the satisfaction of certain objectives. Contingent stock awards made pursuant to the Plan will be subject to such terms, conditions and restrictions, including obtaining of performance objectives, for such period or periods as may be determined by the Plan Committee at the time of grant.

**RESTRICTED STOCK.** The Plan Committee will determine the amount of restricted stock to be granted to a participant based on the past or expected impact the participant has had or can have on the financial well being of the Company and other factors deemed by the Plan Committee to be appropriate. Restricted stock is issued to the participant subject to forfeiture if certain objectives are not met. Restricted stock awards made pursuant to the Plan shall be subject to the terms, conditions and restrictions, including the payment of performance objectives, and for such period or periods as will be determined by the Plan Committee at the time of grant. The Plan Committee in its discretion may permit acceleration of the expiration of the applicable restriction period with respect to part or all of the award to any participant. Shares of restricted stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution, for such period provided in the participant's award agreement.

**SARS.** SARS are rights to receive cash or shares of Company stock, or a combination thereof, as the Plan Committee may determine in an amount equal to the excess of (i) the fair market value of the stock with respect to which the SAR is exercised, or (ii) one hundred percent of the fair market value of such stock at the time the SAR was granted, less any dividends paid on such shares while the SAR was outstanding. No cash consideration will be received by the Company for the grant of any SAR. No SAR may be granted for a period of less than one year or greater than ten years.

FEDERAL INCOME TAX CONSEQUENCES. The participant recognizes no taxable gain or loss when an incentive stock option is granted or exercised. If the shares acquired upon the exercise of an incentive stock option are held for at least one year after exercise and two years after grant (the "Holding Period"), the participant recognizes any gain or loss recognized upon such sale as long-term capital gain or loss and the Company is not entitled to a deduction. If the shares are not held for the Holding Period, the gain is ordinary income to the participant to the extent of the difference between the exercise price and the fair market value of the Class A Common Stock on the date the option is exercised and any excess is capital gain. Also, in such circumstances, the Company is entitled to a deduction equal to the amount of any ordinary income recognized by the participant.

The participant recognizes no taxable income and the Company receives no deduction when a nonqualified stock option is granted. Upon exercise of a nonqualified stock option, the participant recognizes ordinary income and the Company is entitled to a deduction equal to the difference between the exercise price and the fair market value of the shares on the date of exercise. The participant recognizes as a capital gain or loss any subsequent profit or loss realized on the sale or exchange of any shares disposed of or sold.

A participant granted restricted stock or contingent stock is not required to include the value of such shares in income until the first time such participant's rights in the shares are transferable or are not subject to substantial risk of forfeiture, whichever occurs earlier, unless such participant timely files an election under Code Section 83(b) to be taxed on the receipt of the shares. In either case, the amount of such ordinary income will be equal to the excess of the fair market value of the shares at the time the income is recognized over the amount (if any) paid for the shares. The Company is entitled to a deduction, in the amount of the ordinary income recognized by the participant, for the Company's taxable year in which the participant recognizes such income.

Upon the grant of an SAR, the participant recognizes no taxable income and the Company receives no deduction. The participant recognizes ordinary income and the Company is entitled to a deduction at the time of exercise equal to the cash and the fair market value of shares payable upon such exercise.

Under certain circumstances, an accelerated vesting or cash out of stock options, or accelerated lapse of restrictions on other awards, in connection with a change in control of the Company might be deemed an "excess parachute payment" for purposes of the golden parachute tax provisions of Code Section 280G. To the extent it is so considered, the participant may be subject to a 20% excise tax and the Company may be denied a tax deduction.

Code Section 162(m) limits to \$1,000,000 per year the federal income tax deduction available to a public company for compensation paid to any of its chief executive officer and four other highest paid executive officers. However, (S) 162(m) provides an exception from its limitation for certain "performance based" compensation if various requirements are satisfied. The Plan contains provisions which are intended to satisfy these requirements for awards made at the time the Company is considered a public company and which otherwise are "performance based" compensation.

#### BONUS INCENTIVE PLAN

Concurrent with the Offerings, the Company intends to adopt a bonus incentive plan for the Presidents of the Subsidiaries. This bonus incentive plan will be patterned after a similar plan under which Messrs. Bamba, Chou, Han and Mak were compensated by NSI prior to the Reorganization and the Offerings. Under the contemplated bonus incentive plan, Messrs. Bamba, Chou, Han and Mak will be entitled to receive an annual cash bonus based upon the prior year's operating results of the Subsidiary for which they are responsible. Under this bonus incentive plan, participants would be able to receive a bonus equal to 100% of their respective salaries, conditioned on meeting certain performance criteria and subject to cash availability and approval of the Board of Directors of the Company. One half of this bonus would be payable by February 15 of the year following the year in which the bonus is earned and the remaining one half would be deferred and would vest ratably over 10 years or at age 65, whichever occurs first.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Following the Offerings, the Selling Stockholders will own all of the outstanding shares of Class B Common Stock, which will represent approximately % of the combined voting power of all outstanding Common Stock. Prior to or concurrently with the Offerings, the Selling Stockholders who are also the stockholders of Nu Skin Japan, Nu Skin Taiwan, Nu Skin Korea and Nu Skin Hong Kong will contribute their shares of capital stock in such entities to the Company in exchange for shares of Class B Common Stock. See "The Reorganization and S Corporation Distribution."

Upon the consummation of the Offerings, approximately % of the combined voting power of the outstanding shares of Common Stock will be held by the Selling Stockholders, who are also the shareholders of NSI (approximately % if the Underwriters' over-allotment option is exercised in full). Consequently, the Selling Stockholders will have the ability, acting in concert, to elect all directors of the Company and approve any action requiring approval by a majority of the stockholders of the Company. The Selling Stockholders also own, and following the Offerings will continue to own, 100% of the outstanding shares of NSI. As a result of this ownership, the Selling Stockholders will consider the short-term and the long-term impact of all stockholder decisions on the consolidated financial results of NSI and the Company. The interests of NSI, on the one hand, and of the Company, on the other hand, may differ from time to time. See "Risk Factors--Control by Selling Stockholders; Anti-Takeover Effect of Dual Classes of Common Stock" and "Relationship with and Reliance on NSI; Conflict of Interest."

The Operating Agreements were approved by the present Board of Directors of the Company, which is composed entirely of officers and shareholders of NSI. It is expected that, subsequent to the closing of the Offerings, the composition of the Board of Directors of the Company will be changed so that at least two of its members will be persons unaffiliated with NSI. In addition, most of the executive officers of the Company are also executive officers of NSI. It is expected that a number of the Company's executive officers will continue to spend a portion of their time on the affairs of NSI, for which they will continue to receive compensation from NSI. See "Risk Factors--Relationship with and Reliance on NSI; Conflict of Interest" and "Business--Relationship with NSI."

Virtually all of the products sold by the Company are purchased from NSI pursuant to distribution agreements with NSI. The Company also manufactures itself, or through third-party manufacturers, certain products and commercial materials which it then sells using NSI trademarks or tradenames licensed under trademark/tradename license agreements with NSI. In addition, the Company does not have its own sales or distribution network but licenses the right to use NSI's distribution network and the Global Compensation Plan pursuant to licensing and sales agreements with NSI. During 1995, the Company paid NSI approximately \$99.2 million for goods and services provided to the Company under the Operating Agreements. NSIMG also provides a broad range of management, administrative and technical support to the Company pursuant to management services agreements with the Company. During 1995, the Company paid NSIMG approximately \$2.1 million for services provided to the Company under a management service agreement. For a summary of the terms of these agreements, see "Business--Relationship with NSI." See also Combined Financial Statements and footnotes thereto.

During 1995, Nu Skin Japan paid NSI a royalty of 8% of the revenue from sales of products manufactured by a third party manufacturer under a license agreement between Nu Skin Japan and NSI. In fiscal 1995, Nu Skin Japan paid NSI \$2.3 million in royalties pursuant to this license agreement.

Pursuant to wholesale distribution agreements, Nu Skin Hong Kong distributes certain NSI products to Nu Skin Personal Care Australia, Inc. and Nu Skin New Zealand, Inc. Pursuant to these agreements, Nu Skin Hong Kong was paid approximately \$4.6 million in fiscal 1995 by Nu Skin Personal Care Australia, Inc. and Nu Skin New Zealand, Inc.

Prior to or concurrently with the Offerings, the Company will purchase from NSI for \$15.0 million, the exclusive rights to distribute NSI products in Thailand, Indonesia, Malaysia, the Philippines, the PRC, Singapore



and Vietnam. This amount will be paid out of proceeds of the Offerings. See "Use of Proceeds." In addition the Company and NSI will enter into a mutual indemnification agreement pursuant to which NSI will indemnify the Company for certain claims, losses and liabilities relating to the operations of the Subsidiaries prior to the Reorganization and the Company will indemnify NSI for certain claims, losses and liabilities relating to the operations of the Subsidiaries after the Reorganization. See "Business--Relationship with NSI."

Craig Bryson and Craig S. Tillotson are major stockholders of the Company and have been NSI distributors since 1984. Messrs. Bryson and Tillotson are partners in an entity (the "Partnership") which receives substantial commissions from NSI, including commissions on sales generated within the Company's markets. For the fiscal year ended December 31, 1995, total commissions paid to the Partnership on sales originating in the Company's then open markets (Japan, Taiwan and Hong Kong) was approximately \$1.1 million. By agreement, NSI pays commissions to the Partnership at the highest level of commissions available to distributors. Management believes that this arrangement allows Messrs. Bryson and Tillotson the flexibility of using their expertise and reputations in network marketing circles to sponsor, motivate and train distributors to benefit NSI's distributor force generally, without having to focus solely on their own organizations.

The Selling Stockholders will enter into a stockholders' agreement with the Company (the "Stockholders' Agreement"). The Selling Stockholders will in the aggregate own shares having % of the voting power of the Company immediately after the Offerings. Pursuant to the Stockholders' Agreement, the Selling Stockholders have agreed not to transfer any shares of Common Stock they own except in accordance with such Agreement. In order to ensure the qualification of the Reorganization under Section 351 of the Code, the Selling Stockholders have agreed not to transfer any shares they own for 365 days after the Offerings without the consent of the Company except for certain transfers relating to a distributor stock incentive program and an employee stock incentive program. After the expiration of this 365-day period the Selling Stockholders may not transfer in any one-year period a number of shares greater than ten percent of the number of shares beneficially owned by such Selling Stockholder at the time of the Offerings. Such transfer may be made without additional limitation to Selling Stockholders, spouses of Selling Stockholders and certain trusts controlled by, and descendants of, Selling Stockholders ("Permitted Transferees"). If a Selling Stockholder (the "Offering Stockholder") intends to transfer shares to a party who is not a Permitted Transferee, the other Selling Stockholders (the "Offerees") have a right of first offer to purchase such shares except in certain limited circumstances. Each Offeree will have the opportunity to purchase the Offeree's pro rata portion of the shares to be offered by the Offering Stockholder as well as additional shares not purchased by other Offerees. Any shares not purchased pursuant to the right of first offer may be sold at or above 95% of the price offered to the Offerees. The Stockholders' Agreement will terminate upon the occurrence of certain specified events, including the transfer of shares of Common Stock by a Selling Stockholder that causes all Selling Stockholders immediately after such transaction to own beneficially in the aggregate shares having less than 10% of the total voting power of the Company.

Prior to the Offerings, the Company will enter into indemnification agreements with its officers and directors indemnifying them against liability incurred by them in the course of their service to the Company. The Company has granted certain of its officers options to purchase shares of Class A Common Stock. In January 1994, NSI stockholders agreed to grant M. Truman Hunt an option to purchase shares of capital stock of the Company at an exercise price of \$ per share. This option is immediately exercisable, upon consummation of the Reorganization.

Prior to the Offerings, the Selling Stockholders intend to contribute to the Company and NSI an aggregate of up to 4% of the outstanding shares of the Company's common stock on the date of such contribution for issuance by NSI to its independent distributors pursuant to an NSI distributor equity incentive program. Approximately 50% of the shares contributed by the Selling Stockholders will be used in an equity incentive program for NSI distributors which management intends to implement in connection with the Offerings. The plan will include conditions related to the achievement of performance goals by NSI distributors. The Company will record distributor incentive expense for equity incentives granted to NSI distributors. The remaining 50% of the shares contributed by the Selling Stockholders will be held for equity incentive programs that may be implemented in the future.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth, as of June 30, 1996, certain information regarding the beneficial ownership of the Class A Common Stock and Class B Common Stock assuming the Company was in existence on that date and after giving effect to the Reorganization and as adjusted to give effect to the sales of shares of Class A Common Stock in the Offerings (assuming no exercise of the Underwriters' over-allotment options) by (i) each person known by the Company to own beneficially more than 5% of either the outstanding shares of Class A Common Stock or Class B Common Stock; (ii) each of the Company's directors; (iii) each of the executive officers whose names appear in the summary compensation table; and (iv) all directors and executive officers as a group. The business address of the 5% stockholders is 75 West Center Street, Provo, Utah 84601.

DIRECTORS, EXECUTIVE OFFICERS AND 5% STOCKHOLDERS	CLASS A COMMON STOCK(/1/)		CLASS B COMMON STOCK		TOTAL COMMON STOCK
	OWNED AND TO BE SOLD IN THE OFFERINGS(/2/)	TO BE OWNED AFTER THE OFFERINGS	OWNED PRIOR TO AND AFTER THE OFFERINGS(/3/)		VOTING POWER AFTER OFFERINGS
		NUMBER	NUMBER %	NUMBER	%
Blake M. Roney.....					
Nedra D. Roney.....					
Sandie N. Tillotson....					
Craig S. Tillotson.....					
Craig Bryson.....					
Steven J. Lund.....					
Brooke B. Roney.....					
Kirk V. Roney.....					
Keith R. Halls.....					
Renn M. Patch(/4/)... ..					
Takashi Bamba(/5/)... ..					
John Chou(/6/)... ..					
George Mak(/7/)... ..					
All directors and executive officers as a group (17 persons)(/8/)... ..					

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- (1) Each share of Class B Common Stock is convertible at any time at the option of the holder into one share of Class A Common Stock and is automatically converted into a share of Class A Common Stock upon transfer to any person who is not a permitted transferee as defined in the Stockholders' Agreement entered into by the existing stockholders prior to the Offerings. See "Certain Relationships and Related Transactions."
  - (2) Prior to the Offerings, the Selling Stockholders will convert shares of Class B Common Stock to Class A Common Stock to be sold in the Offerings.
  - (3) Reflects the conversion prior to the Offerings by the Selling Stockholders of approximately shares of Class B Common Stock into shares of Class A Common Stock which were contributed by the Selling Stockholders pro rata to NSI, its affiliates and the Company for distribution to distributors of NSI and employees of NSI and its affiliates pursuant to the Distributor Incentives and Employee Incentives. See "Shares Eligible For Future Sale."
  - (4) Excludes stock options to purchase a total of shares of Class A Common Stock granted to Mr. Patch and which will not be exercisable within 60 days of the Offerings.
  - (5) Excludes stock options to purchase a total of shares of Class A Common Stock granted to Mr. Bamba and which will not be exercisable within 60 days of the Offerings.
  - (6) Excludes stock options to purchase a total of shares of Class A Common Stock granted to Mr. Han and which will not be exercisable within 60 days of the Offerings.
  - (7) Excludes stock options to purchase a total of shares of Class A Common Stock granted to Mr. Mak and which will not be exercisable within 60 days of the Offerings.
  - (8) See notes (4) through (7).

## SHARES ELIGIBLE FOR FUTURE SALE

Prior to the Offerings, there has been no public market for the Common Stock and no prediction can be made that an active trading market will develop or as to the effect, if any, that market sales of shares or the availability of such shares for sale will have on the market price of the Common Stock prevailing from time to time. Future sales of substantial amounts of Common Stock in the public market could adversely affect prevailing market prices. See "Risk Factors--Shares Eligible for Future Sale."

Upon completion of the Offerings, the Company will have \_\_\_\_\_ shares of Class A Common Stock issued and outstanding (assuming the exercise of all Distributor Options). Prior to the Offerings, the Company intends to grant Stock Options to certain of its executive officers and other employees to acquire \_\_\_\_\_ shares of Class A Common Stock. These options rest ratably over four years from the date of grant.

Prior to the Offerings, the Selling Stockholders intend to contribute to the Company and NSI an aggregate of up to 4% of the outstanding shares of the Company's common stock on the date of such contribution for issuance by NSI to its independent distributors pursuant to an NSI distributor equity incentive program. Approximately 50% of the shares contributed by the Selling Stockholders will be used in an equity incentive program for NSI distributors which management intends to implement in connection with the Offerings. The plan will include conditions related to the achievement of performance goals by NSI distributors. The Company will record distributor incentive expense for equity incentives granted to NSI distributors. The remaining 50% of the shares contributed by the Selling Stockholders will be held for equity incentive programs that may be implemented in the future.

The original stockholders of the Company have also previously contributed an additional 1.2% of the Company's outstanding Class A Common Stock (the "Employee Options") to NSI and its affiliates for use by NSI and its affiliates in connection with stock option plans to be sponsored by NSI and its affiliates using such shares of Class A Common Stock.

Persons other than "affiliates" of the Company, as defined in Rule 144 of the 1933 Act, purchasing the shares of Common Stock sold in the Offerings will generally be able to trade such shares freely without restrictions or further registration under the Securities Act. Shares acquired by the stockholders as part of the Reorganization are "restricted securities" (as defined in Rule 144) and, absent registration under the 1933 Act or an exemption therefrom, cannot be traded for a period of at least two years after the consummation of the Reorganization.

The Selling Stockholders have entered into a stockholders' agreement which restricts the extent to which any Selling Stockholder can dispose of shares of Common Stock following the Offerings. Among other things, in order to ensure the qualification of the Reorganization under Section 351 of the Code, such stockholders have agreed not to transfer any shares they own for 365 days after the Offerings without the consent of the Company except for certain transfers pursuant to a distributor incentive program. After the expiration of the 365-day period, no such stockholder is permitted to transfer in any one-year period a number of shares greater than ten percent of the number of shares beneficially owned by such stockholder at the time of the Offerings.

Generally, as currently in effect, Rule 144 provides that beginning 90 days after the date of this Prospectus, a person (or persons whose shares are aggregated) who has beneficially owned "restricted" shares of the Common Stock for at least two years will be entitled to sell on the open market in broker's transactions within any three-month period a number of shares that does not exceed the greater of (i) 1% of the then outstanding shares of the Common Stock (1% is expected to be equal to approximately \_\_\_\_\_ shares immediately following the Offerings) or (ii) the average weekly trading volume in the Common Stock on the open market during the four calendar weeks preceding such sale. Sales under Rule 144, as currently in effect, are also subject to certain notice requirements and the availability of current public information about the Company. Under the provisions of Rule 144, the Selling Stockholders will be deemed to have acquired beneficial ownership of the shares of

Common Stock currently held by them on the date of the issuance of such shares by the Company in the Reorganization.

The shares of Class A Common Stock sold in the Offerings will not be listed on any stock exchange in Japan and will not be registered with the Japan Securities Dealers Association as shares to be traded in the Japanese over-the-counter market. Therefore, there will be no public market in Japan for the trading of such shares. Under the Securities and Exchange Law of Japan, if the offer of shares of Class A Common Stock is made to 50 or more persons in Japan on uniform terms and conditions and the aggregate offering price is (Yen)500 million or more, such offer will be subject to regulations applicable to secondary public offerings, the primary requirements of which are the filing of a notification with the Minister of Finance of Japan (the "MOF") and the distribution of a prospectus.

The Company, its directors and officers, and the Selling Stockholders have agreed or will agree prior to the Offerings not to sell or otherwise dispose of any shares of Common Stock or securities convertible into or exchangeable or exercisable for Common Stock, without the prior consent of Merrill Lynch & Co., for a period of 180 days after the date of this Prospectus, except that the Company may, without such consent, grant options or issue shares of Common Stock pursuant to certain equity incentives, including, without limitation, the Distributor Incentives and the Employee Incentives.

## DESCRIPTION OF CAPITAL STOCK

### GENERAL

As of the date of this Prospectus (and after consummation of the Reorganization), the authorized capital stock of the Company consists of 500,000,000 shares of Class A Common Stock, par value \$ per share ("Class A Common Stock") and 100,000,000 shares of Class B Common Stock, par value per share (the "Class B Common Stock"), and 25,000,000 shares of Preferred Stock, par value \$0.001 per share (the "Preferred Stock"). As of the date of this Prospectus (and after consummation of the Reorganization and giving effect to the implementation of the Distributor Equity Incentive Plan) there are shares of Class A Common Stock and shares of Class B Common Stock outstanding, all of which are held of record by the Selling Stockholders. See "The Reorganization and S Corporation Distribution" and "Principal and Selling Stockholders." Of the authorized shares of Preferred Stock, no shares of Preferred Stock are outstanding. The following description is a summary and is subject to and qualified in its entirety by reference to the provisions of the Company's Certificate of Incorporation filed as an exhibit in the Registration Statement of which this Prospectus forms a part.

### 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 regarding the shares of the Class B Common Stock, as described below.

**VOTING RIGHTS.** Each share of Class A Common Stock entitles the holder to one vote on each matter 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, including the election of directors. There is no cumulative voting. Except as required by applicable law, holders of Class A Common Stock and holders of Class B Common Stock will vote together on all matters submitted to a vote of the stockholders. With respect to certain corporate changes, such as liquidations, reorganizations, recapitalizations, mergers, consolidations and sales of substantially all of the Company's assets, holders of Class A Common Stock and holders of Class B Common Stock will vote together as a single class and the approval of 66 2/3% of the outstanding voting power is required to authorize or approve such transactions. See "Risk Factors-Control by Selling Stockholders; Anti-Takeover Effect of Dual Classes of Common Stock."

Any action that can be taken at a meeting of the stockholders may be taken by written consent in lieu of a meeting if the Company receives consents signed by stockholders having the minimum number of votes that would be necessary to approve the action at a meeting at which all shares entitled to vote on the matter were present. This could permit holders of Class B Common Stock to take all actions required to be taken by the stockholders without providing the other stockholders an opportunity to make nominations or raise other matters at a meeting. The right to take action by less than unanimous written consent expires at such time as there are no shares of Class B Common Stock outstanding.

**DIVIDENDS.** Holders of Class A Common Stock and holders of Class B Common Stock are entitled to receive dividends at the same rate if, as and when such dividends are declared by the Board of Directors of the Company out of assets legally available therefor after payment of dividends required to be paid on shares of Preferred Stock, if any.

If a dividend or distribution payable in Class A Common Stock is made on the Class A Common Stock, the Company must also make a pro rata and simultaneous dividend or distribution on the Class B Common Stock payable in shares of Class B Common Stock. Conversely, if a dividend or distribution payable in Class B Common Stock is made on the Class B Common Stock, the Company must also make a pro rata and simultaneous dividend or distribution on the Class A Common Stock payable in shares of Class A Common Stock.

**RESTRICTIONS ON TRANSFER.** If a holder of Class B Common Stock transfers such shares, whether by sale, assignment, gift, bequest, appointment or otherwise, 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. In the case of a pledge of shares of Class B Common stock to a financial institution, such shares will not be deemed to be transferred unless and until a foreclosure occurs.

**CONVERSION.** The Class A Common Stock has no conversion rights. The Class B Common Stock is convertible into shares of Class A Common Stock, in whole or in part, at any time and from time to time at the option of the holder, on the basis of one share of Class A Common Stock for each share of Class B Common Stock converted. In the event of a transfer of shares of Class B Common Stock to any person other than a Permitted Transferee each share of Class B Common Stock so transferred automatically will be converted into one share of Class A Common Stock. Each share of Class B Common Stock will also automatically convert into one share of Class A Common Stock if, on the record date for any meeting of the stockholders, the number of shares of Class B Common Stock then outstanding is less than 10% of the aggregate number of shares of Class A Common Stock and Class B Common Stock then outstanding.

**LIQUIDATION.** In the event of liquidation, after payment of the debts and other liabilities of the Company and after making provision for the holders of Preferred Stock, if any, the remaining assets of the Company will be distributable ratably among holders of Class A Common Stock and holders of Class B Common Stock treated as a single class.

**MERGERS AND OTHER BUSINESS COMBINATIONS.** Upon the merger or consolidation of the Company, holders of each class of Common Stock are entitled to receive equal per share payments or distributions, except that in any transaction in which shares of capital stock are distributed, such shares may differ as to voting rights to the extent and only to the extent that the voting rights of the Class A Common Stock and the Class B Common Stock differ at that time. The Company may not dispose of all or any substantial part of the assets of the Company to, or merge or consolidate with, any person, entity or "group" (as defined in Rule 13-d-5 of the Securities Exchange Act of 1934, as amended (the "1934 Act")), which beneficially owns in the aggregate 10% or more of the outstanding Common Stock of the Company (a "Related Person") without the affirmative vote of the holders, other than such Related Person, of not less than 66 2/3% of the voting power of outstanding Class A Common Stock and Class B Common Stock voting as a single class. For the sole purpose of determining the 66-2/3% vote, a Related Person will also include the seller or sellers from whom the Related Person acquired, during the preceding six months, at least 5% of the outstanding shares of Class A Common Stock in a single transaction or series of related transactions pursuant to one or more agreements or other arrangements (and not through a brokers' transaction), but only if such seller or sellers have beneficial ownership of shares of Common Stock having a fair market value in excess of \$10 million in the aggregate following such disposition to such Related Person. This 66-2/3% voting requirement is not applicable, however, if (i) the proposed transaction is approved by a vote of not less than a majority of the Board of Directors of the Company who are neither affiliated nor associated with the Related Person (or the seller of shares to the Related Person as described above) or (ii) in the case of transaction pursuant to which the holders of Common Stock are entitled to receive cash, property, securities or other consideration, the cash or fair market value of the property, securities or other consideration to be received per share in such transaction is not less than the higher of (A) the highest price per share paid by the Related Person for any of its holdings of Common Stock within the two-year period immediately prior to the announcement of the proposed transaction or (B) the highest closing sale price during the 30-day period immediately preceding such date or during the 30-day period immediately preceding the date on which the Related Person became a Related Person, whichever is higher.

**OTHER PROVISIONS.** Holders of the Class A Common Stock and holders of Class B Common Stock are not entitled to preemptive rights. Neither the Class A Common Stock nor the Class B Common Stock may be subdivided or combined in any manner unless the other class is subdivided or combined in the same proportion.

**TRANSFER AGENT AND REGISTRAR.** The Transfer Agent and Registrar for the Class A Common Stock is First Security Bank of Utah, N.A.

LISTING. The Company has made application to list the Class A Common Stock on the New York Stock Exchange under the trading symbol "NUS."

#### PREFERRED STOCK

The Board of Directors is authorized, subject to any limitations prescribed by the DGCL or the rules of the New York Stock Exchange or other organizations on whose systems stock of the Company may be quoted or listed, to provide for the issuance of additional shares of Preferred Stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, powers, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon, and to increase or decrease the number of shares of such series, without any further vote or action by the stockholders. The approval of the holders of at least 66 2/3% of the combined voting power of the outstanding shares of Common Stock, however, is required for the issuance of shares of Preferred Stock that have the right to vote for the election of directors under ordinary circumstances or to elect 50% or more of the directors under any circumstances. Depending upon the terms of the Preferred Stock established by the Board of Directors, any or all series of Preferred Stock could have preference over the Common Stock with respect to dividends and other distributions and upon liquidation of the Company or could have voting or conversion rights that could adversely affect the holders of the outstanding Common Stock. In addition, the Preferred Stock could delay, defer or prevent a change of control of the Company. The Company has no present plans to issue any share of Preferred Stock.

#### OTHER CHARTER AND BYLAW PROVISIONS

Special meetings of stockholders may be called only by the majority stockholders, the Board of Directors, the President or the Secretary. Except as otherwise required by law, stockholders, in their capacity as such, are not entitled to request or call a special meeting of the stockholders.

Stockholders of the Company are required to provide advance notice of nominations of directors to be made at, and of business proposed to be brought before, a meeting of the stockholders. The failure to deliver proper notice within the periods specified in the Company's Bylaws will result in the denial of the stockholder of the right to make such nominations or propose such action at the meeting.

#### SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW

Upon consummation of the Offerings, the Company will be subject to the provisions of Section 203 of the DGCL (the "Anti-Takeover Law") regulating corporate takeovers. The Anti-Takeover Law prevents certain Delaware corporations, including those whose securities are listed on the New York Stock Exchange, from engaging, under certain circumstances, in a "business combination" (which includes a merger of not more than 10% of the corporations' assets) with an "interested stockholder" (a stockholder who, together with affiliates and associates, within the prior three years did own, 15% or more of the corporation's outstanding voting stock) for three years following the date that such stockholder became an "interested stockholder," unless the "business combination" or "interested stockholder" is approved in a prescribed manner.

#### INDEMNIFICATION OF DIRECTORS AND OFFICERS

To the fullest extent permitted by the DGCL, the Company's Certificate of Incorporation and Bylaws provide that the Company shall indemnify and advance expenses to each of its currently acting and former directors and officers, and may so indemnify and advance expenses to each of its employees and other individuals. The Company believes the foregoing provisions are necessary to attract and retain qualified persons as directors and officers. Prior to the consummation of the Offerings, the Company intends to enter into separate indemnification agreements with each of its directors and executive officers in order to effectuate such provisions. See "Certain Relationships and Related Transactions."

## CERTAIN UNITED STATES TAX CONSEQUENCES TO NON-UNITED STATES HOLDERS

The following is a general discussion of certain United States federal income and estate tax consequences of the ownership and disposition of Class A Common Stock by a Non-U.S. Holder. For this purpose, a "Non-U.S. Holder" is any person who is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual, a foreign partnership or a foreign estate or trust. This discussion does not address all aspects of United States federal income and estate taxes and does not deal with foreign, state and local consequences that may be relevant to such Non-U.S. Holders in light of their personal circumstances. Furthermore, this discussion is based on provisions of the Code, existing and proposed regulations promulgated thereunder and administrative and judicial interpretations thereof, as of the date hereof, all of which are subject to change (possibly with retroactive effect). Each prospective purchaser of Class A Common Stock is advised to consult a tax advisor with respect to current and possible future tax consequences of acquiring, holding and disposing of Class A Common Stock as well as any tax consequences that may arise under the laws of any U.S. state, municipality or other taxing jurisdiction.

An individual may, subject to certain exceptions, be deemed to be a resident alien (as opposed to a non-resident alien) by virtue of being present in the United States on at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year). Resident aliens are subject to U.S. federal tax as if they were U.S. citizens.

### DIVIDENDS

Dividends paid to a Non-U.S. Holder of Class A Common Stock generally will be subject to withholding of United States federal income tax either at a rate of 30% of the gross amount of the dividends or at such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the Non-U.S. Holder within the United States and, where a tax treaty applies, are attributable to a United States permanent establishment of the Non-U.S. Holder, are not subject to the withholding tax (provided the Non-U.S. Holder files appropriate documentation, including, under current law, IRS Form 4224, with the payor of the dividend), but instead are subject to United States federal income tax on a net income basis at applicable graduated individual or corporate rates. Any such effectively connected dividends received by a foreign corporation may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

Under current law, dividends paid to an address outside the United States are presumed to be paid to a resident of such country (unless the payer has knowledge to the contrary) for purposes of the withholding discussed above and for purposes of determining the applicability of a tax treaty rate. However, under proposed Treasury regulations not currently in effect, in the case of dividends paid after December 31, 1997 (December 31, 1999 in the case of dividends paid to accounts in existence on or before the date that is 60 days after the proposed regulations are published as final regulations), a Non-U.S. Holder of Class A Common Stock who wishes to claim the benefit of an applicable treaty rate would be required to satisfy applicable certification and other requirements either directly or through an intermediary. In addition, backup withholding, as discussed below, may apply in certain circumstances if applicable certification and other requirements are not met.

A Non-U.S. Holder of Class A Common Stock eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service (the "IRS").

### GAIN ON DISPOSITION OF COMMON STOCK

A Non-U.S. Holder will generally not be subject to United States federal income tax with respect to gain recognized on a sale or other disposition of Class A Common Stock unless (i) the gain is effectively connected with a trade or business of the Non-U.S. Holder in the United States, and, where a tax treaty applies, is attributable to a United States permanent establishment of the Non-U.S. Holder, (ii) in the case of a Non-U.S.



Holder who is an individual and holds the Class A Common Stock as a capital asset, such holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met, or (iii) the Company is or has been a "U.S. real property holding corporation" for United States federal income tax purposes. The Company believes it is not and does not anticipate becoming a "U.S. real property holding corporation" for United States federal income tax purposes.

If an individual Non-U.S. Holder falls under clause (i) above, he will, unless an applicable treaty provides otherwise, be taxed on his net gain derived from the sale under regular graduated United States federal income tax rates. If an individual Non-U.S. Holder falls under clause (ii) above, he will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by certain United States capital losses.

If a Non-U.S. Holder that is a foreign corporation falls under clause (i) above, it will be taxed on its gain under regular graduated United States federal income tax rates and may be subject to an additional branch profits tax at a 30% rate, unless it qualifies for a lower rate under an applicable income tax treaty.

#### FEDERAL ESTATE TAX

Class A Common Stock held by an individual Non-U.S. Holder at the time of death will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

#### INFORMATION REPORTING AND BACKUP WITHHOLDING TAX

The Company must report annually to the IRS and to each Non-U.S. Holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty.

A backup withholding tax is imposed at the rate of 31% on certain payments to persons that fail to furnish certain identifying information to the payor. Under current law, backup withholding generally will not apply to dividends paid to a Non-U.S. Holder at an address outside the United States (unless the payer has knowledge that the payee is a U.S. person), but generally will apply to dividends paid on Class A Common Stock at addresses inside the United States to Non-U.S. Holders that fail to provide certain identifying information in the manner required. However, under proposed Treasury regulations not currently in effect, in the case of dividends paid after December 31, 1997 (December 31, 1999 in the case of dividends paid to accounts in existence on or before the date that is 60 days after the proposed regulations are published as final regulations), a Non-U.S. Holder generally would be subject to backup withholding at a 31% rate, unless certain certification procedures (or, in the case of payments made outside the United States with respect to an offshore account, certain documentary evidence procedures) are complied with, directly or through an intermediary or a Non-U.S. Holder otherwise establishes an exemption from backup withholding.

Payment of the proceeds of a sale of Class A Common Stock by or through a United States office of a broker is subject to both backup withholding and information reporting unless the beneficial owner provides the payor with its name and address and certifies under penalties of perjury that it is a Non-U.S. Holder, or otherwise establishes an exemption. In general, backup withholding and information reporting will not apply to a payment of the proceeds of a sale of Class A Common Stock by or through a foreign office of a foreign broker. If, however, such broker is, for United States federal income tax purposes a U.S. person, a controlled foreign corporation, or a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, such payments will be subject to information reporting, but not backup withholding, unless (i) such broker has documentary evidence in its records that the beneficial owner is a Non-U.S. Holder and certain other conditions are met, or (ii) the beneficial owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against such holder's U.S. federal income tax liability provided the required information is furnished in a timely manner to the IRS.

UNDERWRITING

The U.S. Underwriters named below (the "U.S. Underwriters"), acting through their U.S. representatives, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Morgan Stanley & Co. Incorporated, Dean Witter Reynolds Inc. and Nomura Securities International, Inc. (collectively, the "U.S. Representatives"), have severally agreed, subject to the terms and conditions of a U.S. Purchase Agreement with the Company and the Selling Stockholders (the "U.S. Purchase Agreement"), to purchase from the Company and the Selling Stockholders the number of shares of Class A Common Stock set forth opposite their respective names below.

U.S. UNDERWRITERS	NUMBER OF SHARES
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	
Morgan Stanley & Co. Incorporated.....	
Dean Witter Reynolds Inc. ....	
Nomura Securities International, Inc.....	
Total.....	4,600,000
	=====

The Company and the Selling Stockholders have also entered into an International Purchase Agreement (the "International Purchase Agreement") with certain underwriters outside the United States, Canada and Japan (the "International Underwriters"), for whom Merrill Lynch International Limited, Morgan Stanley & Co. International Limited, Dean Witter International Ltd. and Nomura International Plc. are acting as representatives (the "Lead International Underwriters"). Subject to the terms and conditions set forth in the International Purchase Agreement, the Company and the Selling Stockholders have agreed to sell to the International Underwriters, and the International Underwriters have severally agreed to purchase, an aggregate of 1,330,000 shares of Class A Common Stock pursuant to Regulation S under the Securities Act.

The Company and the Selling Stockholders have also entered into a Japanese Underwriting Agreement (the "Japanese Underwriting Agreement" and, together with the U.S. Purchase Agreement and the International Purchase Agreement, the "Purchase Agreements") with certain underwriters in Japan (the "Japanese Underwriters" and, together with the U.S. Underwriters and the "International Underwriters", the "Underwriters"), for whom The Nomura Securities Co., Ltd., Merrill Lynch Japan Incorporated and Morgan Stanley Japan Limited are acting as representatives (the "Lead Japanese Underwriters"). Subject to the terms and conditions set forth in the Japanese Underwriting Agreement, the Company and the Selling Stockholders have agreed to sell to the Japanese Underwriters, and the Japanese Underwriters have jointly and severally agreed to purchase, an aggregate of 1,670,000 shares of Class A Common Stock pursuant to Regulation S under the Securities Act.

Merrill Lynch is acting as the Global Coordinator of the Offerings. In each Purchase Agreement, the Underwriters named therein have agreed, subject to the terms and conditions set forth in such Purchase Agreement, to purchase all of the shares of Class A Common Stock being sold pursuant to such Purchase Agreement if any of the shares of Class A Common Stock being sold pursuant to such Purchase Agreement are purchased. Under certain circumstances, under the U.S. or International Purchase Agreements, the commitments of non-defaulting Underwriters may be increased. Each Purchase Agreement provides that the Company and the Selling Stockholders are not obligated to sell, and the U.S. Underwriters, International Underwriters and Japanese Underwriters are not obligated to purchase, the shares of Class A Common Stock under the terms of each Purchase Agreement unless the shares of Class A Common Stock to be sold pursuant to the Purchase Agreements are contemporaneously sold.

The initial public offering price per share and the total underwriting discount per share are identical under the U.S. Purchase Agreement, the International Purchase Agreement and the Japanese Underwriting Agreement.

All of the shares to be offered in connection with the Offerings have been under the Securities Act. With regards to the Japanese Offering, a filing of a securities registration statement and amendments thereto under the Securities and Exchange Laws of Japan has also been made with the Minister of Finance of Japan. The Japanese Underwriters have agreed that the Japanese Offering will be a public offering without listing in Japan and will be governed by the Japanese laws and regulations.

The Company has been informed that the U.S. Underwriters, the International Underwriters and the Japanese Underwriters have entered into an Intersyndicate Agreement dated the date hereof (the "Intersyndicate Agreement") which provides for the coordination of their activities. Under the terms of the Intersyndicate Agreement, the U.S. Underwriters, the International Underwriters and the Japanese Underwriters are permitted to sell shares of Class A Common Stock to each other.

The Company has been informed that, under the terms of the Intersyndicate Agreement (i) the U.S. Underwriters and any dealer to whom they sell shares of Class A Common Stock will not offer to sell or resell shares of Class A Common Stock to persons who are non-U.S. or non-Canadian persons or to persons they believe intend to resell to persons who are non-U.S. or non-Canadian persons, (ii) the International Underwriters and any dealer to whom they sell shares of Class A Common Stock will not offer to sell or resell shares of Class A Common Stock to U.S., Canadian or Japanese persons, or to persons they believe intend to resell to persons who are U.S., Canadian or Japanese persons, and (iii) the Japanese Underwriters and any sub-underwriter to whom they sell shares of Class A Common Stock will not offer to sell or resell shares of Class A Common Stock to non-Japanese persons, or to persons they believe intend to resell to persons who are non-Japanese persons, except in each case for transactions pursuant to the Intersyndicate Agreement, which, among other things, permits the Underwriters to purchase from each other and offer for resale such number of shares of Class A Common Stock as the selling Underwriter or Underwriters and the purchasing Underwriter or Underwriters may agree. As used in this section, "United States Person" or "Canadian Person" shall mean, respectively, any individual who is resident in the United States or Canada or any corporation, pension, profit-sharing or other trust or entity organized under or governed by the laws of the United States or Canada or any political subdivision thereof (other than a foreign branch or subsidiary of any United States or Canadian Corporation), and shall include, respectively, any United States or Canadian branch of a person other than a United States or Canadian Person. "United States" shall mean the United States of America, its territories, its possessions and all areas subject to its jurisdiction. "Canada" shall mean the provinces of Canada, its territories, its possessions and all areas subject to its jurisdiction. "Japanese Person" shall mean (i) any individual who is resident in Japan, or (ii) any corporation, mutual fund, trust or other similar entity organized under the laws of Japan (other than a branch of such a corporate entity located outside Japan or mutual funds, trusts or other similar entities the assets of which are managed in a discretionary manner by an individual or entity not located in Japan) and shall include any branch established in Japan of a foreign corporate entity and any mutual fund, trust or other similar entity, regardless of the country under whose laws it is organized, the assets of which are managed in a discretionary manner by an individual or entity located in Japan. "Japan" shall mean Japan and all areas subject to its jurisdiction.

The Selling Stockholders have granted the U.S. Underwriters and the International Underwriters options exercisable for 30 days after the date of this Prospectus to purchase up to 690,000 and 199,500 additional shares of Class A Common Stock, respectively, to cover over-allotments, if any, at the initial public offering price, less the underwriting discount. To the extent that the U.S. and International Underwriters exercise such options, each of the U.S. and International Underwriters will have a firm commitment, subject to certain conditions, to purchase approximately the same percentage of the option shares that the number of shares to be purchased initially by that Underwriter is of the number of shares of Common Stock initially purchased by the U.S. and International Underwriters. No over-allotment option has been granted under the Japanese Underwriting Agreement.

The U.S. Representatives have advised the Company that the U.S. Underwriters propose to offer the shares of Class A Common Stock to the public initially at the public offering price set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of \$     per share. The U.S. Underwriters may allow, and such dealers may reallow, a discount not in excess of \$     per share on sales to certain other dealers. After the initial public offering of the Class A Common Stock, the public offering price, concession and discount may be changed.

The Company and the Selling Stockholders have agreed to indemnify the U.S. Underwriters, the Japanese Underwriters and the International Underwriters against certain liabilities which may be incurred in connection with the offering of the Class A Common Stock and the exercise of the over-allotment options, including liabilities under the Securities Act and other applicable securities laws. In addition, the Company has agreed to reimburse the Japanese Underwriters for certain out-of-pocket expenses incurred in connection with the Japanese Offering.

Without the consent of Merrill Lynch, the Company, its executive officers and the Selling Stockholders have agreed that they will not, for a period of 180 days following the date of this Prospectus, directly or indirectly, offer to sell, grant any option for the sale of, or otherwise dispose of, any shares of Class A Common Stock or any securities convertible into or exchangeable or exercisable for any such shares. The foregoing agreements with respect to the issuance of stock by the Company are subject to certain exceptions, including the contribution of shares of Class A Common Stock to the Company and NSI for issuance of such shares in the Distributor and Employee Incentive programs. See "Shares Eligible for Future Sale."

Application has been made to list the Class A Common Stock on the New York Stock Exchange under the symbol "NUS." In order to meet the requirements for listing of the Class A Common Stock on the NYSE, the U.S. Underwriters have undertaken to sell lots of 100 or more shares to a minimum of 2,000 beneficial owners.

At the request of the Company, the U.S. Underwriters and the International Underwriters have reserved up to     shares of Class A Common Stock for sale at the public offering price to certain employees of NSI and the Company and to certain distributors of NSI and the Company, who have expressed an interest in purchasing such shares. The number of shares available to the general public will be reduced to the extent these persons purchase the reserved shares. Any reserved shares that are not so purchased by such employees or distributors at the closing of the Offerings will be offered by the U.S. Underwriters and the International Underwriters to the general public on the same terms as the other shares offered hereby.

In order to comply with local securities laws in certain jurisdictions outside the United States, sales to certain employees and distributors will be made directly by the Company rather than through the Underwriters, and the total underwriting discount set forth on the cover page of this Prospectus will be reduced accordingly. In addition, all shares sold to employees and distributors outside the United States will be shares offered by the Company, rather than by the Selling Stockholders.

Prior to the Offerings, there has been no established trading market for the shares of Class A Common Stock. The initial public offering price for the Class A Common Stock offered hereby has been determined by negotiation among the Company and the Underwriters. Among the factors considered in making such determination were the history of and the prospects for the industry in which the Company competes, an assessment of the Company's management, the past and present operations of the Company, the historical results of operations of the Company and the trend of its revenues and earnings, the prospects for future earnings of the Company, the general condition of the securities markets at the time of the Offerings, the prices of similar securities of generally comparable companies and other relevant factors. There can be no assurance that an active trading market will develop for the Class A Common Stock or that the Class A Common Stock will trade in the public market subsequent to the Offerings at or above the initial public offering price.

The U.S. Representatives have informed the Company that the U.S. Underwriters do not intend to confirm sales of Class A Common Stock offered hereby to any accounts over which they exercise discretionary authority.

#### LEGAL MATTERS

The validity of the issuance of the shares of Class A Common Stock offered hereby will be passed upon for the Company and the Selling Stockholders by LeBoeuf, Lamb, Greene & MacRae, L.L.P., a limited liability partnership including professional corporations, Salt Lake City, Utah. Certain legal matters will be passed upon for the U.S. and International Underwriters by Shearman & Sterling, San Francisco, California and for the Japanese Underwriters by Tomotsune Kimura & Mitomi, Tokyo, Japan.

#### EXPERTS

The combined financial statements of Nu Skin Asia Pacific, Inc. as of December 31, 1994 and 1995 and for the fiscal years ended September 30, 1993 and 1994, for the three month period ended December 31, 1994 and for the year ended December 31, 1995 and balance sheet of Nu Skin Asia Pacific, Inc. as of September 6, 1996 included in this Prospectus have been so included in reliance on the reports of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

#### ADDITIONAL INFORMATION

The Company has filed a Registration Statement on Form S-1, of which this Prospectus is a part, with the Securities and Exchange Commission (the "Commission") under the 1933 Act with respect to the shares of Common Stock offered hereby. This Prospectus does not contain all the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company and the Common Stock offered hereby, reference is made to the Registration Statement, including the financial schedules and exhibits filed therewith. Statements made in this Prospectus as to the contents of any contract, agreement or other documents are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise with the Commission. Each such statement shall be deemed qualified in its entirety by such reference. Copies of the Registration Statement, including all exhibits and schedules thereto, may be obtained from the Commission's principal office at 450 Fifth Street, N.W., Washington, D.C. 20549 upon the payment of the fees prescribed by the Commission, or may be examined without charge at the public reference facilities maintained at the principal office of the Commission. The Commission maintains a Web site on the Internet at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file with the Commission.

The Company intends to furnish holders of the Class A Common Stock with annual reports containing audited consolidated financial statements and a report thereon by its independent auditors, and quarterly reports containing unaudited consolidated financial information. Such audited financial statements and unaudited quarterly financial information will be prepared in accordance with United States generally accepted accounting principles.

NU SKIN ASIA PACIFIC, INC.

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All schedules are omitted because they are not applicable or the required information is shown in the combined financial statements or notes thereto.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Nu Skin Asia Pacific, Inc.

In our opinion, the accompanying combined balance sheets and the related combined statements of income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Nu Skin Asia Pacific, Inc. at December 31, 1994 and 1995, and the results of its operations and its cash flows for the years ended September 30, 1993 and 1994, the three months ended December 31, 1994, and the year ended December 31, 1995, 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 Nu Skin Hong Kong, Inc. --Hong Kong Branch for the year ended September 30, 1993, which statements reflect 17% of revenue for the year then ended. Those statements were audited by other independent accountants whose report dated April 14, 1994 (except for Notes 2 and 8, as to which the date is August 30, 1996) expressed an unqualified opinion on those statements. Our opinion, as it relates to data of Nu Skin Hong Kong, Inc. for the year ended September 30, 1993, is based solely on the report of other independent accountants. 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 provide a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse LLP

Price Waterhouse LLP  
Salt Lake City, Utah  
September 10, 1996

NU SKIN ASIA PACIFIC, INC.

COMBINED BALANCE SHEETS  
(IN THOUSANDS)

	DECEMBER 31,		JUNE 30,
	1994	1995	1996
			(UNAUDITED)
ASSETS			
Current assets			
Cash and cash equivalents.....	\$16,288	\$ 63,213	\$ 51,464
Accounts receivable.....	1,068	3,242	4,899
Related parties receivable.....	17,870	1,793	9,945
Inventories, net.....	15,556	32,662	38,383
Prepaid expenses and other.....	3,461	3,410	3,449
	54,243	104,320	108,140
Property and equipment, net.....	3,850	6,904	8,120
Other assets.....	3,331	7,004	8,431
Total assets.....	\$61,424	\$118,228	\$124,691
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable.....	\$ 3,630	\$ 4,395	\$ 8,101
Accrued expenses.....	13,377	23,313	39,672
Related parties payable.....	10,556	28,749	21,033
	27,563	56,457	68,806
	-----	-----	-----
Commitments and contingencies (Notes 7 and 10)			
Stockholders' equity			
Capital stock.....	1,300	4,550	4,550
Cumulative foreign currency translation adjustment.....	441	(2,940)	(3,780)
Retained earnings.....	32,120	60,161	55,115
	33,861	61,771	55,885
	-----	-----	-----
Total liabilities and stockholders' equity...	\$61,424	\$118,228	\$124,691
	=====	=====	=====

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



NU SKIN ASIA PACIFIC, INC.

COMBINED STATEMENTS OF INCOME  
(IN THOUSANDS)

	YEAR ENDED SEPTEMBER 30,		THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	
	1993	1994	1993	1994	1995	1995	1996
	(UNAUDITED)					(UNAUDITED) (UNAUDITED)	
Revenue.....	\$110,624	\$254,637	\$63,759	\$73,562	\$358,609	\$158,125	\$287,711
Cost of sales.....	38,842	86,872	24,238	19,607	96,615	41,901	80,963
Gross profit.....	71,782	167,765	39,521	53,955	261,994	116,224	206,748
Operating expenses							
Distributor incentives.....	40,267	95,737	22,315	27,950	135,722	60,224	107,090
Selling, general and administrative.....	27,150	44,566	9,358	13,545	67,475	27,511	44,551
Total operating expenses.....	67,417	140,303	31,673	41,495	203,197	87,735	151,641
Operating income.....	4,365	27,462	7,848	12,460	58,797	28,489	55,107
Other income (expense), net.....	133	443	24	(813)	511	549	617
Income before provision for income taxes.....	4,498	27,905	7,872	11,647	59,308	29,038	55,724
Provision for income taxes (Note 8).....	417	10,226	2,885	2,730	19,097	9,350	20,591
Net income.....	\$ 4,081	\$ 17,679	\$ 4,987	\$ 8,917	\$ 40,211	\$ 19,688	\$ 35,133
Unaudited pro forma data:							
Income before pro forma provision for income taxes.....	4,498	27,905	7,872	11,647	59,308	29,038	55,724
Pro forma provision for income taxes (Note 8).....	1,511	10,391	2,931	4,041	22,751	11,139	20,443
Income after pro forma provision for income taxes.....	\$ 2,987	\$ 17,514	\$ 4,941	\$ 7,606	\$ 36,557	\$ 17,899	\$ 35,281

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

NU SKIN ASIA PACIFIC, INC.

COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY  
(IN THOUSANDS)

	CAPITAL STOCK	CUMULATIVE FOREIGN CURRENCY TRANSLATION ADJUSTMENT	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
	-----	-----	-----	-----
Balance at October 1, 1992.....	\$1,300	\$ 6	\$ 1,443	\$ 2,749
Net change in cumulative foreign currency translation adjustment..	--	96	--	96
Net income.....	--	--	4,081	4,081
	-----	-----	-----	-----
Balance at September 30, 1993.....	1,300	102	5,524	6,926
Net change in cumulative foreign currency translation adjustment..	--	329	--	329
Net income.....	--	--	17,679	17,679
	-----	-----	-----	-----
Balance at September 30, 1994.....	1,300	431	23,203	24,934
Net change in cumulative foreign currency translation adjustment..	--	10	--	10
Net income.....	--	--	8,917	8,917
	-----	-----	-----	-----
Balance at December 31, 1994.....	1,300	441	32,120	33,861
Contributed capital.....	3,250	--	--	3,250
Dividends.....	--	--	(12,170)	(12,170)
Net change in cumulative foreign currency translation adjustment..	--	(3,381)	--	(3,381)
Net income.....	--	--	40,211	40,211
	-----	-----	-----	-----
Balance at December 31, 1995.....	4,550	(2,940)	60,161	61,771
Dividends (unaudited).....	--	--	(40,179)	(40,179)
Net change in cumulative foreign currency translation adjustment (unaudited).....	--	(840)	--	(840)
Net income (unaudited).....	--	--	35,133	35,133
	-----	-----	-----	-----
Balance at June 30, 1996 (unaudited).....	\$4,550	\$(3,780)	\$55,115	\$55,885
	=====	=====	=====	=====

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

NU SKIN ASIA PACIFIC, INC.

COMBINED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

	YEAR ENDED SEPTEMBER 30,		THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	SIX MONTHS ENDED JUNE 30,	
	1993	1994	1993	1994	1995	1995	1996
	(UNAUDITED)					(UNAUDITED) (UNAUDITED)	
Cash flows from operating activities:							
Net income.....	\$ 4,081	\$ 17,679	\$ 4,987	\$ 8,917	\$ 40,211	\$19,688	\$ 35,133
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Depreciation.....	813	1,401	466	358	2,012	996	1,285
Loss on disposal of property and equipment.....	1	90	--	1,093	12	4	--
Changes in operating assets and liabilities:							
Accounts receivable....	36	(1,006)	(4,141)	165	(2,174)	(2,364)	(1,657)
Related parties receivable.....	(3,615)	(25,288)	100	11,108	16,077	15,316	(8,152)
Inventories, net.....	(9,301)	158	947	(939)	(17,106)	(3,298)	(5,721)
Prepaid expenses and other.....	(587)	(890)	(3,530)	(836)	51	1,663	(39)
Other assets.....	(542)	277	195	(20)	(2,994)	(572)	(1,432)
Accounts payable.....	1,544	884	1,928	279	765	188	3,706
Accrued expenses.....	2,216	13,106	3,457	(4,384)	9,936	2,937	16,359
Related parties payable.....	19,398	3,475	(1,152)	(16,442)	18,193	9,888	(7,716)
Net cash provided by (used in) operating activities.....	14,044	9,886	3,257	(701)	64,983	44,446	31,766
Cash flows from investing activities:							
Purchase of property and equipment.....	(4,061)	(1,766)	(500)	(417)	(5,422)	(3,237)	(2,859)
Proceeds from disposal of property and equipment.....	20	25	--	14	48	3	--
Payments for lease deposits.....	(1,726)	(614)	(73)	(677)	(701)	(295)	--
Receipt of refundable lease deposits.....	337	153	153	--	22	3	5
Net cash used in investing activities..	(5,430)	(2,202)	(420)	(1,080)	(6,053)	(3,526)	(2,854)
Cash flows from financing activities:							
Proceeds from related party loans.....	4,350	--	--	--	--	--	--
Payments on related party loans.....	--	(4,350)	--	--	--	--	--
Proceeds from capital contributions.....	--	--	--	--	3,250	--	--
Dividends paid.....	--	--	--	--	(12,170)	(2,456)	(40,179)
Net cash provided by (used in) financing activities.....	4,350	(4,350)	--	--	(8,920)	(2,456)	(40,179)
Effect of exchange rate changes on cash.....	74	152	(702)	(8)	(3,085)	1,584	(482)
Net increase (decrease) in cash and cash equivalents.....	13,038	3,486	2,135	(1,789)	46,925	40,048	(11,749)
Cash and cash equivalents, beginning of period.....	1,553	14,591	14,591	18,077	16,288	16,288	63,213
Cash and cash equivalents, end of period.....	\$14,591	\$ 18,077	\$16,726	\$16,288	\$ 63,213	\$56,336	\$ 51,464
Supplemental cash flow information:							
Interest paid.....	\$ 207	\$ 81	\$ 42	\$ 6	\$ 119	\$ 25	\$ 24

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



NOTES TO COMBINED FINANCIAL STATEMENTS

1. THE COMPANY

Nu Skin Asia Pacific, Inc. (the "Company") is a network marketing company involved in the distribution of premium quality personal care and nutritional products in Asia. The Company is the exclusive distribution vehicle for Nu Skin International, Inc. ("NSI") in the countries of Japan, Taiwan, Hong Kong (including Macau) and South Korea (collectively referred to as the "Subsidiaries"). Additionally, the Company sells products to NSI affiliates in Australia and New Zealand. NSI was founded in 1984 and is one of the largest network marketing companies in the world. NSI owns the Nu Skin trademark and provides the products and marketing materials to each of its affiliates. Nu Skin Management Group, Inc. ("NSIMG"), an NSI affiliate, has provided, and will continue to provide, a high level of support services to the Company, including product development, marketing, legal, accounting and other managerial services. The operations of the Company, of NSI, of NSIMG and of other NSI affiliates are conducted by a variety of individual entities that are under the control of a group of common stockholders.

Inasmuch as the Subsidiaries are under common control, and in accordance with the planned reorganization discussed in Note 11, the Subsidiaries' historical balance sheets and related statements of income, of stockholders' equity and of cash flows are combined and presented as a single entity after elimination of intercompany transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CHANGE IN FISCAL YEAR

In October 1994, the Company's Board of Directors approved a change in the Company's fiscal year end from September 30 to a calendar year end of December 31. The change became effective as of September 30, 1994.

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 of merchandise purchased for resale and are stated at the lower of cost using the first-in, first-out method or market.

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.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

OTHER ASSETS

Other assets consist primarily of deposits for noncancelable operating leases.

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 payment at the point of sale. The Company has determined that no allowance for doubtful accounts is necessary. Amounts received prior to shipment to distributors are recorded as deferred revenue.

INCOME TAXES

Effective October 1, 1993, the Company 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.

The Company elected to be taxed as an S corporation whereby the U.S. Federal and state income tax effects of the Company's activities accrue directly to its stockholders. The cumulative affect of adopting SFAS No. 109 as of October 1, 1993 was not material to the Company's operations.

FOREIGN CURRENCY TRANSLATION

All business operations of the Company 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 from 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 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 combined balance sheets, and transaction gains and losses are included in other income in the combined statements of income.

INDUSTRY SEGMENT AND GEOGRAPHIC AREA

The Company operates in a single industry, which is the direct selling of skin care, hair care and nutritional products, and in a single geographic area, which is the Asia Pacific Region.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments including cash and cash equivalents, accounts receivable, related parties receivable, accounts payable, accrued expenses and related parties payable approximate their recorded values.

INTERIM RESULTS (UNAUDITED)

The accompanying balance sheet as of June 30, 1996, the statement of stockholders' equity for the six months ended June 30, 1996 and the statements of income and of cash flows for the three months ended December 31, 1993 and the six months ended June 30, 1995 and 1996 are unaudited. In the opinion of management, these statements have been prepared on the same basis as the audited financial statements and include all adjustments necessary for the fair statement of the results of interim periods. The data disclosed in these notes to the combined financial statements at such dates or for such periods are also unaudited.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

3. RELATED PARTY TRANSACTIONS

SCOPE OF RELATED PARTY ACTIVITY

The Company has extensive and pervasive transactions with affiliated entities that are under the control of a group of common stockholders. These transactions are as follows: (1) The Company purchases virtually all of its products from NSI through Nu Skin Hong Kong under the terms of the Regional Distribution Agreement. The Company's purchase prices for NSI products and commercial materials are governed by a price schedule which is subject to negotiation between the Company and NSI. (2) The Company sells NSI products to each of its subsidiaries and to NSI affiliates in Australia and New Zealand through Nu Skin Hong Kong under the terms of the Regional Distribution Agreement. (3) The Company pays a royalty to NSI for use of licensed trademarks and trade names on products and commercial materials not purchased from NSI, including products and commercial materials manufactured or locally sourced by each of the Subsidiaries under the terms of the Trademark/Tradenname License Agreements. (4) Distributor agreements are entered into between the distributor and NSI rather than the Company. The Company pays license fees to NSI for the right to use NSI's distributor lists, the distribution system and other intangibles in the countries in which the Company maintains exclusive distribution rights under the terms of the Licensing and Sales Agreements. (5) The Company is obligated to pay NSI a commission fee of 42% on all sales to distributors by the Company to fulfill NSI's obligation under the Global Compensation Plan as outlined in the Licensing and Sales Agreement. Such payment is compensation to NSI for the commissions which become payable by NSI to the independent distributors upon the Company's sales of product and covers the costs of such commissions and the administration of the Global Compensation Plan. The Company offsets this liability by paying directly the commissions and rebates due to the distributors in the countries in which the Company operates. (6) The Company pays fees to NSIMG for management and support services under the terms of the Management Services Agreement. The Company's management believes that the fees charged by NSI and NSIMG are reasonable. In the event that NSI and NSIMG are unable or unwilling to perform their obligations under the above agreements, or terminate the agreements as provided therein, the Company's business and results of operations will be adversely affected.

Total commission fees (including those paid directly to distributors within the Company's geographic territory) are recorded as distributor incentives in the combined statements of income. Trademark royalty fees, license fees and management fees are included in selling, general and administrative expenses in the combined statements of income.

SUMMARY OF TRANSACTIONS

The following summarizes the Company's transactions with related parties (in thousands):

Product purchases

	YEAR ENDED SEPTEMBER 30,		THREE MONTHS ENDED	YEAR ENDED	SIX MONTHS ENDED
	1993	1994	DECEMBER 31, 1994	DECEMBER 31, 1995	JUNE 30, 1996
					(UNAUDITED)
Beginning inventories...	\$ 5,474	\$ 14,775	\$14,617	\$ 15,556	\$ 32,662
Inventory purchases from affiliates.....	29,877	61,409	11,608	69,821	65,821
Other inventory purchases, import duties and value added locally.....	18,266	25,305	8,938	43,900	20,863
Total products available for sale.....	53,617	101,489	35,163	129,277	119,346
Less: Cost of sales.....	(38,842)	(86,872)	(19,607)	(96,615)	(80,963)
Ending inventories.....	\$14,775	\$ 14,617	\$15,556	\$ 32,662	\$ 38,383

NU SKIN ASIA PACIFIC, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

Related parties payable transactions

	YEAR ENDED SEPTEMBER 30,		THREE	YEAR ENDED	SIX
	1993	1994	MONTHS ENDED DECEMBER 31, 1994	DECEMBER 31, 1995	MONTHS ENDED JUNE 30, 1996
	(UNAUDITED)				
Beginning related parties payable.....	\$ 4,125	\$ 27,873	\$ 26,998	\$ 10,556	\$ 28,749
Inventory purchases from affiliates.....	47,076	61,409	11,608	69,821	65,821
Distributor incentives..	40,267	95,737	27,950	135,722	107,090
Less: Distributor incentives paid directly to distributors.....	(13,256)	(68,880)	(19,837)	(105,642)	(83,148)
License fees.....	3,574	9,252	2,750	13,158	10,741
Trademark royalty fees..	--	--	19	2,694	1,383
Management fees.....	794	1,449	499	2,066	1,333
Proceeds from (payments for) related party loans.....	4,350	(4,350)	--	--	--
Less: Payments to related parties.....	(59,057)	(95,492)	(39,431)	(99,626)	(110,936)
Ending related parties payable.....	\$ 27,873	\$ 26,998	\$ 10,556	\$ 28,749	\$ 21,033

RELATED PARTIES RECEIVABLE AND PAYABLE BALANCES

The Company has receivable and payable balances with affiliates in Australia and New Zealand, and with NSI and NSIMG. Related parties balances outstanding greater than 60 days bear interest at prime plus 2%. Since no significant balances have been outstanding greater than 60 days, no related parties interest income or interest expense has been recorded in the combined financial statements. Sales to related parties were \$7,426,000 and \$2,288,000 for the years ended September 30, 1993 and 1994, respectively, \$855,000 for the three months ended December 31, 1994, \$4,608,000 for the year ended December 31, 1995 and \$2,137,000 (unaudited) for the six months ended June 30, 1996.

Related parties receivable includes \$15,746,000 due from NSI at December 31, 1994 for excess payments made during 1994 resulting from a refund of overpayments on inventory purchased from NSI during 1994. The Company has determined that no allowance is necessary for amounts due from related parties.

CERTAIN RELATIONSHIPS WITH STOCKHOLDER DISTRIBUTORS

Two major stockholders of the Company have been NSI distributors since 1984. These stockholders receive substantial commissions from NSI, including commissions relating to sales within the countries in which the Company operates. By agreement, NSI pays commissions to these stockholders at the highest level of distributor compensation to allow the stockholders to use their expertise and reputations in network marketing to further develop NSI's distributor force, rather than focusing solely on their own distributor organizations.



NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

4. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following (in thousands):

	DECEMBER 31,		JUNE 30,
	1994	1995	1996
	(UNAUDITED)		
Furniture and fixtures.....	\$ 982	\$ 3,593	\$ 4,589
Computers and equipment.....	3,772	5,060	6,006
Leasehold improvements.....	1,240	2,221	2,531
Vehicles.....	156	152	241
	6,150	11,026	13,367
Less: accumulated depreciation.....	(2,300)	(4,122)	(5,247)
	\$ 3,850	\$ 6,904	\$ 8,120
	=====	=====	=====

Depreciation of property and equipment totaled \$813,000 and \$1,401,000 for the years ended September 30, 1993 and 1994, respectively, \$358,000 for the three months ended December 31, 1994, \$2,012,000 for the year ended December 31, 1995 and \$1,285,000 (unaudited) for the six months ended June 30, 1996.

5. ACCRUED EXPENSES

Accrued expenses consist of the following (in thousands):

	DECEMBER 31,		JUNE 30,
	1994	1995	1996
	(UNAUDITED)		
Income taxes payable.....	\$ 7,577	\$17,463	\$27,797
Other taxes payable.....	606	798	5,167
Other accruals.....	5,194	5,052	6,708
	\$13,377	\$23,313	\$39,672
	=====	=====	=====

6. LINE OF CREDIT

During 1995, the Company entered into an \$8,000,000 revolving credit agreement with a financial institution in South Korea. Advances were available under the agreement through July 1, 1996. The credit facility bears interest at an annual rate of 12%. There were no outstanding balances under the credit facility at December 31, 1995 and June 30, 1996 (unaudited).

7. 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, 1995 are as follows (in thousands):

Year ending December 31,	
1996.....	\$6,626
1997.....	2,141
1998.....	209
	-----
Total minimum lease payments.....	\$8,976
	=====

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

Rental expense for operating leases totaled \$3,941,000 and \$5,848,000 for the years ended September 30, 1993 and 1994, respectively, \$1,639,000 for the three months ended December 31, 1994, \$9,470,000 for the year ended December 31, 1995 and \$4,154,000 (unaudited) for the six months ended June 30, 1996.

8. INCOME TAXES

Combined income before provision for income taxes consists of income earned solely from international operations. The provision for income taxes for the years ended September 30, 1993 and 1994, for the three months ended December 31, 1994, for the year ended December 31, 1995 and for the six months ended June 30, 1996 (unaudited) primarily represents income taxes paid in foreign countries.

PRO FORMA PROVISION FOR INCOME TAXES

The combined statements of income include a pro forma presentation for income taxes which would have been recorded if the Company had not been an S corporation based upon the U.S. Federal and state tax laws. The unaudited pro forma provision for income taxes consists of the following (in thousands):

	YEAR ENDED SEPTEMBER 30,		THREE MONTHS ENDED	YEAR ENDED	SIX MONTHS ENDED
	1993	1994	DECEMBER 31, 1994	DECEMBER 31, 1995	JUNE 30, 1996
	-----		-----	-----	-----
					(UNAUDITED)
Current:					
Federal.....	\$1,176	\$ 870	\$1,505	\$ 5,113	\$1,192
State.....	--	--	--	--	--
Foreign.....	944	11,176	2,779	19,500	22,967
Deferred:					
Federal.....	(82)	(705)	(194)	(1,459)	(1,340)
State.....	--	--	--	--	--
Foreign.....	(527)	(950)	(49)	(403)	(2,376)
	\$1,511	\$10,391	\$4,041	\$22,751	\$20,443
	=====	=====	=====	=====	=====

The principal components of pro forma deferred tax assets are as follows:

	DECEMBER 31,		JUNE 30,
	1994	1995	1996
	-----		-----
			(UNAUDITED)
Deferred tax assets:			
Product return reserve.....	\$ 54	\$ 115	\$ 866
Inventory reserve.....	14	414	1,114
Depreciation.....	979	866	1,078
Exchange gains and losses.....	--	389	--
Accrued expenses not deductible until paid.....	179	123	141
Uniform capitalization.....	897	1,696	1,726
Minimum tax credit.....	--	--	1,193
Valuation allowance.....	--	--	(1,193)
Other.....	82	61	79
	\$2,205	\$3,664	\$5,004
	=====	=====	=====

NU SKIN ASIA PACIFIC, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

A reconciliation of the Company's pro forma effective tax rate compared to the statutory U.S. Federal tax rate is as follows:

	YEAR ENDED SEPTEMBER 30, ----- 1993    1994		THREE MONTHS ENDED DECEMBER 31, ----- 1994	YEAR ENDED DECEMBER 31, ----- 1995	SIX MONTHS ENDED JUNE 30, ----- 1996
	(UNAUDITED)				
Income taxes at statutory rate.....	34.00%	35.00%	35.00%	35.00%	35.00%
Foreign tax credit limitation (benefit).....	(0.60)	1.97	(0.42)	2.69	(0.52)
Alternative minimum tax.....	--	--	--	--	2.14
Non-deductible expenses.....	0.26	0.27	0.11	0.67	0.07
Other.....	(0.05)	--	--	--	--
	-----	-----	-----	-----	-----
	33.61%	37.24%	34.69%	38.36%	36.69%
	=====	=====	=====	=====	=====

9. FINANCIAL INSTRUMENTS

The Subsidiaries enter into significant transactions with each other, NSI and third parties which may not be denominated in the respective entity's functional currency. 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 currently does not use such financial instruments for trading or speculative purposes. The Company regularly monitors its foreign currency risks and periodically takes measures to minimize the impact of foreign exchange fluctuations on the Company's operating results.

At December 31, 1994 and 1995, and June 30, 1996, the Company held foreign currency forward contracts with notional amounts totaling \$-0-, \$1,000,000 and \$1,000,000, respectively, to hedge foreign currency risks. These contracts all have maturities prior to December 31, 1996. At December 31, 1995 and June 30, 1996 and for the periods then ended, there were no significant unrealized losses on these contracts.

10. 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 of foreign corporations and their intercompany transfers. Any assertions or determination that either the Company or any of its distributors is not in compliance with existing statutes, laws, rules or regulations could 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.

11. SUBSEQUENT EVENTS

PLANNED REORGANIZATION

Prior to or concurrently with the initial public offerings, the stockholders of the Subsidiaries will effectuate a tax-free reorganization whereby the stockholders will contribute their shares of capital stock to the Company in exchange for shares of the Company's Class B Common Stock intended to qualify as a tax free transfer under Section 351 of the Internal Revenue Code of 1986 (the "Reorganization"). The Reorganization will result in each of the Subsidiaries becoming a wholly-owned subsidiary of the Company. Prior to the Reorganization, each Subsidiary elected to be treated as an S corporation. As part of the Reorganization, each Subsidiary will terminate its S corporation status.

Inasmuch as the separate entities that will be reorganized to constitute the Company are under common control, the Reorganization will be accounted for in a manner similar to a pooling of interests. Accordingly, the individual Subsidiaries' historical balance sheets and related statements of income, of stockholders' equity and of cashflows are combined and presented as a single entity after elimination of intercompany transactions. The unaudited pro forma statements included elsewhere in this registration statement reflect the Reorganization and related accounting treatment.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of  
Nu Skin Asia Pacific, Inc.

In our opinion, the accompanying balance sheet presents fairly, in all material respects, the financial position of Nu Skin Asia Pacific, Inc. at September 6, 1996, in conformity with generally accepted accounting principles. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse LLP

Price Waterhouse LLP  
Salt Lake City, Utah  
September 10, 1996

NU SKIN ASIA PACIFIC, INC.

BALANCE SHEET

AS OF SEPTEMBER 6, 1996  
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

ASSETS	
Deferred offering costs.....	\$1,676
	-----
Total assets.....	\$1,676
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Accrued expenses.....	\$1,676
	-----
Total liabilities.....	1,676
	-----
Stockholders' equity	
Preferred Stock--25,000,000 shares authorized, \$.001 par value.....	--
Class A Common Stock.....	--
Class B Common Stock.....	--
	-----
Total stockholders' equity.....	--
	-----
Total liabilities and stockholders' equity.....	\$1,676
	=====

The accompanying notes are an integral part of this balance sheet.

NU SKIN ASIA PACIFIC, INC.

NOTES TO BALANCE SHEET

AS OF SEPTEMBER 6, 1996

NOTE 1--DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nu Skin Asia Pacific, Inc. (the "Company") is a network marketing company involved in the marketing, distribution and sale of premium quality, innovative personal care and nutritional products. The Company is the exclusive distribution vehicle of products produced by Nu Skin International, Inc. ("NSI") in Japan, Taiwan, Hong Kong, and South Korea, where the Company currently has operations, and in Thailand, Indonesia, Malaysia, the Philippines, the People's Republic of China, Singapore and Vietnam, where operations have not commenced. The Company belongs to a group of affiliated entities that are under the control of a group of common stockholders (the "Nu Skin Group"). The Nu Skin Group's affiliates include various entities that have exclusive Nu Skin marketing rights, distribution rights and trademark licenses in each of the markets in which the Company operates.

The Company was organized in September 1996 as a holding company in anticipation of a tax-free reorganization of the distribution and marketing entities operating in Japan, Taiwan, Hong Kong, and South Korea (collectively referred to as the "Subsidiaries"). The Reorganization will be undertaken in anticipation of the initial public offerings (the "Offerings").

The balance sheet should be read in conjunction with the historical Combined Financial Statements of Nu Skin Asia Pacific, Inc. included elsewhere in this registration statement.

USE OF ESTIMATES

The preparation of the balance sheet in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

INCOME TAXES

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the difference between the financial and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes.

STOCK-BASED COMPENSATION

The Company will adopt Statement of Financial Accounting Standards No. 123 (SFAS 123), Accounting for Stock-Based Compensation. SFAS 123 becomes effective during 1996. The Company will measure 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 will provide pro forma disclosures of net income and net income per share as if the fair value-based method prescribed by SFAS 123 had been applied in measuring compensation expense.

NOTE 2--DEFERRED OFFERING COSTS

The Company has incurred costs totaling \$1,676,000 in connection with the Offerings. These costs have been reflected as deferred offerings costs in the accompanying balance sheet as of September 6, 1996. If the Offerings are successful, the costs will be deducted from the proceeds received from the Offerings. If the Offerings are not successful, the costs will be charged to expense in the period in which a decision is made to terminate the Offerings. In such event, the costs would be paid by NSI.

SEPTEMBER 6, 1996

NOTE 3--CAPITAL STOCK

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.

STOCKHOLDER CONTROL

Subsequent to the Offerings, a group of common stockholders (the "Existing Stockholders") will own all of the outstanding shares of Class A Common Stock and Class B Common Stock, which will represent approximately 99% of the combined voting rights of all outstanding Common Stock. Accordingly, the Existing Stockholders, acting as a group, will control the election of the entire Board of Directors and decisions with respect to the Company's dividend policy, the Company's access to capital, mergers or other business combinations involving the Company, the acquisition or disposition of assets by the Company and any change in control of the Company.

CERTAIN RELATIONSHIPS WITH STOCKHOLDERS

Prior to or concurrent with the Offerings of the Company's shares, all of the Company's current stockholders will enter into a Stockholders' Agreement with the Company which will contain certain limitations on the transfer of shares of Class A Common Stock and Class B Common Stock. Additionally, each Existing Stockholder who is a party to the Stockholders' Agreement will grant the other parties (subject to certain exceptions) a right of first offer to purchase a pro rata (based on ownership percentages) portion of shares to be offered as well as any shares not purchased by the other parties.

DIVIDEND REPATRIATION

The Company will conduct all of its operations through the Subsidiaries. Accordingly, an important source of the Company's income will be dividends and other distributions from the Subsidiaries. The Company's ability to obtain dividends or other distributions is subject to, among other things, restrictions on dividends under applicable local statutes, laws, rules and regulations, and foreign currency exchange regulations of the countries in which the Subsidiaries operate. The Subsidiaries' ability to pay dividends or make other distributions to the Company is also subject to the Subsidiaries having sufficient funds from their operations which are legally available for the payment of such dividends or distributions and which are not required to fund future operations. Because the Company will be a stockholder of each of the Subsidiaries, the Company's claims will generally rank junior to all other creditors. Therefore, in the event of an entity's liquidation, there may not be assets sufficient for the Company to recoup its investment in such entity.

NOTE 4--EQUITY INCENTIVE PLANS (UNAUDITED)

The Company has reserved 5% of the outstanding shares of the Company's common stock just prior to the Offerings for issuance as equity incentives to employees and other eligible participants under the Company's 1996 Stock Incentive Plan. The Company will account for employee equity incentives in accordance with SFAS 123.



SEPTEMBER 6, 1996

Prior to the Offerings, certain existing stockholders (the "Selling Stockholders") intend to contribute to the Company and NSI an aggregate of up to 4% of the outstanding shares of the Company's common stock on the date of such contribution for issuance by NSI to its independent distributors pursuant to an NSI distributor equity incentive program. Approximately 50% of the shares contributed by the Selling Stockholders will be used in an equity incentive program for NSI distributors which management intends to implement in connection with the Offerings. The plan will include conditions related to the achievement of performance goals by NSI distributors. The Company will record distributor incentive expense for equity incentives granted to NSI distributors. The remaining 50% of the shares contributed by the Selling Stockholders will be held for equity incentive programs that may be implemented in the future.

In addition, prior to the Offerings, the Selling Stockholders will contribute to NSI and other members of the Nu Skin Group, shares equal to an aggregate of 1.25% of the outstanding shares of the Company's common stock on the date of such contribution for issuance to employees of NSI and employees of other members of the Nu Skin Group as part of an employee equity incentive plan. Equity incentives granted or awarded under this plan will vest over the four year period following the grant or award date. Compensation expense related to equity incentives granted to employees of NSI and other members of the Nu Skin Group will be recorded by the entity that benefits from the employee's services.

In addition, in January 1994, NSI agreed to grant one of the Company's executives an option to purchase 1/3 of one percent of the Company's common stock, to become exercisable upon the Reorganization. The exercise price of this option was set at the estimated fair market value of this equity interest in January 1994.

NU SKIN ASIA PACIFIC, INC.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET  
AS OF JUNE 30, 1996  
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	NU SKIN ASIA PACIFIC, INC. SEPTEMBER 6, 1996	COMBINED PREDECESSOR ENTITIES	PRO FORMA ADJUSTMENTS FOR THE REORGANIZATION	PRO FORMA FOR REORGANIZATION	PRO FORMA ADJUSTMENTS FOR THE OFFERING	PRO FORMA FOR THE REORGANIZATION AND THE OFFERING
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents.....	\$ --	\$ 51,464	\$ --	\$ 51,464	\$62,000 (g)	\$113,464
Accounts receivable...	--	4,899	--	4,899	--	4,899
Related parties receivable.....	--	9,945	--	9,945	--	9,945
Inventories, net.....	--	38,383	--	38,383	--	38,383
Prepaid expenses and other.....	--	3,449	2,700 (b)	6,149	--	6,149
	-----	-----	-----	-----	-----	-----
	--	108,140	2,700	110,840	62,000	172,840
Property and equipment, net.....	--	8,120	--	8,120	--	8,120
Deferred offering costs.....	1,676	--	--	1,676	(1,676)(g)	--
Deferred tax assets.....	--	--	2,304 (b)	2,304	--	2,304
Other assets.....	--	8,431	--	8,431	15,000 (g)	23,431
	-----	-----	-----	-----	-----	-----
Total assets.....	\$1,676	\$124,691	\$ 5,004	\$131,371	\$75,324	\$206,695
	=====	=====	=====	=====	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Current liabilities</b>						
Accounts payable.....	\$ --	\$ 8,101	\$ --	\$ 8,101	\$ --	\$ 8,101
Accrued expenses.....	1,676	39,672	--	41,348	(1,676)(g)	39,672
Related parties payable.....	--	21,033	--	21,033	--	21,033
Notes payable to stockholders.....	--	--	59,565 (d)	59,565	(15,000)(g)	44,565
	-----	-----	-----	-----	-----	-----
	1,676	68,806	59,565	130,047	(16,676)	113,371
	-----	-----	-----	-----	-----	-----
<b>Stockholders' equity</b>						
Capital Stock of Predecessor Entities..	--	4,550	(4,550) (a)	--	--	--
Preferred Stock-- 25,000,000 shares authorized, \$.001 par value.....	--	--	--	--	--	--
Class A Common Stock-- 500,000,000 shares authorized.....	--	--	--	--	13 (g)	13
Class B Common Stock..	--	--	100 (a)	100	(8)(g)	92
Additional paid-in capital.....	--	--	--	--	91,995 (g)	91,995
Cumulative foreign currency translation adjustment.....	--	(3,780)	--	(3,780)	--	(3,780)
Retained earnings.....	--	55,115	(55,115)(d) 5,004(b)	5,004	--	5,004
	-----	-----	-----	-----	-----	-----
	--	55,885	(54,561)	1,324	92,000	93,324
	-----	-----	-----	-----	-----	-----
Total liabilities and stockholders' equity.....	\$1,676	\$124,691	\$ 5,004(b)	\$131,371	\$75,324	\$206,695
	=====	=====	=====	=====	=====	=====

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

NU SKIN ASIA PACIFIC, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1995  
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	NU SKIN ASIA PACIFIC, INC.	COMBINED PREDECESSOR ENTITIES	PRO FORMA ADJUSTMENTS FOR THE REORGANIZATION	PRO FORMA FOR REORGANIZATION	PRO FORMA ADJUSTMENTS FOR THE OFFERING	PRO FORMA FOR THE REORGANIZATION AND THE OFFERING
Revenue.....	\$--	\$358,609	\$ --	\$358,609	\$ --	\$358,609
Cost of sales.....	--	96,615	--	96,615	--	96,615
Gross profit.....	--	261,994	-----	261,994	-----	261,994
Operating expenses						
Distributor incentives(f).....	--	135,722	--	135,722	--	135,722
Selling, general and administrative.....	--	67,475	5,039(c)	72,514	750(h)	73,264
Total operating expenses.....	--	203,197	5,039	208,236	750	208,986
Operating income.....	--	58,797	(5,039)	53,758	(750)	53,008
Other income (expense).. -----	--	511	(1,783)(e)	(1,272)	--	(1,272)
Income before provision for income taxes.....	--	59,308	(6,822)	52,486	(750)	51,736
Provision for income taxes.....	--	19,097	1,721	20,818	(288)(i)	20,530
Net income.....	\$--	\$ 40,211	\$(8,543)	\$ 31,668	\$(462)	\$ 31,206
Net income per share....	====	=====	=====	=====	=====	=====
Weighted average shares outstanding.....				\$		\$
				=====		=====

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

NU SKIN ASIA PACIFIC, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 1996  
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	NU SKIN ASIA PACIFIC, INC.	COMBINED PREDECESSOR ENTITIES	PRO FORMA ADJUSTMENTS FOR THE REORGANIZATION	PRO FORMA FOR REORGANIZATION	PRO FORMA ADJUSTMENTS FOR THE OFFERING	PRO FORMA FOR THE REORGANIZATION AND THE OFFERING
Revenue.....	\$ --	\$287,711	\$ --	\$287,711	\$ --	\$287,711
Cost of sales.....	--	80,963	--	80,963	--	80,963
Gross profit.....	--	206,748	--	206,748	--	206,748
Operating expenses						
Distributor						
incentives (f).....	--	107,090	--	107,090	--	107,090
Selling, general and						
administrative.....	--	44,551	2,520 (c)	47,071	375 (h)	47,446
Total operating						
expenses.....	--	151,641	2,520	154,161	375	154,536
Operating income.....	--	55,107	(2,520)	52,587	(375)	52,212
Other income (expense) ..	--	617	--	617	--	617
Income before provision						
for income taxes.....	--	55,724	(2,520)	53,204	(375)	52,829
Provision for income						
taxes.....	--	20,591	(1,072)(b)	19,519	(138)(i)	19,381
Net income.....	\$ --	\$ 35,133	\$(1,448)	\$ 33,685	\$(237)	\$ 33,448
Net income per share....				\$		\$
Weighted average shares						
outstanding.....						

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

NU SKIN ASIA PACIFIC, INC.

NOTES TO UNAUDITED PRO FORMA  
CONSOLIDATED BALANCE SHEET AND STATEMENTS OF INCOME

NOTE 1--BASIS OF PRESENTATION

Prior to or concurrently with the initial public offerings (the "Offerings") the stockholders of Nu Skin Japan, Inc., Nu Skin Taiwan, Inc., Nu Skin Hong Kong, Inc. and Nu Skin Korea, Inc. (the "Subsidiaries") will contribute their shares of capital stock to the capital of Nu Skin Asia Pacific, Inc. (the "Company") in a reorganization which is a transaction intended to qualify under Section 351 of the Internal Revenue Code of 1986 as a tax free transfer in exchange for shares of the Company's Class B Common Stock (the "Reorganization"). The Reorganization will result in each of the Subsidiaries becoming a wholly-owned subsidiary of the Company. Prior to the Reorganization, each of the Subsidiaries elected to be taxed as an S corporation whereby the income tax effects of the Company's activities accrued directly to the stockholders.

Inasmuch as the Subsidiaries that will be reorganized are under common control, the Reorganization will be accounted for in a manner similar to a pooling of interests. Accordingly, the historical balance sheets and related statements of income, of stockholders' equity and of cash flows are combined and presented as a single entity after elimination of intercompany transactions.

The unaudited pro forma financial data reflect the Reorganization and the Offerings as if all conditions to these transactions had been completed as of June 30, 1996 for pro forma combined balance sheet data purposes and as of January 1, 1995 for pro forma combined statement of income data purposes. These data do not necessarily reflect the results of operations or financial position of the Company that would have resulted had such transactions actually been consummated as of such dates. Also, these data are not necessarily indicative of the future results of operations of future financial position of the Company.

NOTE 2--PRO FORMA ADJUSTMENTS

The pro forma adjustments reflect the following:

REORGANIZATION

- a) Reflects the contribution by the existing stockholders of their interest in the Subsidiaries in exchange for all shares of the Class B Common Stock. As a result, the Company will become the parent company and the Subsidiaries will become wholly-owned subsidiaries of the Company.
- b) Prior to the Reorganization, each of the Subsidiaries elected to be taxed as an S corporation whereby the income tax effects of the Company's activities accrued directly to the stockholders. The pro forma adjustment includes \$3.6 million for the year ended December 31, 1995 and \$0.1 million for the six month period ended June 30, 1996 for income taxes that would have been recorded if the Company had not been taxed as an S corporation. Additionally, tax benefits relating to pro forma adjustments on earnings of \$1.9 million for the year ended December 31, 1995 and \$0.9 million for the six months ended June 30, 1996 are included.
- c) Reflects the Company's estimated incremental annual costs for management fees of \$3.8 million per year relating to compensation expense, corporate overhead, operations, marketing, public relations, human resources, legal fees, director fees, accounting fees, printing costs and salaries of \$1,272,000. These incremental costs will result from the Company operating separately from Nu Skin International, Inc. ("NSI").
- d) Reflects the distribution of 59.6 million of notes to the Selling Stockholders in respect of the earned and undistributed taxable S corporation earnings at June 30, 1996 that would have been distributed had the Subsidiaries' S corporation status been terminated on June 30, 1996.

NOTES TO UNAUDITED PRO FORMA

CONSOLIDATED BALANCE SHEET AND STATEMENTS OF INCOME--(CONTINUED)

The adjustments reflect the distribution and the related issuance of promissory notes. The Company estimates that at the Offerings it will reserve between \$40.0 million and \$50.0 million of cash on hand for repayment of the S Distribution Notes. The balance of the Notes will be repaid from cash generated by operations.

e) Reflects the increase in interest expense for the promissory notes issued in connection with the distribution to the stockholders of the undistributed S corporation earnings. The promissory notes will bear interest at 8% per annum and are due and payable within six months from the date of issuance.

f) The pro forma financial statements do not reflect an estimated non-cash operating expense of \$ million in connection with the one-time grant of stock options at 25% of the initial public offering price to independent distributors (non-employees) of the Company immediately prior to the Offerings. These options will include conditions related to the achievement of performance goals and will vest in one year. The Company will record distributor stock incentive expenses for these non-employee stock options over the one year vesting period.

OFFERING

g) Reflects the estimated net proceeds to the Company from the Offerings of \$94 million less a \$2 million payment for the offering costs, a \$15.0 million payment of short term notes to the stockholders, and a \$15.0 million payment to NSI for the exclusive rights to distribute products in Thailand, the Philippines, the PRC, Malaysia, Indonesia, Vietnam and Singapore, and the related adjustments to stockholders' equity. Also, reflects the conversion of shares of Class B Common Stock into Class A Common Stock and the sale by the Company of an estimated shares of Class A Common Stock.

h) Reflects the amortization of the acquired distribution rights from NSI. Amortization will be recorded on a straight-line basis over the estimated useful life of twenty years.

i) Reflects tax effect of pro forma adjustments on earnings.

NOTE 3--DEFERRED OFFERING COSTS

The Company has incurred costs totaling 1,676,000 in connection with the Offerings of the Class A Common Stock. These costs have been reflected as deferred offering costs in the accompanying balance sheet as of June 30, 1996. If the Offerings are successful, the costs will be deducted from the proceeds received from the Offerings. If the Offerings are not successful, the costs will be charged to expense in the period in which a decision is made to terminate the Offerings. In such event, the costs would be paid by NSI.

NOTE 4--PRO FORMA NET INCOME PER SHARE

Pro forma net income per share presented in the Unaudited Pro Forma Consolidated Statements of Income gives effect for the issuance of shares of the Company's common stock ( in connection with the Reorganization, in connection with the Offerings, a reduction of shares of Class B Common Stock from certain stockholders in connection with Selling Shareholders and shares of Class B Common Stock in connection with stock options granted to an officer of the Company in July 1994) and gives effect to the pro forma adjustments to expenses described in Note 2 above.

[Gatefold: Pictures to be provided by the Company]

NO OTHER DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THE PROSPECTUS, IN CONNECTION WITH THE OFFERING DESCRIBED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, THE CLASS A COMMON STOCK IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

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UNTIL , 1996 (25 DAYS AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE COMMON STOCK, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

-----  
 7,600,000 SHARES

[LOGO]

NU SKIN ASIA PACIFIC, INC.

CLASS A COMMON STOCK

-----  
 PROSPECTUS

-----  
 MERRILL LYNCH & CO.

MORGAN STANLEY & CO.  
 INCORPORATED

DEAN WITTER REYNOLDS INC.

NOMURA SECURITIES INTERNATIONAL, INC.

, 1996  
 -----



PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The estimated expenses of the issuance and distribution, all of which are payable by the Registrant, are as follows.

SEC Registration Fee.....	\$64,403.10
NASD Fee.....	19,176.90
Stock Exchange Listing.....	*
Printing and Engraving.....	*
Accounting Fees and Expenses.....	*
Legal Fees and Expenses.....	*
Blue Sky Fees and Expenses.....	*
Transfer Agent's Fees and Expenses.....	*
Miscellaneous Expenses.....	*
	-----
Total.....	*
	=====

\*To be supplied by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Article 10 of the Company's Certificate of Incorporation and Article 5 of the Company's Bylaws require indemnification to the fullest extent permitted by Section 145 of DGCL. Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with specified actions, suits or proceedings, whether civil, criminal, administrative, or investigative (other than action by or in the right of the corporation a "derivative action"), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such actions, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. Indemnification provided by or granted pursuant to Section 145 of the DGCL is not exclusive of other indemnification that may be granted by a corporation's bylaws, any agreement, any vote of stockholders or disinterested directors or otherwise. Article 5 of the Company's Bylaws provides for indemnification consistent with the requirements of Section 145 of the DGCL. Reference is made to Exhibits 3.1 and 3.2 to this Registration Statement for the complete text of, respectively, Article 10 of the Company's Certificate of Incorporation and Article 5 of the Company's Bylaws.

Section 145 of the DGCL also permits a corporation to purchase and maintain insurance on behalf of directors and officers. Article 5 of the Company's Bylaws permits it to purchase such insurance on behalf of its directors and officers.

Article 7 of the Company's Certificate of Incorporation provides for, to the fullest extent permitted by the DGCL, elimination or limitation of liability of directors to the Company or its stockholders for breach of fiduciary duty as a director. Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duties as a director, except for liability (i) for any breach of a

director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve international misconduct or a knowing violation of law; (iii) for improper payment of dividends or redemptions of shares; or (iv) for any transaction from which the director derives an improper personal benefit. Reference is made to Exhibit 3.1 to this Registration Statement for the complete text of Article 7 of the Company's Certificate of Incorporation.

Reference is made to the form of Underwriting Agreement filed as Exhibit 1.1 to this Registration Statement which provides for the indemnification of the directors and officers of the Company signing this Registration Statement and certain controlling persons of the Company against certain liabilities, including those arising under the 1933 Act, in certain instances by the Underwriters.

#### ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Prior to or concurrently with the Offerings, the shareholders of Nu Skin Japan, Nu Skin Korea, Nu Skin Taiwan, Nu Skin Hong Kong and Nu Skin Thailand will contribute their shares of capital stock to the capital of the Company in a transaction intended to qualify under Section 351 of the Internal Revenue Code of 1986, as amended (the "Code"), in exchange for shares of the Company's Class B Common Stock (the "Reorganization"). Prior to the Reorganization, all of the outstanding shares of capital stock of the Subsidiaries were held by the Selling Stockholders. The Reorganization will result in each of the Subsidiaries becoming a wholly-owned subsidiary of the Company.

#### ITEM 16. EXHIBITS AND FINANCIAL STATEMENTS SCHEDULES.

##### (a) Exhibits

- \*1.1 Form of U.S. Underwriting Agreement
- \*1.2 Form of Japanese Underwriting Agreement
- \*1.3 Form of International Underwriting Agreement
- 2.1 Form of Contribution Agreement
- 3.1 Amended and Restated Certificate of Incorporation of the Company
- 3.2 Amended and Restated Bylaws of the Company
- 4.1 Specimen Form of Stock Certificate for Class A Common Stock
- 4.2 Specimen Form of Stock Certificate for Class B Common Stock
- \*5.1 Opinion of LeBoeuf, Lamb, Greene & MacRae, L.L.P. regarding legality of the securities covered by this Registration Statement
- 10.1 Form of Indemnification Agreement to be entered into by and among the Company and certain of its officers and directors
- 10.2 Form of Stockholders' Agreement by and among the initial stockholders of the Company
- 10.3 Employment Contract, dated December 12, 1991, by and between the Company and John Chou
- 10.4 Employment Agreement, dated May 1, 1993, by and between the Company and Takashi Bamba
- 10.5 Service Agreement, dated January 1, 1996, by and between the Company and Sung-Tae Han
- 10.6 Form of Purchase and Sale Agreement between Nu Skin Hong Kong and NSI
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- 10.9 Form of Wholesale Distribution Agreement between NSI and each Subsidiary (other than Nu Skin Hong Kong)
- 10.10 Form of Trademark/TradeName License Agreement between NSI and each Subsidiary
- 10.11 Form of Management Services Agreement between NSIMG and each Subsidiary
- +10.12 Form of Licensing and Sales Agreement between NSI and Nu Skin Korea
- 10.13 Form of Independent Distributor Agreement by and between NSI and Independent Distributors in Hong Kong/Macau
- 10.14 Form of Independent Distributor Agreement by and between NSI and Independent Distributors in Japan
- 10.15 Form of Independent Distributor Agreement by and between NSI and Independent Distributors in South Korea

- 10.16 Form of Independent Distributor Agreement by and between NSI and Independent Distributors in Taiwan
- 10.17 Nu Skin Asia Pacific, Inc. 1996 Stock Incentive Plan
- \*10.18 Form of Bonus Incentive Plan for Subsidiary Presidents
- \*10.19 Option Agreement, by and between the Company and Truman Hunt
- 10.20 Form of Mutual Indemnification Agreement between the Company and NSI
- \*10.21 Manufacturing Sublicense Agreement, dated July 27, 1995, by and between NSI and Nu Skin Japan
- \*11.1 Statement Regarding Computation of Shares by Price Waterhouse LLP
- 21.1 Subsidiaries of the Company
- 23.1 Consent of Price Waterhouse LLP, independent certified public accountants
- 23.2 Consent of Price Waterhouse LLP, independent certified public accountants
- 23.3 Report of Grant Thornton, independent certified public accountants
- 23.4 Consent of Grant Thornton, independent certified public accountants
- \*23.5 Consent of LeBoeuf, Lamb, Greene & MacRae, L.L.P. (contained in their Opinion filed as exhibit 5.1)
- 24 Power of Attorney (included with the signatures in Part II of this Registration Statement)

- -----  
 \*To be filed by amendment.

+ Confidential treatment has been requested. The copy filed as an exhibit omits the information subject to the confidentiality request.

#### ITEM 17. UNDERTAKINGS

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement;

(i) To include any prospectus required by Section 10(a)(3) of the 1933 Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the 1933 Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreements, certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the

Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the 1933 Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction on the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the 1933 Act, the information omitted from the form of prospectus filed as a part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rules 424(b)(1) or (4) or 497(h) under the 1933 Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the 1933 Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Provo, State of Utah on September 5, 1996.

NU SKIN ASIA PACIFIC, INC.

By: /s/ Steven J. Lund

-----  
 Steven J. Lund  
 President and Chief  
 Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below on September 5, 1996 by the following persons in the capacities indicated. Each person whose signature appears below hereby appoints and constitutes Steven J. Lund, as his or her attorney-in-fact, with full power of substitution, for him or her in any and all capacities, to execute in the name and on behalf of such person any amendment to this Registration Statement and to file the same, with exhibits thereto, and other documents in connection therewith, making such changes in this Registration Statement as the person so acting deems appropriate, hereby ratifying and confirming all that said attorney-in-fact, or his substitute may do or cause to be done by virtue hereof.

SIGNATURE -----	TITLE -----	DATE ----
/s/ Blake M. Roney ----- Blake M. Roney	Chairman of the Board of Directors	September 5, 1996
/s/ Steven J. Lund ----- Steven J. Lund	President and Chief Executive Officer and Director (Principal Executive Officer)	September 5, 1996
/s/ Corey B. Lindley ----- Corey B. Lindley	Vice President Finance (Principal Financial and Accounting Officer)	September 5, 1996
/s/ Sandie N. Tillotson ----- Sandie N. Tillotson	Director	September 5, 1996
/s/ Keith R. Halls ----- Keith R. Halls	Director	September 5, 1996
/s/ Brooke B. Roney ----- Brooke B. Roney	Director	September 5, 1996
/s/ Kirk V. Roney ----- Kirk V. Roney	Director	September 5, 1996

SIGNATURE  
-----

TITLE  
-----

DATE  
-----

/s/ Max E. Esplin

Director

September 5,  
1996

-----  
Max E. Esplin

/s/ Max L. Pinegar

Director

September 5,  
1996

-----  
Max L. Pinegar

INDEX TO EXHIBITS

EXHIBIT NUMBER -----	EXHIBIT DESCRIPTION -----	PAGINATION BY SEQUENTIAL NUMBERING SYSTEM -----
*1.1	Form of U.S. Underwriting Agreement	
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*10.21	Manufacturing Sublicense Agreement, dated July 27, 1995, by and between NSI and Nu Skin Japan	

EXHIBIT NUMBER -----	EXHIBIT DESCRIPTION -----	PAGINATION BY SEQUENTIAL NUMBERING SYSTEM -----
*11.1	Statement Regarding Computation of Shares by Price Waterhouse LLP	
21.1	Subsidiaries of the Company	
23.1	Consent of Price Waterhouse LLP, independent certified public accountants	
23.2	Consent of Price Waterhouse LLP, independent certified public accountants	
23.3	Report of Grant Thornton, independent certified public accountants	
23.4	Consent of Grant Thornton, independent certified public accountants	
*23.5	Consent of LeBoeuf, Lamb, Greene & MacRae, L.L.P. (contained in their Opinion filed as exhibit 5.1)	
24	Power of Attorney (included with the signatures in Part II of this Registration Statement)	

- -----  
\*To be filed by amendment.

+ Confidential treatment has been requested. The copy filed as an exhibit omits  
the information subject to the confidentiality request.



Form of Contribution Agreement

=====

CONTRIBUTION AGREEMENT

by and among

NU SKIN ASIA, INC.

and

EACH OF THE PERSONS LISTED ON THE SIGNATURE PAGES HEREOF

Dated \_\_\_\_\_, 1996

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CONTRIBUTION AGREEMENT, dated \_\_\_\_\_, 1996 (this "Agreement"), by and among Nu Skin Asia, Inc., a Delaware corporation (the "Holding Company"), and each of the persons listed on the signature pages hereof (collectively, the "Contributing Stockholders").

W I T N E S S E T H:  
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WHEREAS, the Contributing Stockholders are, as of the date of this Agreement, the record and beneficial owners of all of the issued and outstanding shares of capital stock of each of Nu Skin Hong Kong, Inc., a corporation organized under the laws of the State of Utah, Nu Skin Japan, Inc., a corporation organized under the laws of Japan and the State of Delaware, Nu Skin Korea, Inc. a corporation organized under the laws of South Korea and the State of Delaware, Nu Skin Taiwan, Inc., a corporation organized under the laws of the State of Utah and Nu Skin Thailand, Inc., a corporation organized under the laws of the State of Utah (each, an "Asian Entity" and collectively, the "Asian Entities") as listed in Schedule A hereto for each Contribution Stockholder;

WHEREAS, the aggregate number of shares of common stock issued and outstanding of each Asian Entity (collectively, the "Asian Entity Shares") are as listed in Schedule A hereto;

WHEREAS, the Holding Company was incorporated to become the holding company for the Asian Entities;

WHEREAS, the Contributing Stockholders wish to contribute the Asian Entity Shares to the Holding Company solely in exchange for shares of Class B common stock, par value \$.001 per share, of the Holding Company ("Class B Common Stock"), to effect such holding company structure (the "Contribution");

WHEREAS, immediately after the Contribution, the Contributing Stockholders will own all of the issued and outstanding shares of Class B Common Stock of the Holding Company;

WHEREAS, substantially simultaneously with the Contribution, the Holding Company plans to offer and sell shares of Class A common stock, par value \$.001 per share of the Holding Company ("Class A Common Stock") to the public through an initial public offering pursuant to an effective registration statement on Form S-1 (the "IPO") subsequent to the Contribution, which will constitute a qualified underwriting transaction within the meaning of Treas. Reg. Section 1.351-1(a)(3); and

WHEREAS, immediately after the Contribution and the IPO, the Contributing Stockholders and the Persons purchasing Class A common stock pursuant to the IPO (the "IPO

Public Stockholders") will be treated as a group being in control of the holding company for purposes of Section 351 of the Code;

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

As used herein and in the Schedules hereto, the terms set forth in this Article I have the respective meanings indicated. Terms defined in the singular or plural, as the case may be, shall have the same respective meaning when used in the plural or singular, as the case may be.

Asian Entities: the meaning specified in the first WHEREAS clause of -----  
this Agreement.

Asian Entity Shares: the meaning specified in the second WHEREAS -----  
clause of this Agreement.

Class A Common Stock: the meaning specified in the sixth WHEREAS -----  
clause of this Agreement.

Class B Common Stock: the meaning specified in the fourth WHEREAS -----  
clause of this Agreement.

Closing: the meaning specified in Section 2.2.  
-----

Closing Date: the meaning specified in Section 2.2.  
-----

Code: the Internal Revenue Code of 1986, as amended.  
----

Commission: the U.S. Securities and Exchange Commission.  
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Consents: the meaning specified in Section 4.1.2(b).  
-----

Contributing Stockholder: the meaning specified in the introductory -----  
paragraph of this Agreement.

Contribution: the meaning specified in the fourth WHEREAS clause of -----  
this Agreement.

Control: the ownership of stock possessing at least 80 percent of the  
-----  
total combined voting power of all classes of stock entitled to vote and at  
least 80 percent of the total number of shares of all other classes of the  
corporation.

Holding Company Shares: the Class B Common Stock issued and delivered  
-----  
to the Contributing Stockholders pursuant to this Agreement.

IPO: the meaning specified in the sixth WHEREAS clause of this  
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Agreement.

IPO Public Stockholders: the meaning specified in the seventh WHEREAS  
-----  
clause of this Agreement.

Lien: the meaning specified in Section 4.1.7.  
----

Person: any individual, corporation, partnership, firm, joint venture,  
-----  
unincorporated organization, governmental or regulatory authority or other  
entity.

Securities Act: the Securities Act of 1933, as amended.  
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## ARTICLE II

### CONTRIBUTION OF THE ASIAN ENTITY SHARES AND SUBSCRIPTION AND PURCHASE OF THE HOLDING COMPANY SHARES

Section 2.1 Contribution of the Asian Entity Shares and Subscription  
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and Purchase of the Holding Company Shares. Subject to all of the terms and  
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conditions of this Agreement and in reliance upon the representations and  
warranties contained herein, at the Closing provided for in Section 2.2, (i)  
each Contributing Stockholder agrees to contribute and transfer, and the Holding  
Company agrees to acquire, the number of Asian Entity Shares as set forth  
opposite such Contributing Stockholder's name on Schedule A hereto under the  
heading "Asian Entity Shares to be Contributed" and (ii) each Contributing  
Stockholder agrees to subscribe for and purchase, and the Holding Company agrees  
to issue, the number of Holding Company Shares set forth opposite such  
Contributing Stockholder's name on Schedule A hereto under the heading "Holding  
Company Shares to be Received." The Holding Company shall deliver to each  
Contributing Stockholder the certificates for Holding Company Shares as provided  
in Section 2.3 and each Contributing Stockholder shall deliver to the Holding  
Company certificates for its Asian Entity Shares as provided in Section 2.4.

Section 2.2 Closing. (a) The Closing of the purchase and sale of the  
-----  
Holding Company Shares contemplated hereby (the "Closing") shall be held at a  
time and location to be

designated by the Holding Company on the Closing Date. The "Closing Date" shall be, if the conditions set forth in Article VI have been satisfied or waived, (i) the date on which the IPO closes or (ii) such other date prior to the closing of the IPO as the Contributing Stockholders and the Holding Company shall mutually agree. The Closing shall be deemed to have occurred at 12:01 a.m., New York time, on the Closing Date.

(b) Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing Date:

(i) by the mutual written consent of the Holding Company and each of the Contributing Stockholders; or

(ii) by the Holding Company if the Closing has not occurred on or before February 15, 1997.

In the event this Agreement shall be terminated pursuant to this Section 2.2(b), all further obligations of the parties under this Agreement (other than Section 6.7) shall terminate without further liability of any party to this Agreement; provided, however, that nothing herein shall relieve any party from liability for its willful breach of this Agreement.

Section 2.3 Delivery of Holding Company Shares. At the Closing, the Holding Company shall deliver to each Contributing Stockholder, against delivery of certificates for the Asian Entity Shares to be delivered to the Holding Company by such Contributing Stockholder hereunder, stock certificates registered in the name of such Contributing Stockholder and representing the Holding Company Shares to be issued to such Contributing Stockholder, which certificates shall bear such legends as are determined to be appropriate by counsel to the Holding Company.

Section 2.4 Delivery of Asian Entity Shares. At the Closing, each Contributing Stockholder shall deliver to the Holding Company, against delivery of certificates for the Holding Company Shares to be delivered to such Contributing Stockholder by the Holding Company hereunder, stock certificates representing the number of Asian Entity Shares as set forth opposite such Contributing Stockholder's name on Schedule A hereto under the heading "Asian Entity Shares to be Contributed," duly endorsed in proper form for transfer and with such other instruments as shall reasonably be required by the Holding Company to vest fully in the Holding Company all right, title and interest in and to such Asian Entity Shares free and clear of any Liens.

### ARTICLE III

#### TAX TREATMENT OF THE CONTRIBUTION

Section 3.1 Federal Income Tax Treatment of Contributing Stockholders

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and IPO Public Stockholders. For Federal income tax purposes, the Contribution  
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and the IPO shall be treated as part of a single integrated transaction qualifying under Section 351 of the Code, pursuant to which neither the Contributing Stockholders nor the IPO Public Stockholders acquiring their shares of Class A Common Stock through the IPO will recognize any gain or loss. Under Section 358 of the Code, the basis in the Class B Common Stock received by the Contributing Stockholders will be equal to their basis in the stock of the Asian Entities contributed to the Holding Company, and the basis of the Class A Common Stock in the hands of the IPO Public Stockholders will be the same as the price paid pursuant to the IPO.

Section 3.2 Federal Income Tax Treatment of the Holding Company and

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Asian Entities. Neither the Holding Company nor the Asian Entities shall  
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recognize any gain or loss as a result of the Contribution and IPO. No liabilities will be assumed by the Holding Company under Section 357 of the Code. The basis of the property transferred to the Holding Company shall be equal to the basis of such property in the hands of the Contributing Stockholders and the IPO Public Stockholders immediately prior to the transfer to the Holding Company.

Section 3.3 Obligations of the Holding Company, Contributing

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Stockholders and IPO Public Stockholders. The Contributing Stockholders and the  
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IPO Public Stockholders agree to file the information required by Treas. Reg. Section 1.351-3 for his Federal income tax return for the taxable year in which the Contribution and IPO occur, and the Holding Company agrees to furnish to each Contributing Stockholder and each IPO Public Stockholder information necessary to enable such stockholder to comply with the information reporting requirements of Treas. Reg. Section 1.351-3.

Section 3.4 Termination of "S" Corporation Status. As a result of the

-----  
Contribution, the Asian Entities will cease to qualify as "S" corporations within the meaning of Section 1361(a) of the Code and will become "C" corporations within the meaning of Section 1361(a)(2) of the Code, which will join in filing consolidated Federal income tax returns with the Holding Company as the common parent.

ARTICLE

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of Contributing

-----  
Stockholders. Each Contributing Stockholder, severally and not jointly,  
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represents and warrants to, and acknowledges and agrees with, the Holding Company as follows:

Section 4.1.1 Title to Shares. As of the date hereof, such

-----  
Contributing Stockholder is, and as of the Closing Date such Contributing Stockholder shall be, the record and beneficial owner of and have good and valid title to the Asian Entity Shares identified on



Schedule A hereto as being owned by such Contributing Stockholder, free and clear of any lien, pledge, charge, security interest, encumbrance, option or other right or claim with respect thereto (collectively, "Liens"), except for Liens created by virtue of entering into this Agreement. Upon the exchange of the Asian Entity Shares for the Holding Company Shares, such Contributing Stockholder shall transfer to the Holding Company good and valid title to such Asian Entity Shares, free and clear of any Lien.

Section 4.1.2 Conflicts, Consents, etc. (a) Conflicts. The execution

and delivery of this Agreement by such Contributing Stockholder, and the consummation by such Contributing Stockholder of the transactions contemplated hereby in the manner contemplated hereby, will not conflict with, require any consent or other action by any Person under or result in any violation of, or default under (or any event that, with notice or lapse of time or both, would constitute a default under) or give rise to any right of termination, cancellation or acceleration under any provision of (i) any mortgage, indenture, loan agreement, note, bond, deed of trust, other agreement, commitment or obligation for the borrowing of money or the obtaining of credit, lease or other agreement, contract, license, franchise, permit or instrument to which such Contributing Stockholder is a party or by which it is bound or (ii) any judgment, order, decree, law, statute, rule or regulation applicable to such Contributing Stockholder.

(b) Consents. No consent, waiver, approval, authorization, permit,

order, filing, registration or qualification of or with any court, governmental authority or third party (collectively, "Consents") is required to be obtained or made by such Contributing Stockholder in connection with the execution and delivery of this Agreement by such Contributing Stockholder or the consummation by such Contributing Stockholder of the transactions contemplated hereby in the manner contemplated hereby.

Section 4.1.3 Intent to Transfer. No Contributing Stockholder has any

intention or plan, formally or informally, on the date hereof, to transfer any shares of the Holding Company received in exchange for the Contribution, except for the establishment of the stock option plans pursuant to which approximately 4 million shares of Class A Common Stock will be transferred by the Contributing Stockholders to the Holding Company and Nu Skin International, Inc.

Section 4.1.4 Not an Investment Company. None of the Asian Entities is

an investment company within the meaning of Section 351(e) of the Code and the Treasury regulations promulgated thereunder.

Section 4.2 Representations and Warranties of the Holding Company. The

Holding Company represents and warrants that it is not an investment company within the meaning of Section 351(e) of the Code and Treasury regulations promulgated thereunder and that it has no current plan or intention to dispose of any of the assets contributed to it by the Contributing Stockholders and the IPO Public Stockholders and intends to cause the Asian

Entities to carry on their active trade or businesses. No liabilities will be assumed by the Holding Company as part of the Contribution or IPO.

ARTICLE

CONDITIONS PRECEDENT

Section 5.1 Conditions to Obligations of Contributing Stockholders and  
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the Holding Company. The obligations of each Contributing Stockholder and of the  
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Holding Company, as the case may be, under this Agreement to consummate the  
transactions contemplated hereby is subject to the fulfillment, at or prior to  
the Closing, of the following conditions, any one or more of which may be waived  
by such Contributing Stockholder or the Holding Company, as the case may be, at  
its sole discretion:

Section 5.1.1 Representations and Performance by the Contributing  
-----  
Stockholders. The representations and warranties of each Contributing  
-----  
Stockholder contained in Section 4.1 shall be true and correct as of the date  
made and as of the Closing Date as though made at and as of the Closing Date or  
as of the date specified therein as though made at and as of such date.  
Contributing Stockholders shall have duly performed and complied in all material  
respects with all agreements, covenants and conditions required by this  
Agreement to be performed or complied with by Contributing Stockholders prior to  
or at the Closing.

Section 5.1.2 No Injunction, etc. No injunction, judgment or provision  
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of applicable law or regulation or other order restraining or prohibiting the  
consummation of the transactions contemplated by this Agreement or seeking to  
prohibit, alter, prevent or materially delay the Closing, shall be threatened or  
pending or in effect.

Section 5.1.3 IPO. A registration statement on Form S-1 for the IPO  
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shall have been declared effective by the Commission and the Holding Company and  
the underwriters of the IPO shall have agreed on the terms of pricing.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Stock Transfer Taxes. All stock, stamp, transfer  
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registration or similar taxes or duties, if any, resulting from (i) the transfer  
of the Holding Company Shares shall be paid by the Holding Company and  
(ii) resulting from the transfer of the Asian Entity Shares shall be paid by the  
Contributing Stockholders.

Section 6.2 Modification; Waiver. This Agreement may be modified only

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by a written instrument executed by the parties to this Agreement. Any of the terms and conditions of this Agreement may be waived in writing at any time on or prior to the Closing Date by the party entitled to the benefits of such terms and conditions.

Section 6.3 Further Actions. Each party shall execute and deliver such

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certificates and other documents and take such other actions as may reasonably be requested by the other parties in order to consummate or implement the transactions contemplated by this Agreement.

Section 6.4 Notices. All notices, requests, demands and other

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communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered, telecopied or mailed, certified or registered mail, first-class postage paid, return receipt requested, or any other delivery service with proof of delivery:

if to the Holding Company:

Nu Skin Asia, Inc.  
75 West Center Street  
Provo, UT 84601  
Attention: Steven J. Lund, President

with a copy to:

LeBoeuf, Lamb, Greene & MacRae, L.L.P.  
136 South Main Street  
Salt Lake City, UT 84101-1685  
Attention: Nolan S. Taylor, Esq.

If to Contributing Stockholders, at their respective addresses set forth on Schedule A.

or to such other address or to such other person as any party shall have last designated by notice to the other parties.

Section 6.5 Assignment. This Agreement shall be binding upon and inure

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to the benefit of the parties and their respective successors and permitted assigns, but shall not be assignable, by operation of law or otherwise, by any party without the prior written consent of the other parties.

Section 6.6 Counterparts. This Agreement may be executed in  
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counterparts, all of which shall constitute one and the same instrument.

Section 6.7 Governing Law. This Agreement shall be governed by and  
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construed in accordance with the internal laws of the State of Utah applicable  
to agreements made and to be performed entirely within such State, without  
regard to the conflicts of law principles of such State except that, to the  
extent applicable, all matters relating specifically to the Holding Company  
Shares shall be governed by the laws of Delaware.

IN WITNESS WHEREOF, this Agreement has been signed by each of the parties hereto as of the date first above written.

NU SKIN ASIA, INC.

CONTRIBUTING STOCKHOLDERS

By:

-----  
Name:  
Title:

-----  
Blake M. Roney

-----  
Nedra D. Roney

-----  
Sandie N. Tillotson

-----  
Craig S. Tillotson

-----  
Craig Bryson

-----  
Steven J. Lund

-----  
Brooke B. Roney

-----  
Kirk V. Roney

-----  
Keith R. Halls

AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
NU SKIN ASIA, INC.

NU SKIN ASIA, INC, a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify that:

(1) The Corporation's original Certificate of Incorporation was filed with the Delaware Secretary of State on September 4, 1996, and the name under which the Corporation was originally incorporated was Nu Skin Asia, Inc.

(2) The following Amended and Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation in accordance with the provisions of Section 241 of the Delaware General Corporation Law, as amended (the "DGCL"). The Board of Directors of the Corporation hereby certifies that the Corporation has not received any payment for any of its stock and that the amendments set forth herein were duly adopted by the Board of Directors in accordance with the provisions of Section 241 of the DGCL. In lieu of a meeting of the Board of Directors, written consent has been given by all of the members of the Corporation's Board of Directors for the amendment and restatement of the Corporation's Certificate of Incorporation and the adoption of said Amended and Restated Certificate of Incorporation pursuant to the applicable provisions of Sections 141, 241 and 245 of the DGCL.

(3) The Corporation's Certificate of Incorporation is amended and restated in its entirety as follows:

1. Name. The name of the corporation is Nu Skin Asia Pacific, Inc. (the "Corporation").
2. Office and Registered Agent. The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at that address is The Corporation Trust Company.
3. Purpose. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law, as amended (the "DGCL").
4. Capital Stock. The Corporation is authorized to issue 625,000,000 shares of capital stock, \$0.001 par value per share. The shares of capital stock shall be divided into three classes, designated as follows:

Designation of Class -----	Number of Shares -----	Par Value -----
Class A Common Stock	500,000,000	\$0.001
Class B Common Stock	100,000,000	\$0.001
Preferred Stock	25,000,000	\$0.001
	-----	
TOTAL	625,000,000	
	=====	

The Class A Common Stock and the Class B Common Stock shall hereinafter collectively be called "Common Stock," and the Preferred Stock shall hereinafter be called "Preferred Stock." The number of authorized shares of any class or classes of capital stock of the Corporation may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the capital stock of the Corporation entitled to vote generally in the election of directors irrespective of the provision of Section 242(b)(2) of the DGCL or any corresponding provision hereinafter enacted.

#### 4.1 Underlying Terms of Common Stock. -----

##### 4.1.1 Voting Rights. The holders of shares of Class A Common -----

Stock and of Class B Common Stock shall have the following voting rights:

4.1.1.1 Each share of Class A Common Stock shall entitle the holder thereof to one (1) vote on all matters submitted to a vote of the stockholders of the Corporation.

4.1.1.2 Each share of Class B Common Stock shall entitle the holder thereof to ten (10) votes on all matters submitted to a vote of the stockholders of the Corporation.

4.1.1.3 Except as otherwise required by the DGCL, the holders of shares of Class A Common Stock and the holders of shares of Class B Common Stock shall vote together as one class on all matters submitted to a vote of the stockholders of the Corporation or, if any holders of shares of Preferred Stock are entitled to vote together with the holders of Class A Common Stock and Class B Common Stock as a single class, with such holders of shares of Preferred Stock.

##### 4.1.2 Dividends and Distributions. Subject to the preferences -----

applicable to Preferred Stock outstanding at any time, the holders of shares of Class A Common Stock and the holders of shares of Class B Common Stock shall be entitled to receive such dividends and other distributions in cash, property or shares of capital stock of the Corporation as may be declared by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor; provided, however, that subject to the provisions of this Section 4.1.2., the Corporation shall pay the same dividend per share on all outstanding shares of capital stock comprising the Common Stock. In the case of dividends or other distributions payable in shares of Class A Common Stock or shares of Class B Common Stock, including distributions made pursuant to stock splits or divisions of the Class A Common Stock or the Class B Common Stock that occur after the first date upon which the Corporation has issued shares of both Class A Common Stock and Class B Common Stock, only shares of Class A Common Stock shall be distributed with respect to Class A Common Stock and only shares of Class B Common Stock shall be distributed

with respect to Class B Common Stock. Whenever a dividend or distribution, including distributions pursuant to stock splits or divisions of the Class A Common Stock or the Class B Common Stock, is payable in shares of Class A Common Stock or shares of Class B Common Stock, the number of shares of each class of capital stock comprising the Common Stock payable per share of such class of Common Stock shall be equal in number. In the case of dividends or other distributions consisting of other voting securities of the Corporation, the Corporation shall declare and pay such dividends in two separate classes of such voting securities, identical in all respects, except that the voting rights of each such security paid to the holders of Class A Common Stock shall be one-tenth (1/10th) of the voting rights of each such security paid to the holders of Class B Common Stock, and such security paid to the holders of Class B Common Stock shall be convertible into the security paid to the holders of Class A Common Stock upon the same terms and conditions applicable to the Class B Common Stock as set forth in Section 4.1.4 below. In the case of dividends or other distributions consisting of securities convertible into or exchangeable for voting securities of the Corporation, the Corporation shall provide that such convertible or exchangeable securities and the underlying securities shall be identical in all respects (including, without limitation, the conversion or exchange rates), except that the voting rights for the underlying securities of the convertible or exchangeable security paid to the holders of Class A Common Stock shall be one-tenth (1/10th) of the voting rights of each underlying security of the convertible or exchangeable security paid to the holders of Class B Common Stock, and such underlying securities paid to the holders of Class B Common Stock shall be convertible into the underlying securities paid to the holders of Class A Common Stock upon the same terms and conditions applicable to the Class B Common Stock.

#### 4.1.3 Transfer of Class B Common Stock. If any Class B Holder

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(as defined below) voluntarily or involuntarily transfers, sells, assigns, devises, distributes or bequeaths any of such Class B Holder's interest in his, her or its shares of Class B Common Stock (including, without limitation, the power to vote or provide a consent with respect to his, her or its shares of Class B Common Stock by proxy or otherwise, except for proxies given to any Permitted Transferee (as defined below) of the Class B Holder or to a person designated by the Board of Directors of the Corporation who is soliciting proxies on behalf of the Corporation), to any person who is not a Permitted Transferee, each share of Class B Common Stock so transferred, sold, assigned, devised, distributed or bequeathed automatically will be converted into one share of fully paid and non-assessable Class A Common Stock. In the event of such a transfer, the Corporation and the transfer agent for the Class B Common Stock, if any (the "Transfer Agent"), shall not register the transfer of such shares of Class B Common Stock, whether by sale, grant of proxy, assignment, gift, devise, bequest, distribution, appointment or otherwise, except to the Corporation or to a Permitted Transferee; provided, however, that such restrictions on transfer shall not apply to a merger, consolidation or business combination of the Corporation with or into another corporation or entity, whether or not the Corporation is the surviving corporation or entity. For the purposes of this Section 4.1.3, a "Permitted Transferee" shall include only the following persons and entities: (A) Blake M. Roney, Nedra D. Roney, Kirk V. Roney, Brooke B. Roney, Steven J. Lund, Sandie N. Tillotson, R. Craig Bryson, Craig S. Tillotson and Keith R. Halls (collectively, the "Designated Individuals") and each of their respective spouses, estates, guardians, conservators or committees; (B) each descendant of any of the Designated Individuals (individually, a "Stockholder Descendant") and their respective estates, guardians conservators or committees; (C) each Family Controlled Entity (as defined below); (D) the trustees, in their respective capacities as such of each Family Controlled Trust; (E) any trust established by any of the Designated Individuals for any beneficiary of such trust that such Designated Individual may select; (F) any foundation established by any of the Designated Individuals; (G) any charitable remainder trust established by any of the Designated Individuals; and (H) any limited liability company organized by



any of the Designated Individuals, provided that after the organization thereof such Designated Individual gifts all or a portion of the membership interests in such limited liability company to a charitable remainder trust that was established by such Designated Individual. For purposes of this Section 4.1.3, the term "Family Controlled Entity" shall mean (i) any corporation if at least eighty percent (80%) of the value of its outstanding equity is owned by Permitted Transferees; (ii) any partnership if at least eighty percent (80%) of the value of its partnership interests are owned by Permitted Transferees; and (iii) any limited liability company or similar company if at least eighty percent (80%) of the value of the company is owned by Permitted Transferees. For purposes of this Section 4.1.3, the term "Family Controlled Trust" shall mean any trust the primary beneficiaries of which are any of the Designated Individuals, Stockholder Descendants, Spouses of Stockholder Descendants (as defined below) and/or charitable organizations (collectively, "Stockholder Beneficiaries"); provided, however, that if the trust is a wholly charitable trust, at least eighty percent (80%) of the trustees of such trust consist of the Designated Individuals and/or Stockholder Descendants. For purposes of this Section 4.1.3, the primary beneficiaries of a trust will be deemed to be Stockholder Beneficiaries if, under the maximum exercise of discretion by the trustee in favor of persons who are not Stockholder Beneficiaries, the value of the interests of such persons in such trust, computed actuarially, is twenty percent (20%) or less. The factors and methods prescribed in Section 7520 of the Internal Revenue Code of 1986, as amended, for use in ascertaining the value of certain interests shall be used in determining a beneficiary's actuarial interest in a trust for purposes of applying this Section 4.1.3. For purposes of this Section 4.1.3, the actuarial value of the interest in a trust of any person in whose favor a testamentary power of appointment may be exercised shall be deemed to be zero. For purposes of this Section 4.1.3, in the case of a trust created by a Stockholder Descendant, the actuarial value of the interest in such trust of any person who may receive trust property only at the termination of the trust and then only in the event that, at the termination of the trust, there are no living issue of such Stockholder Descendant, shall be deemed to be zero. For purposes of this Section 4.1.3, the term "Spouses of Stockholder Descendants" shall mean those individuals who at any time were married to any Stockholder Descendant whether or not such marriage is subsequently dissolved by death, divorce or by any other means.

Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such Class B Holder's shares of Class B Common Stock to a financial institution pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee; provided, however, that such shares shall remain subject to the provisions of this Section 4.1.3 and may not be transferred to, or voted by, the pledgee, except as otherwise permitted by the provisions of this Section 4.1.3. In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Common Stock may only be transferred to a Permitted Transferee or converted into shares of Class A Common Stock, as the pledgee may elect. For purposes of this Section 4.1.3, (i) the relationship of any person that is derived by or through legal adoption shall be considered to be a natural relationship; (ii) a minor who is a descendant of a shareholder and for whom shares of Class B Common Stock are held pursuant to the Uniform Gifts to Minors Act or similar law shall be considered to be a Class B Holder of such shares and the custodian who is the record holder of such shares shall not be considered to be a Class B Holder; (iii) an incompetent stockholder who is a Permitted Transferee but whose shares are owned or held by a guardian or conservator shall be considered to be a Class B Holder of such shares and such guardian or conservator who is the holder of such shares shall not be considered to be a Class B Holder; (iv) unless otherwise specified, the term "person" means and includes natural persons, corporations, partnerships, unincorporated associations, firms, joint ventures, limited liability companies, trusts and all other entities; and (v) except as provided in clauses (ii) and (iii) above, the term "Class B Holder" shall

mean in respect of any share of Class B Common Stock, the record holder of such share of Class B Common Stock who is not holding such share solely as a nominee.

4.1.3.1 The Corporation may, in connection with preparing a list of stockholders entitled to vote at any meeting of stockholders, or as a condition to the transfer or the registration of shares of Class B Common Stock on the Corporation's books, or at any other time, require the furnishing of such affidavits or other proof as it deems necessary to establish that a Class B Holder is a Permitted Transferee. Upon the transfer, sale, assignment, devise, distribution or bequest by any Class B Holder of shares of Class B Common Stock to any person who is not a Permitted Transferee, each such share of Class B Common Stock automatically will be converted with one share of Class A Common Stock. Upon the determination by the Board of Directors of the Corporation or a committee thereof that a Class B Holder is not a Permitted Transferee, notice of each such automatic conversion shall be given by the Corporation to all Class B Holders as soon as possible pursuant to the Class B Common Stock conversion procedures set forth in Section 4.1.4 hereof.

4.1.3.2 Each certificate representing shares of Class B Common Stock shall be endorsed with a legend that states that shares of Class B Common Stock are not transferable other than to certain transferees and are subject to certain restrictions as set forth in this Certificate of Incorporation filed by the Corporation with the Secretary of State of the State of Delaware.

#### 4.1.4 Conversion of Class B Common Stock.

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4.1.4.1 If, on the record date for any meeting of stockholders of the Corporation, the number of shares of Class B Common Stock then outstanding constitutes less than ten percent (10%) of the aggregate number of shares of Common Stock then outstanding, as determined by the Board of Directors of the Corporation, each share of Class B Common Stock then issued and outstanding shall thereupon be automatically converted as of such record date into one (1) fully paid and non-assessable share of Class A Common Stock and will have one (1) vote per share at such meeting. Upon making such determination, notice of each automatic conversion shall be given by the Corporation by means of a press release and written notice to all Class B Holders as soon as practicable, but no later than the next meeting of stockholders of the Corporation, and the Secretary of the Corporation shall be instructed to, and shall promptly request from each Class B Holder that each Class B Holder promptly deliver, and each Class B Holder shall promptly deliver, the certificate representing each share of Class B Common Stock to the Corporation for exchange hereunder, together with instructions for transfer, in form satisfactory to the Corporation and the Transfer Agent, duly executed by such Class B Holder or such Class B Holder's duly authorized attorney, and together with transfer stamps or funds therefor, if required pursuant to Section 4.1.4.7.

4.1.4.2 Each Class B Holder shall be entitled to convert, at any time and from time to time, any or all of the shares of each such Class B Holder's Class B Common Stock, on a one-for-one basis, into the same number of fully paid and non-assessable shares of Class A Common Stock. Such rights shall be exercised by the surrender to the Corporation of the certificate or certificates representing shares of Class B Common Stock to be converted at any time during normal business hours at the principal executive offices of the Corporation or at the office of the Transfer Agent, accompanied by a written notice of the Class B Holder stating that such Class B Holder desires to convert such shares of Class B Common Stock or a stated number of shares of Class B Common Stock represented by such

certificate or certificates, into an equal number of shares of Class A Common Stock, and (if so required by the Corporation or the Transfer Agent) by instruments of transfer, in form satisfactory to the Corporation and the Transfer Agent, duly executed by such Class B Holder or such Class B Holder's duly authorized attorney, and transfer tax stamps or funds therefor, if required pursuant to Section 4.1.4.7 hereof.

4.1.4.3 As set forth in Section 4.1.3.1 hereof, upon determination by the directors of the Corporation or a committee thereof that a Class B Holder is not a Permitted Transferee, each share of Class B Common Stock or any beneficial interest therein held by such Class B Holder shall thereupon be automatically converted into one (1) fully paid and non-assessable share of Class A Common Stock. A determination by the Board of Directors of the Corporation that a Class B Holder is not a Permitted Transferee and, therefore, that conversion is required, shall be made in the sole discretion of the Board of Directors and shall be conclusive. Upon making such a determination, the Secretary of the Corporation shall be instructed to, and shall promptly request the Class B Holder, that such Class B Holder promptly deliver and such Class B Holder shall promptly deliver, the certificate representing each such share of Class B Common Stock to the Corporation for exchange hereunder, together with instruments of transfer, in form satisfactory to the Corporation and the Transfer Agent, duly executed by such Class B Holder or such Class B Holder's duly authorized attorney, and together with transfer tax stamps or funds therefor, if required pursuant to Section 4.1.4.7 hereof.

4.1.4.4 As promptly as practicable following the surrender for conversion of a certificate representing shares of Class B Common Stock in the manner provided in Section 4.1.4.1, 4.1.4.2 or 4.1.4.3, as applicable, and the payment in cash of any amount required by the provisions of Section 4.1.4.7, the Corporation will deliver or cause to be delivered at the office of the Transfer Agent, a certificate or certificates representing the number of full shares of Class A Common Stock issuable upon such conversion, issued in such name or names as such Class B Holder may direct. In the case of a conversion under Section 4.1.4.1 hereof, such conversion shall be deemed to have been made on the record date for such meeting of stockholders on which the condition set forth in Section 4.1.4.1 hereof is determined by the Board of Directors of the Corporation to have occurred. In the case of a conversion under Section 4.1.4.2 hereof, such conversion shall be deemed to have been effected immediately prior to the close of business on the date of the surrender of the certificate or certificates representing shares of Class B Common Stock. In the case of a conversion under Section 4.1.4.3 hereof, such conversion shall be deemed to have been made on the date of transfer. Upon the date any conversion under Section 4.1.4.1 hereof is made or effected, all rights of the Class B Holder in such shares of Class B Common Stock shall cease, and the person or persons in whose name or names the certificate or certificates representing the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock; provided, however, that if any such surrender and payment occurs on any date when the stock transfer books of the Corporation shall be closed, the person or persons in whose name or names the certificate or certificates representing shares of Class A Common Stock are to be issued shall be deemed the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which the stock transfer books of the Corporation are open. Upon the date any conversion under Section 4.1.4.3 hereof is made, all rights of the Class B Holder shall cease, and the new owner or owners of the shares of Class A Common Stock shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock.

4.1.4.5 In the event of a reclassification or other similar transaction as a result of which the shares of Class A Common Stock are converted into another security, then a Class B Holder shall be entitled to receive upon conversion the amount of such security that such Class B Holder would have received upon conversion if such Holder's shares of Class B Common Stock were converted into shares of Class A Common Stock immediately prior to the record date of such reclassification or other similar transaction. No adjustments in respect of dividends shall be made upon the conversion of any share of Class B Common Stock; provided, however, that if a share of Class B Common Stock shall be converted subsequent to the record date for the payment of a dividend or other distribution on shares of Class B Common Stock but prior to such payment, then the registered Class B Holder of such share of Class B Common Stock at the close of business on such record date shall be entitled to receive the dividend or other distribution payable on such share of Class B Common Stock on such date notwithstanding the conversion thereof or the Corporation's default in payment of the dividend due on such date.

4.1.4.6 The Corporation will at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of issuance upon conversion of the outstanding shares of Class B Common Stock, such number of shares of Class A Common Stock that shall be issuable upon the conversion of all such outstanding shares of Class B Common Stock; provided, however, that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class B Common Stock by delivery of purchased shares of Class A Common Stock that are held in the treasury of the Corporation. All shares of Class A Common Stock that will be issued upon conversion of shares of Class B Common Stock will, upon issuance, be fully paid and non-assessable.

4.1.4.7 The issuance of certificates for shares of Class A Common Stock upon conversion of shares of Class B Common Stock shall be made without charge to such Class B Holders of such shares of Class B Common Stock for any stamp or other similar tax in respect of such issuance; provided, however, that if any such certificate is to be issued in a name other than that of such Class B Holder, then the person or persons requesting the issuance thereof shall pay to the Corporation the amount of any tax that may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid.

4.1.4.8 Shares of Class B Common Stock that are converted into shares of Class A Common Stock as provided herein shall not, after conversion, be reissued as such and shall be retired.

4.1.5 Stock Splits. The Corporation shall not in any manner

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subdivide (by any stock split, stock dividend, reclassification, recapitalization or otherwise) or combine (by reverse stock split, reclassification, recapitalization or otherwise) the outstanding shares of one class of the capital stock comprising the Common Stock unless the outstanding shares of all classes of capital stock comprising the Common Stock shall be proportionately subdivided or combined.

4.1.6 Options, Rights or Warrants. The Corporation shall have the

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power to create and issue, whether or not in connection with the issuance and sale of any shares of its capital stock or other securities of the Corporation, rights or options entitling the holders thereof to purchase from the Corporation any shares of its capital stock of any class or classes at the time authorized, which rights or

options may have such terms and conditions and be evidenced by any instrument or instruments as shall be approved by the Board of Directors.

4.1.7 Mergers, Consolidation, Etc. In the event that the

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Corporation shall enter into any consolidation, merger, combination or other transaction in which shares of Common Stock are exchanged for or changed into shares of other capital stock or securities, cash and/or any other property, then, and in such event, the shares of each class of Common Stock shall be exchanged for or changed into an amount per share equal to the amount of capital stock, securities, cash and/or other property, as the case may be, into which or for which each share of any other class of Common Stock is exchanged or changed; provided, however, that if shares of Class A Common Stock and Class B Common Stock are exchanged for or changed into shares of capital stock, such shares so exchanged for or changed into may differ to the extent and only to the extent that the Class A Common Stock and the Class B Common Stock differ as provided herein.

4.1.8 Liquidation Rights. In the event of any dissolution,

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liquidation or winding up of the business and affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation and after making provision for the holders of each series of Preferred Stock, if any, the remaining assets and funds of the Corporation, if any, shall be divided among and paid ratably to the Class A Holders and the Class B Holders treated as a single class.

4.1.9 No Pre-Emptive Rights. The holders of shares of Common

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Stock are not entitled to any pre-emptive rights to subscribe for, purchase or receive any part of any new or additional issue of the Corporation's capital stock of any class, whether now or hereafter authorized, or of bonds, debentures or other securities convertible into or exchangeable for shares of the Corporation's capital stock.

4.2. Preferred Stock. Shares of Preferred Stock may be issued from

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time to time in one or more series. The Board of Directors is authorized, by resolution adopted and filed in accordance with the DGCL, to provide for the issuance of such series of shares of Preferred Stock and to establish from time to time the number of shares to be included in each such series. Each series of Preferred Stock (a) may have such voting powers, full or limited, or may be without voting powers; provided, however, that unless holders of at least sixty-six and two-thirds percent (66-2/3%) of the combined voting power of the Common Stock have approved the issuance of such shares of Preferred Stock, the Board of Directors may not issue any shares of Preferred Stock that have the right (i) to vote for the election of directors under ordinary circumstances or (ii) under any circumstances to elect fifty percent (50%) or more of the directors of the Corporation; (b) may not be subject to redemption at such time or times and at such prices; (c) may be entitled to receive dividends (which may be cumulative or non-cumulative) at such rate or rates, on such conditions and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or series of the Corporation's capital stock; (d) may have such rights upon the liquidation or dissolution of, or upon any distribution of the assets of, the Corporation; (e) may be made convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or upon any other class or classes of the Corporation's capital stock or such other corporation or entity at such price or prices or at such rates of exchange and with such adjustments; (f) may be entitled to the benefit of a sinking fund to be applied to the purchase or redemption of shares of such series in such amount or amounts; (g) may be entitled to the benefit of

conditions and restrictions upon the creation of indebtedness of the Corporation or any subsidiary, upon the issue of any additional shares of capital stock (including additional shares of such series or of any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Corporation or any Subsidiary (as defined below) of, any outstanding shares of the Corporation's capital stock; and (h) may have such other relative, participating, optional or other special rights, qualifications, limitations or restrictions, all as shall be stated in said resolution or resolutions providing for the issuance of such shares of Preferred Stock. The Board of Directors is also authorized to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In the case the number of shares of any series shall be decreased, the shares constituting such decrease shall resume the status they had prior to the adoption of the resolution originally fixing the number of shares of such series. Shares of Preferred Stock of any series that have been redeemed or repurchased by the Corporation (whether through the operation of a sinking fund or otherwise) or that, if convertible or exchangeable, have been converted or exchanged in accordance with their terms shall be retired and shall have the status of authorized but unissued shares of Preferred Stock of the same series and may be reissued as a part of the series of which they were originally a part or may, upon the filing of an appropriate certificate with the Delaware Secretary of State, be reissued as part of a new series of shares of Preferred Stock to be created by resolution or resolutions of the Board of Directors or as part of any other series of shares of Preferred Stock, all subject to the conditions or restrictions on issuance set forth in the resolution or resolutions adopted by the Board of Directors providing for the issuance of any series of shares of Preferred Stock.

5. Board of Directors.

5.1 Number of Directors. The initial number of directors that shall

constitute the whole Board of Directors shall be designated by the Bylaws of the Corporation and may be changed from time to time in the manner described therein.

5.2 Powers of the Board of Directors. The business and affairs of the

Corporation shall be managed by or under the direction of the Board of Directors selected as provided by the DGCL and this Certificate of Incorporation and the Bylaws of the Corporation. In furtherance, and not in limitation, of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized to:

5.2.1 adopt, amend, alter, change or repeal the Bylaws of the Corporation; provided, however, that no Bylaws hereafter adopted shall invalidate any prior act of the Corporation that would have been valid if such new Bylaws had not been adopted;

5.2.2 subject to the Bylaws as from time to time in effect, determine the rules and procedures for the conduct of the business of the Board of Directors and the management and direction by the Board of Directors of the business and affairs of the Corporation, including the power to designate and empower committees of the Board of Directors, to elect, or authorize the appointment of, and empower officers and other agents of the Corporation, and to determine the time and place of, the notice requirements for, and the manner of conducting, Board meetings, as well as other notice requirements for, and the manner of taking, Board action; and

5.2.3 exercise all such powers and do all such acts as may be exercised or done by the Corporation, subject to the provisions of the DGCL and this Certificate of Incorporation and the Bylaws of the Corporation.

5.3 Vacancies. Except as otherwise required by the DGCL and subject to the

rights of the holders of shares of Preferred Stock, any vacancy on the Board of Directors for any reason and any newly-created directorship resulting by reason of any increase in the number of directors may be filled only by the Board of Directors (and not by the stockholders), by resolution adopted by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum (or by a sole remaining director); provided, however, that if not so filled, any such vacancy shall be filled by the stockholders at the next annual meeting or at a special meeting called for that purpose. Any director so appointed shall hold office until the next meeting of stockholders at which directors are to be elected and until his or her successor is elected and qualified.

5.4 Removal of Directors. Any director (including all members of the Board

of Directors) may be removed from office at any time by the affirmative vote of the holders of at least sixty-six and 2/3 two-thirds percent (66-2/3%) of the voting power of all of the shares of capital stock of the Corporation then entitled to vote generally in the election of directors, voting together as a single class.

5.5 Rights of Preferred Stock. Notwithstanding the foregoing, whenever the

holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Certificate of Incorporation or the resolution or resolutions adopted by the Board of Directors.

6. Vote Required for Extraordinary Transactions and Transactions With Related Persons

6.1 Extraordinary Transactions. Notwithstanding that approval by a lesser

percentage vote is permitted by the DGCL, the affirmative vote of the holders of not less than sixty-six and two-thirds percent (66-2/3%) of the outstanding shares of Voting Stock (as defined below) of the Corporation shall be required for the approval or authorization of (a) any merger or consolidation requiring the approval of the Corporation's stockholders under Section 251 et. seq. of the DGCL or any successor provision or provisions thereto or (b) any sale, lease or exchange of all or substantially all of the Corporation's property and assets requiring the approval of the Company's stockholders under Section 271 of the DGCL or any successor provision or provisions thereto.

6.2 Transactions With Related Persons.

6.2.1 Except as otherwise expressly provided in Section 6.2.2 hereof, in addition to any affirmative vote required by the DGCL or by any other provision hereof or by the Bylaws of the Corporation, the affirmative vote of the holders of not less than sixty-six and two-thirds percent (66-2/3%) of the outstanding shares of Voting Stock, other than those shares held by a Related Person (as defined below), shall be required for the approval or authorization of any of the transactions (a "Business Combination") listed below:

6.2.1.1 any merger, consolidation or share exchange of the Corporation into or with a Related Person, pursuant to which the holders of shares of Common Stock of the Corporation will receive cash, property, securities or other consideration; or

6.2.1.2 any sale, lease, exchange or other disposition to or with such Related Person of all or any Substantial Part (as defined below) of the assets of the Corporation or any of its Subsidiaries.

6.2.2 Notwithstanding Section 6.2.1 hereof, the sixty-six and two-thirds percent (66-2/3%) voting requirement shall not be applicable if (i) any transaction specified above shall have been approved by a vote of not less than a majority of the Continuing Directors (as defined below) or (ii) in the case of any transaction pursuant to which the holders of the Common Stock of the Corporation are entitled to receive cash, property, securities or other consideration, the cash or fair market value of the property, securities or other consideration (as determined by the Continuing Directors) to be received per share by holders of the Common Stock of the Corporation in such transaction is not less than the higher of (A) the highest price per share paid by the Related Person for any of its holdings of Common Stock within the two (2) year period immediately prior to the announcement of the proposed transaction (the "Announcement Date"), excluding transactions by and among the individuals or entities included in the definition of Permitted Transferees under Section 4.1.3 hereof, or (B) the highest closing sale price per share of Common Stock during the thirty (30) day period immediately preceding the Announcement Date or during the period immediately preceding the date on which the Related Person became a Related Person, whichever is higher. The highest closing sale price shall be determined by the reports of closing sale prices on the Composite Tape for New York Stock Exchange listed stocks or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange or other principal United States securities exchange on which such stock is listed or, for any period when such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock on the National Association of Securities Dealers, Inc. Automated Quotation System; provided, however, that such price under clause (A) or (B) above shall be proportionately adjusted for any subsequent increase or decrease in the number of issued shares of the Corporation's capital stock resulting from a subdivision or consolidation of shares or any other capital adjustments, the payment of a stock dividend, or other increase or decrease in such shares of capital stock effected without receipt of consideration by the Corporation.

6.2.3 The Board of Directors, with the approval of a majority of the total number of Continuing Directors, shall have the power and duty to determine, on the basis of information known to it after reasonable inquiry, all facts necessary to determine compliance with this Section 6, including, without limitation, (i) whether a person is a Related Person; (ii) the number of shares of Voting Stock Beneficially Owned by any person; (iii) whether a person is an Affiliate (as defined below) or Associate (as defined below) of another person; (iv) whether the applicable conditions set forth in Section 6.2.2 hereof have been met with respect to any Business Combination; and (v) whether the proposed transaction is a Business Combination. Any such determination shall be final and conclusive.



### 6.3 Definitions.

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For purposes of Section 6.2 hereof:

6.3.1 The term "Related Person" shall mean and include any individual, corporation, partnership or other person, entity or group, as such term is defined in Rule 13d-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that Beneficially Owns (as defined below), in the aggregate, ten percent (10%) or more of the outstanding Voting Stock of the Corporation. For purposes of calculating the sixty-six and two-thirds percent (66-2/3%) vote under Section 6.2.1, a Related Person shall also include the seller or sellers from whom the Related Person, during the six (6) months preceding the Announcement Date, acquired at least five percent (5%) of the outstanding shares of Class A Common Stock pursuant to one or more agreements or other arrangements (excluding brokers' transactions) but only if such sellers or seller Beneficially Own(s) shares of Common Stock having an aggregate fair market value in excess of \$10 million at the Announcement Date. Notwithstanding the foregoing, neither the Corporation nor any Subsidiary shall be a Related Person.

6.3.2 The terms "Affiliate" and "Associate" shall have the meanings set forth in Rule 12b-2 under the Exchange Act, as in effect on the date this Certificate of Incorporation is filed in the office of the Secretary of State of the State of Delaware.

6.3.3 The term "Beneficially Owns" or "Beneficially Owned" shall have the meaning set forth in Rule 13d-3 under the Exchange Act, as in effect on the date of this Certificate of Incorporation is filed in the office of the Secretary of State of the State of Delaware.

6.3.4 The term "Continuing Director", with respect to any Business Combination, shall mean any member of the Board of Directors of the Corporation who is not a Related Person with whom such Business Combination is proposed and is neither Affiliated nor Associated with or designated by such Related Person. Notwithstanding the foregoing, any director of the Corporation elected pursuant to a voting agreement to which such Related Person is a party but who is not designated by such Related Person and any director of the Corporation who has a family relation with such Related Person (unless designated by such Related Person) shall not be considered to be an Affiliate or Associate of such Related Person.

6.3.5 The term "Substantial Part" shall mean more than thirty percent (30%) of the fair market value, as determined by two-thirds (2/3rds) of the Continuing Directors, of the total consolidated assets of the Corporation and its Subsidiaries taken as a whole as of the end of its most recent fiscal year ending prior to the time the determination is being made, subject to adjustments made by the Continuing Directors to take into account transactions made subsequent to year end.

6.3.6 The term "Subsidiary" shall mean any corporation of which a majority of the Voting Stock thereof entitled to vote generally in the election of directors is owned, directly or indirectly, by the Corporation.

6.3.7 The term "Voting Stock" shall mean all outstanding shares of capital stock of the Corporation or another corporation entitled to vote generally in the election of directors, and each reference to a percentage of shares of Voting Stock shall refer to such percentage of the votes entitled to be cast by such shares .

## 7. Liability of Directors.

### 7.1 Limitation of Liability. No director of the Corporation shall be

personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (b) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (c) under Section 174 of the DGCL; or (d) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended after the date this Certificate of Incorporation is filed with the Delaware Secretary of State to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

### 7.2 Amendments. Any repeal or modification of Section 7.1 hereof by the

stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

## 8. Stockholders.

### 8.1 Action by Stockholders. Any action required or permitted to be taken

by the holders of the issued and outstanding capital stock of the Corporation may be effected at an annual or special meeting of stockholders duly called and held in accordance with the DGCL and this Certificate of Incorporation and the Bylaws or, as long as any shares of Class B Common Stock are outstanding, without a meeting, by written consent, setting forth the action so taken, signed by the holders of outstanding shares entitled to vote thereon having not less than the minimum number of votes that would be necessary to authorize or take such action at a stockholders' meeting at which all shares entitled to vote thereon were present. If no shares of Class B Common Stock are outstanding, such written consent shall require the signature by holders of all outstanding shares of capital stock entitled to vote thereon.

### 8.2 Special Meetings of Stockholders. Except as otherwise required by the

DGCL, special meetings of stockholders may be called only by the Chairman of the Board of Directors or the President of the Corporation or by the Board of Directors pursuant to a resolution adopted by the affirmative vote of a majority of the entire Board. Except as otherwise required by the DGCL, stockholders of the Corporation shall not have the right to request or call a special meeting of the stockholders.

## 9. Bylaws.

The Board of Directors shall have the power to adopt, amend or repeal the Bylaws by the affirmative vote of at least a majority of the members then in office. The affirmative vote of the holders of not less than sixty-six and two-thirds percent (66-2/3%) of the voting power of all shares of capital stock of the Corporation then entitled to vote generally in the election of directors, voting as a single class, shall be required to adopt, amend or repeal the Bylaws (notwithstanding the fact that approval by a lesser

percentage may be permitted by the DGCL).

10. Indemnification and Insurance.  
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10.1 Indemnification.  
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10.1.1 The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fine and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent,

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shall not, of itself, create a presumption that the person did not act in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

10.1.2 The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Chancery or such other court shall deem proper.

10.1.3 To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 10.1.1 and 10.1.2 above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

10.1.4 Any indemnification under Section 10.1.1 and 10.1.2 above (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has

met the applicable standard of conduct set forth in Section 10.1.1 and 10.1.2 above. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders of the Corporation.

10.1.5 Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation pursuant to this Section 10. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

10.1.6 The indemnification and advancement of expenses provided by, or granted pursuant to, other subsections of this Section 10 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any law, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding office.

10.1.7 For purposes of this Section 10, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section 10 with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

10.1.8 For purpose of this Section 10, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation that imposes duties on, or involves service by, such director, officer, employee or agent with respect to any employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Section 10.

10.1.9 The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 10 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

10.2 Insurance for Indemnification. The Corporation may purchase and

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maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of Section 145 of the DGCL.

11. Incorporator. The name and mailing address of the sole incorporator of the

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Corporation is Thomas R. Taylor, LeBoeuf, Lamb, Greene & MacRae, L.L.P., 136 South Main Street, Suite 1000, Salt Lake City, Utah 84101-1685.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by M. Truman Hunt, its Vice President of Legal Affairs and Investor Relations, this 12th day of September, 1996.

M. Truman Hunt

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M. Truman Hunt,  
Vice President of Legal Affairs and Investor  
Relations

AMENDED AND RESTATED BYLAWS  
NU SKIN ASIA PACIFIC, INC.

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AMENDED AND RESTATED  
BYLAWS  
OF  
NU SKIN ASIA PACIFIC, INC.

ARTICLE 1  
STOCKHOLDERS

1.1 Place of Meetings. All meetings of stockholders shall be held at

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such place within or without the State of Delaware as may be designated from time to time by the Board of Directors or the President or, if not so designated, at the registered office of the Corporation.

1.2 Annual Meeting. The annual meeting of stockholders for the election

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of directors and for the transaction of such other business as may properly be brought before the meeting shall be held each year beginning in the calendar year 1997 on such date and at such time as the Board of Directors determines. The date so determined by the Board of Directors shall fall upon a legal holiday at the place of the meeting, then such meeting shall be held on the next succeeding business day at the same hour. If no annual meeting is held in accordance with the foregoing provisions, the Board of Directors shall cause the meeting to be held as soon thereafter as convenient.

1.3 Special Meetings. Special meetings of stockholders for any purpose

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or purposes may be called by the Board, the President or the Secretary of the Corporation or by the recordholders of at least a majority of the shares of Common Stock of the Corporation issued and outstanding and entitled to vote thereof.

1.4 Notice of Meetings. Except as otherwise provided by the Delaware

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General Corporation Law, as amended (the "DGCL"), written notice of each meeting of stockholders, whether annual or special, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notices of all meetings shall state the place, date and hour of the meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

1.5 Voting List. The officer who has charge of the stock ledger of the

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Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, at a place within the city where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time of the meeting and may be inspected by any stockholder who is present.

1.6 Quorum. Except as otherwise provided by the DGCL, the Certificate of

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Incorporation, as it may be amended from time to time (the "Certificate of Incorporation"), or these Bylaws, the holders of a majority of the shares of the capital stock of the Corporation issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business.

1.7 Adjournments. Any meeting of stockholders may be adjourned to

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another time and to any other place at which a meeting of stockholders may be held under these Amended and Restated Bylaws by the stockholders present or represented at the meeting and entitled to vote, although not less than a quorum, or, if no stockholder is present, by any officer entitled to preside at or to act as Secretary of such meeting. It shall not be necessary to notify any stockholder of any adjournment of less than thirty (30) days if the time and place of the adjourned meeting are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

1.8 Voting and Proxies. Each stockholder shall have one (1) vote for

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each share of capital stock entitled to vote that is held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided in the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders may vote in person or may authorize another person or persons to vote or act for him by written proxy executed by the stockholder or his authorized agent and delivered to the Secretary of the Corporation. No such proxy shall be voted or acted upon after three (3) years from the date of its execution, unless the proxy expressly provides for a longer period.

1.9 Action at Meeting. In all matters other than the election of

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directors, when a quorum is present at any meeting, the holders of a majority of the shares of capital stock present or represented and entitled to vote on the subject matter (or if there are two or more classes of capital stock entitled to vote as separate classes, then in the case of each such class, the holders of a majority of the shares of capital stock of that class present or represented and entitled to vote on the subject matter) shall decide any matter to be voted upon by the stockholders at such meeting, except when a different vote is required by express provision of the DGCL, the Certificate of Incorporation or these Amended and Restated Bylaws. All elections of directors by the stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote at the election. Any action required or permitted to be taken by the stockholders may be effected without a meeting by a written consent in accordance with Section 8.1 of the Certificate of Incorporation.

1.10 Advance Notice of Stockholder Nominees and Stockholder Business.

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(a) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be: (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (B) otherwise properly brought before the meeting by or at the direction of the Board of Directors or (C) otherwise properly brought before the meeting by a stockholder. For business or a proposal to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's proposal must be delivered to or mailed and received at the principal executive offices of the Corporation not less than one hundred twenty (120) days in advance of the date of the Corporation's proxy statement released to security holders in connection

with the previous year's annual meeting of the stockholders except that if no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) calendar days from the date contemplated at the time of the previous year's proxy statement, a stockholder's proposal must be delivered to or mailed and received at the principal executive offices of the Corporation a reasonable time before the solicitation is made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business; (iii) the class and number of shares of the Corporation's capital stock that are beneficially owned by the stockholder; (iv) any material interest of the stockholder in such business; and (v) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "1934 Act"), in his capacity as a proponent to a stockholder proposal. Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, stockholders must provide notice as required by the rules and regulations promulgated under the 1934 Act. Notwithstanding anything in these Amended and Restated Bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (a). The Chairman of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting and in accordance with the provisions of this paragraph (a), and, if he should so determine, such Chairman shall so declare at the annual meeting that any such business not properly brought before the meeting shall not be transacted.

(b) Only persons who are nominated in accordance with the procedures set forth in this paragraph (b) shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder of the Corporation entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in this paragraph (b). Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice (as set forth in paragraph (a) of this Section 1.10) in writing to the Secretary of the Corporation in accordance with the provisions of this paragraph (b) of this Section 1.10. Such stockholder's notice shall set forth (i) as to each person, if any, whom the stockholder proposes to nominate for election or reelection as a director: (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the Corporation's capital stock that are beneficially owned by such person, (D) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder and (E) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including, without limitation, such person's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director of the Corporation if elected), and (ii) as to such stockholder giving notice, the information required to be provided pursuant to paragraph (a) of this Section 1.10. At the request of the Board of Directors, any person nominated by a stockholder for election as a director shall furnish to the Secretary of the Corporation that information required to be set forth in the stockholder's notice of nomination that pertains to the nominee. No persons shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this paragraph (b). The Chairman of the meeting shall, if the facts warrant,

determine and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these Amended and Restated Bylaws, and, if he should so determine, such Chairman shall so declare at the meeting and the defective nomination shall be disregarded.

(c) For purposes of this Section 1.10, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, the Associated Press or comparable national news service or in a document publicly filed by the Corporation with the United States Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the 1934 Act.

## ARTICLE 2 DIRECTORS

### 2.1 General Powers. The business and affairs of the Corporation shall be

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managed by or under the direction of a Board of Directors, who may exercise all of the powers of the Corporation except as otherwise provided by the DGCL, the Certificate of Incorporation or these Amended and Restated Bylaws. In the event of a vacancy on the Board of Directors, the remaining directors, except as otherwise provided by the DGCL, may exercise the powers of the full Board of Directors until the vacancy is filled.

### 2.2 Number; Election; Tenure and Qualification. The number of directors

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of the Corporation shall be fixed from time to time exclusively, but the total number of directors shall not be less than five (5) nor more than eleven (11). Directors need not be stockholders of the Corporation. Directors shall be elected at the annual meeting of stockholders or, if, in accordance with Section 1.9 hereof, no such annual meeting is held, by written consent in lieu of meeting pursuant to Section 1.9 hereof, and each director shall hold office until his successor is elected and qualified, or until his earlier death or resignation or removal in the manner hereinafter provided.

### 2.3 Enlargement of the Board of Directors. The authorized number of

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directors on the Board of Directors may be increased by the Board of Directors pursuant to a resolution adopted by a majority of the then maximum number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption.

### 2.4 Vacancies. Unless and until filled by the stockholders, any vacancy

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in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board of Directors, may be filled by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director, provided; however, that a vacancy created by the removal of a director by the vote of the stockholders or by court order may be filled only by the affirmative vote of a majority of the shares of the Corporation's capital stock represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute a majority of the required quorum) or by written consent in accordance with Section 8.1 of the Certificate of Incorporation. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified, or until such director's earlier death, resignation or removal.

2.5 Resignation. Any director may resign by delivering his written

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resignation to the Corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

2.6 Removal. Any director or the entire Board of Directors may be

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removed, only as permitted by the DGCL and Section 5 of the Certificate of Incorporation.

2.7 Meetings. Meetings of the Board of Directors may be held without

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notice at such time and place, within or without the State of Delaware, as shall be determined from time to time by the Board of Directors, provided that any director who is absent when such a determination is made shall be given notice of the determination. A meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.8 Special Meetings. Special meetings of the Board of Directors may be

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held at any time and place, within or without the State of Delaware, designated in a call by the Chairman of the Board, the President, two (2) or more directors, or by one director in the event that there is only a single director then in office.

2.9 Notice of Special Meetings. Notice of any special meeting of

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directors shall be given to each director by the Secretary of the Corporation or by the officer or one of the directors calling the meeting. Notice shall be given to each director in person, by telephone, by facsimile transmission or by telegram sent to his business or home address at least forty-eight (48) hours in advance of the meeting, or by written notice mailed to his business or home address at least seventy-two (72) hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

2.10 Meetings by Telephone Conference Call. Directors or any members of

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any committee designated by the directors may participate in a meeting of the Board of Directors or such committee by means of conference telephone call or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.11 Quorum. A majority of the number of directors then in office, as

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established pursuant to Section 2.2 hereof, shall constitute a quorum at all meetings of the Board of Directors. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each such director so qualified; provided, however, that in no case shall less than one-third (1/3) of the number of directors then in office constitute a quorum. In the absence of a quorum at any such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

2.12 Action at Meeting. At any meeting of the Board of Directors at

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which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a different vote is specified by the DGCL, the Certificate of Incorporation or these Amended and Restated Bylaws. For so long as the Corporation's Board of Directors consists of an even number of directors, a majority of the Board of Directors for purposes of these Amended and Restated Bylaws shall equal one or more than are half of the directors then in office.

2.13 Action by Consent. Any action required or permitted to be taken at

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any meeting of the Board of Directors or of any committee of the Board of Directors may be taken without a meeting without prior notice and without a vote, if all members of the Board of Directors or committee, as the case may be, consent to the action in writing, and the written consents are filed with the minutes of proceedings of the Board of Directors or committee.

2.14 Committees. The Board of Directors may, by resolution passed by a

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majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of the DGCL, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these Amended and Restated Bylaws for the Board of Directors.

2.15 Compensation for Directors. Directors may be paid such compensation

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for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the Corporation or any of its parent or subsidiary Corporations in any other capacity and receiving compensation for such service.

### ARTICLE 3 OFFICERS

3.1 Enumeration. The officers of the Corporation shall consist of a

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Chairman, a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, including one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries.

3.2 Election. Except as otherwise provided by the DGCL, by the

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Certificate of Incorporation or by these Amended and Restated Bylaws, each officer shall be appointed by the Board of Directors at its first meeting following the annual meeting of stockholders.

3.3 Qualification. The President need not be a director. No officer need

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be a stockholder. Any two or more offices may be held by the same person.

3.4 Tenure. Except as otherwise provided by the DGCL, by the Certificate

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of Incorporation or by these Amended and Restated Bylaws, each officer shall hold office until his successor is elected and qualified, unless a different term is specified in the vote choosing or appointing him, or until his earlier death, resignation or removal.

3.5 Resignation and Removal. Any officer may resign by delivering his

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written resignation to the Corporation at its principal office or to the President or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event. The Board of Directors, or a committee duly authorized to do so, may remove any officer with or without cause. Except as the Board of Directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following his resignation or removal, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise, unless such compensation is expressly provided in a duly authorized written agreement with the Corporation.

3.6 Vacancies. The Board of Directors may fill any vacancy occurring in

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any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of President, Treasurer and Secretary. Each such successor shall hold office for the unexpired term of his predecessor and until his successor is elected and qualified, or until his earlier death, resignation or removal.

3.7 Chairman of the Board and Vice Chairman of the Board. The Chairman

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of the Board shall, when present, preside at all meetings of the Board of Directors. He shall perform such duties and possess such powers as are usually vested in the office of the Chairman of the Board or as may be vested in him by the Board of Directors. If the Board of Directors appoints a Vice Chairman of the Board, he shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board and shall perform such other duties and possess such other powers as may from time to time be vested in him by the Board of Directors.

3.8 President. Unless otherwise determined by the Board of Directors,

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the President shall be the Chief Executive Officer of the Corporation. The President shall, subject to the direction of the Board of Directors, have general supervision and control of the business and affairs of the Corporation. Unless otherwise provided by the directors, he shall preside at all meetings of the stockholders and of the Board of Directors (except as provided in Section 3.7 hereof). The President shall perform such other duties and shall have such other powers as the Board of Directors may from time to time prescribe.

3.9 Vice Presidents. Any Vice President shall perform such duties and

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possess such powers as the Board of Directors or the President may from time to time prescribe. In the event of the absence, inability or refusal to act of the President, the Vice President (or if there shall be more than one Vice President, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the President and when so performing shall have all the powers of and be subject to all the restrictions upon the President. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.10 Secretary and Assistant Secretary. The Secretary shall perform such

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duties and shall have such powers as the Board of Directors or the President may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to attend all meetings of stockholders and the Board of Directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required and to be the custodian of corporate

books and records. Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the President or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one Assistant Secretary, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary. In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary Secretary to keep a record of the meeting.

3.11 Treasurer and Assistant Treasurer. In the absence of a Vice

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President of Finance, the Treasurer shall be the chief financial officer and the chief accounting officer of the Corporation. The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned to him by the Board of Directors or the President. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the Corporation, to deposit funds of the Corporation in depositories selected in accordance with these Amended and Restated Bylaws, to disburse such funds as ordered by the Board of Directors, to make proper accounts of such funds and to render, as required by the Board of Directors, statements of all such transactions and of the financial condition of the Corporation. Any Assistant Treasurers shall perform such duties and possess such powers as the Board of Directors, the President or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer (or if there shall be more than one Assistant Treasurer, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

3.12 Bonded Officers. The Board of Directors may require any officer to

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give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors upon such terms and conditions as the Board of Directors may specify, including without limitation a bond for the faithful performance of his duties and for the restoration to the Corporation of all property in his possession or under his control belonging to the Corporation.

3.13 Salaries. Officers of the Corporation shall be entitled to such

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salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

ARTICLE 4  
CAPITAL STOCK

4.1 Issuance of Stock. Unless otherwise voted by the stockholders and

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subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the Corporation held in its treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such consideration and on such terms as the Board of Directors may determine.

4.2 Certificates of Stock. Every holder of capital stock of the

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Corporation shall be entitled to have a certificate, in such form as may be prescribed by the DGCL and by the Board of Directors, certifying the number and class of shares owned by him in the Corporation. Each such certificate shall be signed by, or in the name of the Corporation by, the Chairman or Vice Chairman,



if any, of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation. Any or all of the signatures on share certificates may be facsimiles. Each certificate for shares of stock that is subject to any restriction on transfer pursuant to the Certificate of Incorporation, these Amended and Restated Bylaws, applicable securities laws, rules or regulations or any agreement among any number of stockholders or among such stockholders and the Corporation shall have conspicuously noted on the face or back of the stock certificate either the full text of the restriction or a statement of the existence of such restriction.

4.3 Transfers. Subject to the restrictions, if any, stated or noted on  
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the stock certificates, shares of the Corporation's capital stock may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate(s) representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the Corporation or its transfer agent may reasonably require. Except as may be otherwise required by the DGCL, by the Certificate of Incorporation or by these Amended and Restated Bylaws, the Corporation shall be entitled to treat the record holder of shares of capital stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such capital stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the Corporation in accordance with the requirements of these Amended and Restated Bylaws.

4.4 Lost, Stolen or Destroyed Certificates. The Corporation may issue a  
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new stock certificate in place of any previously issued certificate alleged to have been lost, stolen or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity as the Board of Directors may require for the protection of the Corporation or any transfer agent or registrar.

4.5 Record Date. The Board of Directors may fix in advance a date as a  
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record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders or to express consent (or dissent) to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than sixty (60) nor less than ten (10) days prior to any other action to which such record date relates. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE 5  
INDEMNIFICATION AND INSURANCE

## 5.1 Indemnification.

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(a) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent or another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fine and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that the Court of Chancery or such other court shall deem proper.

(c) To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 5.1(a) and (b) above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under Section 5.1(a) and (b) above (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 5.1(a) and (b) above. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders of the Corporation.

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation pursuant to this Section 5. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, other subsections of this Section 5 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any law, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding office.

(g) For purposes of this Section 5, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section 5 with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(h) For purpose of this Section 5, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation that imposes duties on, or involves service by, such director, officer, employee or agent with respect to any employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Section 5.

(i) The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 5 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

5.2 Insurance for Indemnification. The Corporation may purchase and

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maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of Section 145 of the DGCL.

ARTICLE 6  
GENERAL PROVISIONS

6.1 Fiscal Year. Except as from time to time otherwise designated by the

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Board of Directors, the fiscal year of the Corporation shall end on December 31 of each year.

6.2 Execution of Instruments. The President, the Chief Executive

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Officer, if different, any Vice President, the Secretary or the Treasurer shall have power to execute and deliver on behalf of and in the name of the Corporation any instrument requiring the signature of an officer of the Corporation, except as otherwise provided in these Amended and Restated Bylaws, or where the execution and delivery of such an instrument shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

6.3 Waiver of Notice. Whenever any notice whatsoever is required to be

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given by the DGCL, the Certificate of Incorporation or these Amended and Restated Bylaws, a waiver of such notice either in writing signed by the person entitled to such notice or such person's duly authorized attorney, or by telegraph, facsimile or any other available method, whether before, at or after the time stated in such waiver, or the appearance of such person or persons at such meeting in person or by proxy, shall be deemed equivalent to such notice.

6.4 Voting of Securities. Except as the directors may otherwise

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designate, the President, the Chief Executive Officer, if different, any Vice President, the Secretary or the Treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for the Corporation (with or without power of substitution) at any meeting of the stockholders or the shareholders of any other Corporation or organization, the securities of which may be held by the Corporation.

6.5 Evidence of Authority. A certificate by the Secretary, or an

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Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, the directors, any committee of the Board of Directors or any officer or representative of the Corporation shall, as to all persons who rely on the certificate in good faith, be conclusive evidence of such action.

6.6 Certificate of Incorporation. All references in these Amended and

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Restated Bylaws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the Corporation, as amended and in effect from time to time. These Amended and Restated Bylaws are subject to the provisions of the Certificate of Incorporation, the DGCL and other applicable laws, rules and regulations.

6.7 Transactions with Interested Parties. No contract or transaction

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between the Corporation and one or more of its directors or officers, or between the Corporation and any other Corporation, partnership, association or other organization in which one or more of the Corporation's directors or officers serves as a director or officer, or has a financial interest, shall be void or voidable solely for that reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or of a committee of the Board of Directors that authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors may be less than a quorum;

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by a vote of the stockholders; or

(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee of the Board of Directors or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes the contract or transaction.

6.8 Severability. Any determination that any provision of these Amended and Restated Bylaws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these Amended and Restated Bylaws.

6.9 Pronouns. All pronouns used in these Amended and Restated Bylaws shall be deemed to refer to the masculine, feminine or neuter gender, singular or plural, as the identity of the person or persons may require.

ARTICLE 7  
AMENDMENTS

7.1 By the Board of Directors. Subject to the provisions of the Certificate of Incorporation, these Amended and Restated Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present.

7.2 By the Stockholders. Subject to the provisions of the Certificate of Incorporation, these Amended and Restated Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the shares of the capital stock of the Corporation issued and outstanding and entitled to vote either by written consent or at any annual meeting of the stockholders, or at any special meeting of the stockholders, provided notice of such alteration, amendment, repeal or adoption of new Bylaws shall have been stated in the notice of such special meeting.

CLASS A  
COMMON STOCK  
NUMBER  
001

CLASS A  
COMMON STOCK  
SHARES

CUSIP 67018T 10 5

NU SKIN ASIA PACIFIC, INC.

INCORPORATED UNDER THE LAWS OF  
THE STATE OF DELAWARE

SEE REVERSE FOR RESTRICTED STOCK LEGENDS,  
CERTAIN DEFINITIONS AND STATEMENTS  
AS TO THE RIGHTS, PREFERENCES,  
PRIVILEGES AND RESTRICTIONS OF SHARES

THIS CERTIFIES THAT

\_\_\_\_\_

is the record holder of

\_\_\_\_\_

FULLY PAID AND NONASSESSABLE SHARES OF CLASS A COMMON STOCK, PAR VALUE \$0.001  
PER SHARE, OF  
Nu Skin Asia Pacific, Inc.

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transferable on the books of the Corporation by the holder hereof in person or  
by duly authorized attorney upon surrender of this Certificate properly  
endorsed.

WITNESS the signatures of the Corporation's duly authorized officers.

Dated: \_\_\_\_\_, 1996

\_\_\_\_\_  
\_\_\_\_\_, Secretary

\_\_\_\_\_  
\_\_\_\_\_, President

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS. THE SHARES MAY NOT BE SOLD OR OTHERWISE TRANSFERRED UNLESS THE SHARES ARE REGISTERED UNDER THE ACT AND UNDER APPLICABLE STATE SECURITIES LAWS OR UNLESS THE CORPORATION RECEIVES AN OPINION OF COUNSEL SATISFACTORY TO IT THAT AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE SALE, ASSIGNMENT, GIFT, BEQUEST, TRANSFER, DISTRIBUTION, PLEDGE, HYPOTHECATION OR OTHER ENCUMBRANCE OR DISPOSITION OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED BY THE TERMS OF A STOCKHOLDER'S AGREEMENT AMONG CERTAIN INDIVIDUALS AND PERSONS REFERRED TO IN THE STOCKHOLDER'S AGREEMENT, A COPY OF WHICH MAY BE EXAMINED AT THE OFFICE OF THE CORPORATION.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP AGREEMENT BETWEEN THE HOLDER HEREOF AND MERRILL LYNCH, PIERCE, FENNER & SMITH, INC. (THE "UNDERWRITER") THAT PREVENTS, AMONG OTHER THINGS, THE SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION, CONTRACT TO SELL OR OTHER DISPOSITION OF, DIRECTLY OR INDIRECTLY, ANY SHARES REPRESENTED HEREBY WITHOUT THE PRIOR WRITTEN CONSENT OF THE CORPORATION AND THE UNDERWRITER UNTIL 365 DAYS FROM THE DATE OF THE CLOSING OF THE CORPORATION'S INITIAL PUBLIC OFFERING OF SHARES OF ITS CLASS A COMMON STOCK.

The Corporation shall furnish without charge to each stockholder who so requests a statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock of the Corporation or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights as established, from time to time, by the Certificate of Incorporation of the Corporation and by any certificate of determination, the number of Shares constituting each class and series, and the designations thereof. Such requests shall be made to the Corporation's Secretary at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as through they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common  
TEN ENT - as tenants by the entireties  
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Minor) (Cust)  
under Uniform Gifts to Minors Act \_\_\_\_\_  
(State)  
UNIF TRF MIN ACT - \_\_\_\_\_ Custodian (until age \_\_\_\_\_)  
(Cust) \_\_\_\_\_ under Uniform Transfers  
(Minor)  
to Minors Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used through not in the above list

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_  
\_\_\_\_\_

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ Shares  
of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint \_\_\_\_\_

\_\_\_\_\_ Attorney  
to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed

By: \_\_\_\_\_  
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATES AND CREDIT UNIONS

WITH MEMBERSHIP IN AN APPROVED  
SIGNATURE GUARANTEE MEDALLION  
PROGRAM). PURSUANT TO S.E.C. RULE  
17Ad-15.



CLASS B  
COMMON STOCK  
NUMBER  
001

CLASS B  
COMMON STOCK  
SHARES

CUSIP \_\_\_\_\_

NU SKIN ASIA PACIFIC, INC.

INCORPORATED UNDER THE LAWS OF  
THE STATE OF DELAWARE

SEE REVERSE FOR RESTRICTED STOCK LEGENDS,  
CERTAIN DEFINITIONS AND STATEMENTS  
AS TO THE RIGHTS, PREFERENCES,  
PRIVILEGES AND RESTRICTIONS OF SHARES

THIS CERTIFIES THAT

\_\_\_\_\_

is the record holder of

\_\_\_\_\_

FULLY PAID AND NONASSESSABLE SHARES OF CLASS B COMMON STOCK, PAR VALUE \$0.001  
PER SHARE, OF  
Nu Skin Asia Pacific, Inc.

=====

transferable on the books of the Corporation by the holder hereof in person or  
by duly authorized attorney upon surrender of this Certificate properly  
endorsed.

WITNESS the signatures of the Corporation's duly authorized officers.

Dated: \_\_\_\_\_, 1996

\_\_\_\_\_, Secretary

\_\_\_\_\_, President

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The Corporation shall furnish without charge to each stockholder who so requests a statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock of the Corporation or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights as established, from time to time, by the Certificate of Incorporation of the Corporation and by any certificate of determination, the number of Shares constituting each class and series, and the designations thereof. Such requests shall be made to the Corporation's Secretary at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as through they were written out in full according to applicable laws or regulations:

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UNIF GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Minor) (Cust)  
under Uniform Gifts to Minors Act \_\_\_\_\_  
(State)  
UNIF TRF MIN ACT - \_\_\_\_\_ Custodian (until age \_\_\_\_\_)  
(Cust) \_\_\_\_\_ under Uniform Transfers  
(Minor)  
to Minors Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used through not in the above list

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_  
\_\_\_\_\_

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ Shares  
of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint \_\_\_\_\_

\_\_\_\_\_ Attorney  
to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed

By: \_\_\_\_\_  
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND

LOAN ASSOCIATES AND CREDIT UNIONS  
WITH MEMBERSHIP IN AN APPROVED  
SIGNATURE GUARANTEE MEDALLION  
PROGRAM). PURSUANT TO S.E.C. RULE  
17Ad-15.

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1996 between Nu Skin Asia Pacific, Inc., a Delaware corporation ("Corporation"), and \_\_\_\_\_ ("Indemnitee")

RECITALS:

A. WHEREAS, Indemnitee, an officer or a member of the Board of Directors of Corporation, performs a valuable service in such capacity for Corporation; and

B. WHEREAS, the stockholders of Corporation have adopted Bylaws (the "Bylaws") providing for the indemnification of the officers, directors, agents and employees of Corporation to the maximum event authorized by Section 145 of the Delaware General Corporation Law, as amended (the "DGCL"); and

C. WHEREAS, the Bylaws and the DGCL, by their non-exclusive nature, permit contracts between Corporation and the members of its Board of Directors and officers with respect to indemnification of such directors and officers; and

D. WHEREAS, in accordance with the authorization as provided by the DGCL, Corporation has purchased or may purchase a policy or policies of Directors and Officers Liability Insurance ("D & O Insurance"), covering certain liabilities that may be incurred by its directors and officers in the performance as directors and officers of Corporation; and

E. WHEREAS, as a result of developments affecting the terms, scope and availability of D & O Insurance there exists general uncertainty as to the extent of protection afforded members of the Board of Directors and officers by such D & O Insurance and by statutory and bylaw indemnification provisions; and

F. WHEREAS, in order to induce Indemnitee to serve as a member of the Board of Directors or as an officer of Corporation, Corporation has determined and agreed to enter into this Agreement with Indemnitee;

NOW, THEREFORE, in consideration of Indemnitee's service as a director or officer of Corporation after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. Corporation hereby agrees to hold \_\_\_\_\_ harmless and indemnify Indemnitee to the fullest extent authorized or permitted by the provisions of the DGCL, as the same may be amended from time to time.

2. Additional Indemnity. Subject only to the exclusions set forth \_\_\_\_\_ in Section 3 hereof, Corporation hereby further agrees to hold harmless and indemnify Indemnitee:

(a) against any and all expenses (including attorneys' fees), witness fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with any threatened, pending or completed action, suit or proceeding, whether civil, administrative or investigative (including an action by or in the right of Corporation) to which Indemnitee is, was or at any time becomes a party, or is threatened to be made a party, by reason of the fact that Indemnitee is, was or at any time becomes a director, officer, employee or agent of Corporation, or is or was serving or at any time serves at the request of Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise; and

(b) otherwise to the fullest extent as may be provided to Indemnitee by Corporation under the non-exclusivity provisions of Article 5 of the Bylaws of Corporation and the DGCL.

3. Limitations on Additional Indemnity. No indemnity pursuant to -----  
Section 2 hereof shall be paid by Corporation:

(a) except to the extent the aggregate of losses to be indemnified thereunder exceeds the sum of such losses for which Indemnitee is indemnified pursuant to Section 1 hereof or pursuant to any D & O Insurance purchased and maintained by Corporation;

(b) in respect to remuneration paid to Indemnitee if it shall be determined by a final judgment or other final adjudication that such remuneration was in violation of law;

(c) on account of any suit in which judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of Corporation pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of any federal, state or local statutory law;

(d) on account of Indemnitee's conduct that is finally adjudged to have been knowingly fraudulent or deliberately dishonest, or to constitute willful misconduct;

(e) on account of Indemnitee's conduct that is the subject of an action, suit or proceeding described in Section 7(c)(ii) hereof;

(f) on account of any action, claim or proceeding (other than a proceeding referred to in Section 8(b) hereof) initiated by Indemnitee unless such action, claim or proceeding was authorized in the specific case by action of the Board of Directors; and

(g) if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful (and, in this respect, both Corporation and Indemnitee have been advised that the Securities and Exchange Commission believes that indemnification for liabilities under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication).

4. Contribution. If the indemnification provided in Sections 1 -----  
and 2 hereof is unavailable by reason of a court decision described in paragraph (g) of Section 3 hereof based on grounds other than any of those set forth in paragraphs (b) through (f) of Section 3 hereof, then in respect of any threatened, pending or completed action, suit or proceeding in which Corporation is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), Corporation shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by Corporation on the one hand and Indemnitee on the other hand from the transaction from which such action, suit or proceeding arose, and (ii) the relative fault of Corporation on the one hand and of Indemnitee on the other in connection with the events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of Corporation on the one hand and of Indemnitee on the other shall be determined by reference to, among other things, the parties relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. Corporation agrees that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro rata allocation or any other method of allocation that does not take account of the foregoing equitable considerations.

5. Continuation of Obligations. All agreements and obligations of

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Corporation contained herein shall continue during the period Indemnitee is a director, officer, employee or agent of Corporation (or is or was serving at the request of Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, employee benefit plan or other enterprise) and shall continue thereafter so long as Indemnitee is subject to any possible or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative, by reason of the fact that Indemnitee was a director of Corporation or serving in any other capacity referred to herein.

6. Notification and Defense of Claim. Not later than thirty (30)

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days after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee will, if a claim in respect thereof is to be made against Corporation under this Agreement, notify Corporation of the commencement thereof; but the omission so to notify Corporation will not relieve Corporation from any liability that it may have to Indemnitee otherwise than under this Agreement. With respect to any such action, suit or proceeding as to which Indemnitee notifies Corporation of the commencement thereof:

(a) Corporation will be entitled to participate therein at its own expense;

(b) except as otherwise provided below, to the extent that it may wish, Corporation jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof with counsel reasonably satisfactory to Indemnity. After notice from Corporation to Indemnitee of its election so as to assume the defense thereof, Corporation will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from Corporation of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by Corporation, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between Corporation and Indemnitee in the conduct of the defense of such action, suit or proceeding or (iii) Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of Indemnitee's separate counsel shall be at the expense of Corporation. Corporation shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of Corporation or as to which Indemnitee shall have made the conclusion provided for in clause (ii) above; and

(c) Corporation shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action, suit or proceeding or claim effected without its written consent. Corporation shall be permitted to settle any action, suit or proceeding except that it shall not settle any action, suit or proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither Corporation nor Indemnitee will unreasonably withhold its consent to any proposed settlement.

7. Advancement and Repayment of Expenses.

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(a) In the event that Indemnitee employs his own counsel pursuant to Section 6(b)(i) through (iii) above, Corporation shall advance to Indemnitee, prior to any final disposition of any threatened or pending action, suit or proceeding, whether civil, administrative or investigative, any and all reasonable expenses (including legal fees and expenses) incurred in investigating or defending any such action, suit or proceeding within ten (10) days after receiving copies of invoices presented to Indemnitee for such expenses.

(b) Indemnitee agrees that he will reimburse Corporation for all reasonable expenses paid by Corporation in defending any civil or criminal action, suit or proceeding against Indemnitee in the event and only to the extent it shall be determined by a final judicial decision (from which there is no right of appeal) that Indemnitee is not entitled under the provisions of the DGCL, the Bylaws, this Agreement or otherwise, to be indemnified by Corporation for such expenses.

(c) Notwithstanding the foregoing, Corporation shall not be required to advance such expenses to Indemnitee if Indemnitee (i) commences any action, suit or proceeding as a plaintiff; unless such advance is specifically approved by a majority of the Board of Directors, or (ii) is a party to an action, suit or proceeding brought by Corporation and approved by a majority of the Board of Directors that alleges willful misappropriation of corporate assets by Indemnitee, disclosure of confidential information in violation of Indemnitee's fiduciary or contractual obligations to Corporation, or any other willful and deliberate breach in bad faith of Indemnitee's duty to Corporation or its stockholders.

8. Enforcement.  
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(a) Corporation expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on Corporation hereby in order to induce Indemnitee to serve as a director or officer of Corporation, and acknowledges that Indemnitee is relying upon this Agreement in serving in such capacity.

(b) In the event Indemnitee is required to bring any action to enforce rights or to collect moneys due under this Agreement and is successful in such action, Corporation shall reimburse Indemnitee for all of Indemnitee's reasonable fees and expenses in bringing and pursuing such action.

9. Subrogation. In the event of payment under this Agreement,  
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Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnity, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable Corporation effectively to bring suit to enforce such rights.

10. Non-Exclusivity of Rights. The conferred on Indemnitee by this  
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Agreement shall not be exclusive of any other right that Indemnitee may have or hereafter acquire under any statute, provision of Corporation's Certificate of Incorporation or Bylaws, agreement, vote of the stockholders or directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding office.

11. Survival of Rights. The rights conferred on Indemnitee by this  
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Agreement shall continue after Indemnitee has ceased to be a director, officer, employee or other agent of Corporation and shall inure to the benefit of Indemnitee's heirs, executors and administrators.

12. Separability. Each of the provisions of this Agreement is a  
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separate and distinct agreement and is independent of the others, so that if any or all of the provisions hereof are held to be invalid or unenforceable for any reason, such invalidity or enforceability shall not affect the validity or enforceability of the other provisions hereof or the obligation of Corporation to indemnify Indemnitee to the fullest extent provided by the Bylaws or the DGCL.

13. Governing Law. This Agreement shall be interpreted and  
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enforced in accordance with the laws of the State of Delaware.

14. Binding Effect. This Agreement shall be binding upon  
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Indemnitee and upon Corporation, its successors and assigns, and shall inure to the benefit of Indemnitee, his heirs, personal representatives and assigns and to the benefit of Corporation, its successors and assigns.

15. Amendment and Termination. No amendment, modification,  
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termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

INDEMNITEE:

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CORPORATION:

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NU SKIN ASIA PACIFIC, INC.,  
a Delaware corporation

By:

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Its: Chief Executive Officer



## STOCKHOLDERS' AGREEMENT

THIS STOCKHOLDERS' AGREEMENT (this "Agreement"), dated \_\_\_\_\_, 1996, is entered into by and among Blake M. Roney, Nedra D. Roney, Kirk V. Roney, Brooke B. Roney, Steven J. Lund, Sandie N. Tillotson, R. Craig Bryson, Craig S. Tillotson and Keith R. Halls (hereinafter referred to, together with each other person that hereafter acquires Shares (as defined below), as the "Existing Stockholders"), and Nu Skin Asia Pacific, Inc., a corporation organized under the laws of the State of Delaware (the "Corporation").

## WITNESSETH:

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A. WHEREAS, the Existing Stockholders collectively own (a) \_\_\_\_\_ shares of the Corporation's outstanding Class A Common Stock, par value \$0.001 per share (the "Class A Common Stock"), and (b) \_\_\_\_\_ shares of the Corporation's outstanding Class B Common Stock, par value \$0.001 per share (the "Class B Common Stock");

B. WHEREAS, the Class A Common Stock and the Class B Common Stock together are referred to herein as the "Shares"; and

C. WHEREAS, the Existing Stockholders and the Corporation have agreed that it would be in the best interests of each Existing Stockholder and the Corporation to assure the continued management of the Corporation by restricting the privilege of ownership of the Class B Common Stock and, except as hereinafter provided, to provide each of the Existing Stockholders with the opportunity to acquire additional Shares pursuant to the provisions hereof.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

## 1. Restriction on Transfer. Each of the Existing Stockholders

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hereby agrees that he, she or it shall not sell, assign, give, bequeath, transfer, distribute, pledge, hypothecate or otherwise encumber or dispose of (collectively, "Transfer") any of the Shares owned by him, her or it (whether now owned or hereafter acquired) except as otherwise allowed by this Agreement. Any attempted or purported Transfer of any Shares by any Stockholder (as defined below) in violation or contravention of the terms of this Agreement shall be void. The Corporation shall, and shall instruct its transfer agent to, reject and refuse to transfer on its books any Shares that may have been Transferred in violation or contravention of any of the provisions of this Agreement and shall not recognize any person, estate, executor, administrator, firm, association or corporation holding any of the Shares as being a shareholder of the Corporation, and any such person, estate, executor, administrator, firm, association or corporation shall not have any rights as a shareholder of the Corporation. No dividends shall be paid on, nor any distribution made on, any Shares Transferred in breach of this Agreement.

2. Permitted Transfers. The Stockholders shall be permitted to

Transfer Shares as provided in Section 3 hereof and, in addition, as follows:

2.1 Public Sales and Certain Gifts, Bequests and Distributions.

Any Stockholder may Transfer shares of Class A Common Stock pursuant to a widely distributed public offering of such shares registered under the Securities Act of 1933, as amended (the "Securities Act"), or pursuant to Rule 144 (including subsection (k) thereof) (or any successor rule or regulation to Rule 144) under the Securities Act, subject to and only in accordance with the terms and conditions of this Agreement. In addition, subject to the lock-up agreement set forth in Section 2.6 below, any Stockholder may Transfer to persons or entities who are not Stockholders, shares of Class A Common Stock as follows: (a) by gift, bequest or sale to (i) any trust established by any Stockholder for any beneficiary thereof that such Stockholder may select, (ii) any foundation, (iii) any charitable remainder trust or (iv) any limited liability company followed by a gift of all or a portion of the membership interests in said limited liability company to a charitable remainder trust, and (b) in the case of Stockholders who are the trustees of a Stockholder Controlled Trust (as defined below) or the executors of the estate of a Stockholder Descendant (as defined below), by distribution from such Stockholder controlled Trust or such estate to one or more beneficiaries thereof who are not Stockholders, all without regard to the limitations imposed by this Agreement other than the requirements of the lock-up agreement set forth in Section 2.6 below. For purposes of this Section 2.1, the trustees of a Stockholder Controlled Trust in their capacity as trustees of such Stockholder Controlled Trust shall be deemed to be a single Stockholder and the executors of the estate of a Stockholder Descendant in their capacity as executors of such estate shall be deemed to be a single Stockholder.

2.2 Transfers Among Existing Stockholders. Any Existing

Stockholder may Transfer Shares to one or more Existing Stockholders without regard to the limitations imposed by this Agreement; provided, however, that, as

a condition to such Transfer, any Existing Stockholder to whom any such Shares are Transferred that is not a party to this Agreement executes and delivers to the Corporation an undertaking in substantially the form attached hereto as Exhibit "A".

2.3 Pledges to Institutions. Any Stockholder may grant a lien or

security interest in, pledge, hypothecate or encumber (collectively, a "Pledge") any Shares beneficially owned by him, her or it to a nationally or internationally recognized financial or lending institution with assets of not less than \$10,000,000,000 (an "Institution"); provided, however, that the

Institution must agree in writing at or prior to the time such Pledge is made that (i) no Transfer of Shares in connection with a foreclosure, forfeiture or similar proceeding arising from the operation of such Pledge shall be made except as provided in the immediately following sentence and (ii) if such Institution itself should acquire ownership of Shares in connection with a foreclosure, forfeiture or similar proceeding arising from the operation of such Pledge, it will thereafter Transfer such Shares only in a manner that a Stockholder would be permitted to do pursuant to Sections 2.1, 2.2, 2.4 or 2.5 hereof. An Institution that has been granted a Pledge of Shares may Transfer such Shares in connection with a foreclosure, forfeiture or similar proceeding arising from the operation of such Pledge (a) to such Institution, (b) in a manner a Stockholder would be permitted to do pursuant to Sections

2.1, 2.2, 2.4 or 2.5 hereof or (c) in any other public or private sale so long as (A) the Stockholders are given at least forty-five (45) days prior written notice of the time and place initially fixed for such sale (which sale may be adjourned from time to time to any such time and place as is announced at the time and place theretofore fixed for such sale) and (B) each Stockholder is entitled to bid to purchase such Shares at such sale subject only to whatever limitations and conditions of general applicability are generally established by such Institution in connection with such sale (including, without limitation, limitations and conditions to assure compliance with the Securities Act) (a "Foreclosure Sale"). All sales pursuant to a Foreclosure Sale shall be subject to the right of first offer granted to existing stockholders in Section 2.5 hereof. Shares Pledged to an Institution that are acquired by such Institution in connection with a foreclosure, forfeiture or similar proceeding arising from a Pledge of such Shares may be transferred to the parent corporation of such Institution or any affiliated entity controlled by such Institution's parent corporation without regard to the limitations imposed by this Agreement so long as the transferee agrees in writing to be bound by the provisions of this Agreement to the same extent such Institution is bound.

2.4 Agreement to Implement Equity Incentive Programs. Each

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Stockholder hereby covenants and agrees for a period of three (3) years from the date of this Agreement to make available to the Corporation or its designee up to six percent (6%) of each such Stockholder's shares of Class B Common Stock (the "Incentive Shares") for the purpose of implementing any distributor or employee equity incentive program or programs sponsored by the Corporation, Nu Skin International, Inc., a Utah corporation, or any affiliate thereof. To effect the provisions of this section, the Corporation shall make demand for the Incentive Shares by delivering notice thereof to each stockholder (the "Demand"). The Demand shall set forth the number of Incentive Shares required to be contributed by each Stockholder and the date upon which certificates representing the Incentive Shares shall be delivered, duly endorsed, for transfer to the Corporation or its designee as requested. Each of the Stockholders hereby authorizes and irrevocably appoints the Secretary of the Corporation as his, her or its duly authorized attorney-in-fact for purposes of executing any stock powers necessary to effect a transfer of Incentive Shares hereunder.

2.5 Right of First Offer.

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(a) Except for Transfers permitted hereunder or made in accordance with Section 6.11 below or in accordance with Rule 144 under the 1933 Act, any Stockholder may Transfer Shares to any person or entity other than another Stockholder provided such transferring Stockholder (an "Offering Stockholder") first offers such Shares to be Transferred (the "Offered Shares") to all Stockholders who are then parties to this Agreement as provided below (the "Right of First Offer").

(b) In order to offer any Offered Shares, the Offering Stockholder shall give written notice (an "Offer Notice") of the proposed Transfer to all Stockholders who then are parties to this Agreement setting forth, in reasonable detail, the Offering Stockholder's intent to make such proposed Transfer, the number of Offered Shares, the proposed date of consummation of such Transfer (if known), the proposed purchase price per Share (including, if known, the amount of cash or other property or consideration to be received upon the consummation of the Transfer) (the "Offered Price Per Share"), any proposed sales

commission or advisory fees, and any other material terms and conditions of the proposed Transfer to the extent then known. If the Transfer is not for value, such as in the case of a gift, bequest or distribution, the Offered Price Per Share shall equal the closing sales price per share of the Shares of Class A Common Stock on the last trading day prior to the date the Offer Notice is given in accordance with the requirements of Section 6.2 hereof.

(c) Each Stockholder who is a party to this Agreement shall then have the irrevocable right, exercisable within thirty (30) days after the Offer Notice is given in accordance with the requirements of Section 6.2 hereof (the "Notice Period"), to purchase such portion of the Offered Shares as the number of Shares owned by such Stockholder bears to the total number of Shares owned by all Stockholders (excluding Shares owned by the Offering Stockholder), at a price per Share equal to the Offered Price Per Share and on the payment terms specified in the Offer Notice; provided, however, that the Offered Price

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Per Share for the Offered Shares shall be reduced by the difference (if positive) between (i) the per Share amount of proposed sales commissions and advisory fees specified in the Offer Notice and (ii) the per Share amount of any placement, investment advisory or other similar fees (in the aggregate amount not to exceed one percent (1%) of the gross purchase price for the Offered Shares) payable by the Offering Stockholder in respect of the sale of the Offered Shares. Each Stockholder who is a party to this Agreement may exercise his, her or its Right of First Offer by delivering to the Offering Stockholder a notice of such exercise (an "Exercise Notice") within the Notice Period. If any Stockholder wishes to purchase less than all of his, her or its proportionate share of the Offered Shares, he, she or it shall specify the number of Offered Shares he, she or it wishes to purchase in his, her or its Exercise Notice. Any Offered Shares that a Stockholder shall have not elected to purchase during the Notice Period shall be reoffered thereafter to all Stockholders who have elected to purchase the full number of Shares offered to them. Such reoffer shall remain open for ten (10) days commencing on the date on which written notice of such reoffer is given in accordance with the requirements of Section 6.2 hereof. Each such Stockholder who is reoffered Offered Shares shall notify the Offering Stockholder in writing within such ten (10) day period of the number of such reoffered Offered Shares such Stockholder desires to purchase (such Stockholder's "Designated Shares") and shall be entitled to purchase that number of such reoffered Offered Shares equal to the lesser of (x) such Stockholder's Designated Shares and (y) the total number of such reoffered Offered Shares multiplied by a fraction, the numerator of which is such Stockholder's Designated Shares and the denominator of which is the aggregate Designated Shares of all Stockholders.

(d) The closing of the purchase and sale of the Offered Shares shall occur on a date not later than sixty (60) days after the date on which the Exercise Notice is given (or such later date as is the earliest date on which the purchase may be completed in compliance with all applicable laws, rules and regulations), and at the time and place provided for in the Offer Notice.

(e) If any Offered Shares are not to be so purchased by Stockholders exercising their rights during such thirty (30) day and/or ten (10) day periods, as the case may be, then, for a period of sixty (60) days commencing on the day after the last day of such ten (10) day period or, if there is no reoffer, the last day of such thirty (30) day period (the "Third Party Sale Period"), the Offering Stockholder shall be entitled to Transfer such

Shares to one or more third parties for a gross price (or, in the case of a Block Sale (as defined below), a price net of any sales commissions and advisory fees) that is at least ninety-five percent (95%) of the Offered Price Per Share, and otherwise on terms substantially similar to those described in the Offer Notice; provided, however, that any Transfer of Shares proposed to be made by

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such Offering Stockholder after the Third Party Sale Period or for a price per Share below the price per Share specified in this sentence shall again be subject to the provisions of this Section 2.5. The Offering Stockholder shall promptly notify the Stockholders who are parties to this Agreement of the sale (including the final per Share sale price) of any such Offered Shares to any third party during the Third Party Sale Period. As used in this Agreement, "Block Sale" means any sale, transfer or other disposition, directly or indirectly, in a single transaction or a series of transactions, of Offered Shares in any Third Party Sale Period in which beneficial ownership of eighty percent (80%) or more of the aggregate amount of such Offered Shares is acquired by one or two groups each consisting of two or more persons or entities who are (i) "affiliates" (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), of each other or one another, or (ii) "associates" (as such term is defined in Rule 12b-2 under the Exchange Act) of each other or one another or (iii) members of a group within the meaning of Rule 13d-5 of the Exchange Act.

(f) Any Pledge of Shares beneficially owned by a Stockholder to an Institution shall not give the Stockholders any right to acquire such Shares pursuant to this Section 2.5. However, any proposed Transfer of such Shares in connection with a foreclosure, forfeiture or similar proceeding arising from the operation of any Pledge (other than a Transfer (i) to the Institution to which such Pledge has been granted, (ii) pursuant to Sections 2.1, 2.2 or 2.4 hereof or (iii) pursuant to a Foreclosure Sale) shall constitute a Transfer subject to the provisions of this Section 2.5.

2.6. Definitions. For purposes of this Agreement, the following  
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terms shall have the following meanings:

(a) "Stockholder" or "Stockholders" shall mean the following  
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persons and entities: (i) each Existing Stockholder and their respective estates, guardians, conservators or committees; (ii) each descendant of each Existing Stockholder (an "Existing Stockholder's Descendant") and their respective estates, guardians, conservators or committees; (iii) each Stockholder Controlled Entity (as defined below); and (iv) the trustees, in their respective capacities as such, of each Stockholder Controlled Trust (as defined below).

(b) "Stockholder Controlled Entity" shall mean the following  
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entities: (i) any not-for-profit corporation if at least eighty percent (80%) of its board of directors is composed of a Stockholder and his or her Stockholder Descendants; (ii) any other corporation if at least eighty percent (80%) of the value of its outstanding equity is owned by Stockholders; (iii) any partnership if at least eighty percent (80%) of the value of its partnership interests are owned by Stockholders; and (iv) any limited liability company or similar company if at least eighty percent (80%) of the value of such company is owned by Stockholders.

(c) "Stockholder Controlled Trust" shall mean the following

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trusts (i) the trusts set forth on Schedule "A" attached hereto, if any, and (ii) any trust the primary beneficiaries of which are the Existing Stockholder's descendants, Spouses of Stockholder Descendants (as defined below) and/or charitable organizations (collectively, "Stockholder Beneficiaries"), provided, that, if any such trust is a wholly charitable trust, at least eighty percent (80%) of the trustees of such trust consist of Stockholders and/or Existing Stockholder's Descendants. For purposes of this Section 2.6(c), the primary beneficiaries of a trust will be deemed to be Stockholder Beneficiaries if, under the maximum exercise of discretion by the trustee in favor of persons or entities who are not Stockholder Beneficiaries, the value of the interests of such persons or entities in such trust, computed actuarially, is twenty percent (20%) or less. The factors and methods prescribed in Section 7520 of the Internal Revenue Code of 1986, as amended, for use in ascertaining the value of certain interests shall be used in determining a beneficiary's actuarial interest in a trust for purposes of applying this Section 2.6(c). For purposes of this Section 2.6(c), the actuarial value of the interest in a trust of any person or entity in whose favor a testamentary power of appointment may be exercised shall be deemed to be zero. For purposes of this Section 2.6(c), in the case of a trust created by a Stockholder Descendant, the actuarial value of the interest in such trust of any person or entity who may receive trust property only at the termination of the trust and then only in the event that, at the termination of the trust, there are no living issue of such Stockholder Descendant, shall be deemed to be zero.

(d) "Stockholder Descendant" shall mean any descendant of any

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Stockholder and their respective estates, guardians, conservators or committees.

(e) "Spouses of Stockholder Descendants" shall mean those

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individuals who at any time were married to any Stockholder Descendant whether or not such marriage is subsequently dissolved by death, divorce or by any other means.

2.7 Lock-Up Agreement; Permitted Periodic Sales. Except for

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Transfers made in accordance with Section 6.11 below, from and after the date each Stockholder executes this Agreement, such Stockholder will not, without the prior written consent of the Corporation (and, during the first six (6) months following the closing of the Corporation's initial public offering, the prior written consent of Merrill Lynch, Pierce, Fenner & Smith, Inc. (the "Underwriter"), which Underwriter is serving as the managing underwriter for the Corporation in its proposed initial public offering of shares of Class A Common Stock), jointly or individually, Transfer, offer, make any short sale of, contract to sell, lend, grant any option for the purchase of, or otherwise dispose of, directly or indirectly, any shares of Class A Common Stock or Class B Common Stock owned of record or beneficially by such Stockholder on the effective date of the Corporation's Registration Statement on Form S-1 or thereafter acquired, for a period of three hundred sixty-five (365) days from the date of the closing of the Company's initial public offering of shares of its Class A Common Stock, except for the sale of shares of Class A Common Stock sold pursuant to the terms of the Underwriting Agreements pertaining to the Corporation's initial public offering as disclosed in the Registration Statement filed with the United States Securities and Exchange Commission and the Japanese Ministry of Finance in connection with such offering. Each Stockholder agrees to execute and deliver a lock-up agreement to the Underwriter in form and substance acceptable to the Underwriter. In addition, after the expiration of said three hundred sixty-

five (365) day lock-up period, no Stockholder shall sell more than ten percent (10%) of the total number of Shares that such Stockholder owns beneficially at the closing of the Corporation's initial public offering set forth in the Registration Statement in any one (1) year period. The Stockholders further agree that an appropriate restrictive legend in substantially the form set forth below shall be inscribed on all certificates evidencing Shares:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP AGREEMENT BETWEEN THE HOLDER HEREOF AND MERRILL LYNCH, PIERCE, FENNER & SMITH, INC. (THE "UNDERWRITER") THAT PREVENTS, AMONG OTHER THINGS, THE SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION, CONTRACT TO SELL OR OTHER DISPOSITION OF, DIRECTLY OR INDIRECTLY, ANY SHARES REPRESENTED HEREBY WITHOUT THE PRIOR WRITTEN CONSENT OF THE CORPORATION AND THE UNDERWRITER UNTIL 365 DAYS FROM THE DATE OF THE CLOSING OF THE CORPORATION'S INITIAL PUBLIC OFFERING OF SHARES OF ITS CLASS A COMMON STOCK.

3. Involuntary Transfers. If Shares of a Stockholder are Transferred by -----

operation of law to any person or entity other than a Stockholder, including, without limitation, the trustee in bankruptcy of a Stockholder or a purchaser at any creditor's or judicial sale (but not including (a) any Transfer pursuant to a foreclosure forfeiture or similar sale as disclosed in Section 2.3 hereof, (b) any Transfer to the guardian, conservator or committee of an incompetent Stockholder or (c) any Transfer in a bankruptcy of Shares that are pledged to an Institution), or if any Stockholder holding Shares ceases to be a Stockholder, then, in each such case, such Stockholder shall be deemed to have offered all of his, her or its Shares to all Stockholders who are parties to this Agreement in the manner described in Section 2.5 hereof, except that the period of time in which the Stockholders have the option to purchase such Shares shall commence on the date of receipt by the Corporation of notice of such involuntary Transfer or such Stockholder ceasing to be a Stockholder, as the case may be, and the Offered Price Per Share shall equal the closing sales price per share of the shares of Class A Common Stock on the last trading day prior to such date. The Corporation shall notify the appropriate Stockholders of the occurrence of such involuntary Transfer or of a Stockholder ceasing to be a Stockholder as soon as practicable after it is notified of the same.

4. Legend on Certificates. -----

4.1 All Shares now or hereafter owned by the Stockholders shall be subject to the provisions of this Agreement and the certificates representing such Shares shall bear the following legend:

THE SALE, ASSIGNMENT, GIFT, BEQUEST, TRANSFER, DISTRIBUTION, PLEDGE, HYPOTHECATION OR OTHER ENCUMBRANCE OR DISPOSITION OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED BY THE

TERMS OF A STOCKHOLDERS' AGREEMENT AMONG CERTAIN INDIVIDUALS AND PERSONS REFERRED TO IN SUCH STOCKHOLDERS' AGREEMENT, A COPY OF WHICH MAY BE EXAMINED AT THE OFFICE OF THE CORPORATION.

4.2 Deposit of Certificates.  
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Each Existing Stockholder hereby agrees to deposit and leave on deposit with the Secretary of the Corporation during the period of the lock-up described in Section 2.6 above, all certificates representing Shares.

5. Termination. The rights and obligations under this Agreement shall  
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terminate automatically with respect to each Stockholder upon the earliest to occur of (i) the execution of a written instrument to that effect by the Corporation and each Stockholder who then owns Shares; (ii) the merger or consolidation of the Corporation with a corporation or other entity upon consummation of which all Stockholders immediately thereafter own in the aggregate less than ten percent (10%) of the total voting power of the surviving or resulting corporation and (iii) the sale, disposition or other Transfer of Shares by any Stockholder that causes all Stockholders immediately after such transaction to own in the aggregate less than ten percent (10%) of the total voting power of the Corporation.

6. General Provisions.  
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6.1 Governing Law. This Agreement shall be governed by and construed  
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in accordance with the laws of the State of Delaware.

6.2 Notices. Any notices and other communications given pursuant to  
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this Agreement shall be in writing and shall be effective upon delivery by hand or on the fifth day after deposit in the mail if sent by certified or registered mail (postage prepaid and return receipt requested) or on the next business day if sent by a nationally recognized overnight courier service (appropriately marked for overnight delivery) or upon transmission if sent by facsimile (with request for immediate confirmation of receipt in a manner customary for communication of such type and with physical delivery of the communication being made by one of the other means specified in this Section 6.2 as promptly as practicable thereafter). Notices are to be addressed as follows:

- (i) If to the Company:  
Nu Skin Asia Pacific, Inc.  
75 West Center Street,  
Suite 900  
Provo, Utah 84601  
Attention: Steven J. Lund, President  
Telecopy: (801) 345-5999



With a copy to:

LeBoeuf, Lamb, Greene & MacRae, L.L.P.  
136 South Main Street,  
Suite 1000  
Salt Lake City, Utah 84101-1685  
Attention: Nolan S. Taylor, Esq.  
Telecopy: (801) 359-8256

- (ii) If to a Stockholder, then as set forth in the second column of Schedule "B" attached hereto with a copy to the person or persons listed in the third column of Schedule "B" attached hereto.

All notices to a party hereto shall be deemed to have been duly given for all purposes under this Agreement if given to such party (with a copy to such person or persons as specified) in accordance with the first sentence of this Section 6.2 (a) until notice is given pursuant to this Section 6.2 of a different address from the address provided above or, in the case of any person or entity that hereafter becomes a Stockholder, the address specified in the undertaking delivered pursuant to Section 2.2 hereof, or (b) after notice has been given pursuant to this Section 6.2 of a different address, the address specified in such notice. No notices hereunder shall be required to be given to any Stockholder that hereafter becomes a Stockholder until notice of such Stockholder becoming a Stockholder (including a copy of such Stockholder's undertaking given pursuant to Section 2.2 hereof) is given to the Corporation and to each Stockholder (with a copy of the same to such other persons as specified) pursuant to this Section 6.2.

6.3 Headings. The headings of the various Sections of this

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Agreement have been inserted for convenience only and shall not be deemed to be part of this Agreement.

6.4 Binding Effect. This Agreement will be binding upon and inure

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to the benefit of the Corporation, its successors and assigns and to the Stockholders and their respective heirs, personal representatives, successors and assigns.

6.5 No Oral Change. This Agreement may not be changed orally, but

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only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

6.6 Entire Understanding. This Agreement sets forth the entire

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agreement and understanding of the parties hereto in respect of the subject matter hereof and the transactions contemplated hereby and supersedes all prior written and oral agreements, arrangements and understandings relating to the subject matter hereof.

6.7 Remedies.

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6.7.1 The parties hereto acknowledge that money damages are not an adequate remedy for violations of this Agreement and that any party may, in such party's sole discretion, apply to any court of competent jurisdiction for specific performance or injunctive relief or such other relief as such court may deem just and proper in order to enforce this Agreement or prevent any violation hereof and, to the extent permitted by applicable law, each party hereto waives any objection to the imposition of such relief.

6.7.2 All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof, whether at law or in equity, shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party hereto shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

6.8 Trustees' Capacity. With respect to obligations of trustees

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who are parties to this Agreement in their capacity as a trustee of one or more trusts, this Agreement shall be binding upon such trustees only in their capacities as trustees, not individually and not with respect to any Shares other than Shares held by them in their capacity as trustees of such trusts.

6.9 Counterparts. This Agreement may be executed in any number of

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counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Each counterpart may consist of a number of copies each signed by less than all, but together signed by all, of the parties hereto.

6.10 Application of Agreement to After-Acquired Shares. All the

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provisions of this Agreement shall apply to all of the Shares of the Corporation owned by a person or entity at the time he, she or it is or becomes a party hereto or that may be issued or transferred hereafter to a Stockholder as a result of any additional issuance, purchase, exchange or reclassification of Shares, corporate reorganization or any other form of recapitalization, consolidation, merger, share split or share dividend or that are acquired by a Stockholder in any other manner

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of the date first above written.

THE CORPORATION:

THE STOCKHOLDERS:

-----  
NU SKIN ASIA PACIFIC, INC,  
a Delaware Corporation

By: -----

Its: -----

-----  
Blake M. Roney

-----  
Nedra D. Roney

-----  
Kirk V. Roney

-----  
Brooke B. Roney

-----  
Steven J. Lund

-----  
Sandie N. Tillotson

-----  
R. Craig Bryson

-----  
Craig S. Tillotson

-----  
Keith R. Halls

SCHEDULE "A"  
TRUSTS QUALIFYING AS STOCKHOLDER CONTROLLED TRUSTS

Name of Trust  
-----

SCHEDULE "B"

STOCKHOLDERS

Stockholder Name  
-----

Address  
-----

With Copy To  
-----

EMPLOYMENT CONTRACT

THIS EMPLOYMENT CONTRACT (hereinafter the "Contract") is entered into on this 12th day of December 1991, by and between NU SKIN TAIWAN, INC. and JOHN

-----  
CHOU (hereinafter "Manager"). Hereinafter, Nu Skin and Manager are collectively referred to as the Parties.

RECITALS

A. The primary purpose of Nu Skin Taiwan, Inc. (hereinafter "Nu Skin") is to engage in the business of providing cosmetic and personal care products for distribution in the Republic of China ("R.O.C.") to the general public by independent distributors.

B. In order to achieve its corporate and business objectives, Nu Skin desires to hire an experienced and knowledgeable general manager, who will be Nu Skin's principal in its Taiwan Branch in Taiwan with other duties and responsibilities as set forth herein.

C. Manager is experienced and knowledgeable concerning one or more aspects of Nu Skin's business and desires to be employed by Nu Skin for the period and purposes set forth herein.

D. The Parties mutually desire to agree upon the terms of Manager's future employment with Nu Skin and, in addition thereto, to agree to certain benefits of said employment.

TERMS AND CONDITIONS

THEREFORE, in consideration of the mutual promises, warranties and covenants herein contained, the Parties hereby agree as follows:

1. EMPLOYMENT. Nu Skin hereby employs Manager as its General Manager in Taiwan, and Manager hereby accepts employment upon the terms and conditions hereinafter set forth.

2. TERM. Subject to the provisions as hereinafter provided, the term of this Agreement shall be as follows:

- a) Beginning December 1, 1991 on a part-time basis;
- b) Beginning full-time employment on January 1, 1992 and ending thirty months later on June 30, 1994.

Nu Skin has the right to extend the employment for an additional three (3) years, in one year increments, by written notice to Manager given not less than 60 days prior to the end of each term.

3. COMPENSATION. Nu Skin will pay Manager a salary of NT\$104,167.00 (NT dollars One hundred and four thousand, one hundred and sixty-seven) for the month of December 1991.

Thereafter, Nu Skin will pay Manager an annual salary of NT\$2,500,000.00 (NT dollars Two million five hundred thousand) payable in twelve equal monthly installments.

4. DUTIES. Manager is employed by Nu Skin to function as the General Manager of Nu Skin's Taiwan Branch operations. Manager will report to the Managing Director of Nu Skin Taiwan, Inc.

5. EXTENT OF SERVICES. During the month of December 1991, Manager shall devote one-half of his time to his duties with Nu Skin. Beginning January 1, 1992 and for the term of this Contract, Manager shall devote all of his time, attention and energies to the business as requested and as is required to accomplish its purposes as communicated by the duly authorized officers, directors and management of Nu Skin.

6. OFFICE. Nu Skin shall provide Manager with an office, telephone, secretary, and such other equipment, etc. as is reasonably necessary for Manager to carry out his duties with Nu Skin.

7. INSURANCE. Nu Skin will make health insurance benefits available to Manager on the same basis provided to its employees, and will pay 50% of Consultant's monthly premium. Said coverage will be effective and begin as soon as is possible under the terms and conditions permitted by the policy.

8. COMPANY CAR. Nu Skin will provide Manager with a reasonable car allowance to be mutually agreed upon. If Manager is given the use of a company car, it shall remain the property of Nu Skin and shall be used for business purposes only.

9. **CONDITIONAL REIMBURSEMENT.** Manager desires to sell his business, Universal PR & Consultant Co., Ltd., (hereinafter "UPR") in order to accept employment with Nu Skin herein described. In the event Manager sells it during the term of this Contract, and in the event he incurs a loss (as defined hereafter), Nu Skin will reimburse Manager for the amount of such loss up to US\$20,000.00, upon presentment to Nu Skin of sufficient and adequate written evidence of loss. "Loss" as used herein shall be defined as that amount of Manager's equity and liabilities of UPR not recovered from the sales price.

In the event a sale of UPR does not take place during the first year of this Contract and in the event UPR must cease operations due to losses, Nu Skin agrees to purchase useable UPR office equipment at its fair market value as determined by an appraiser of Nu Skin's choice.

10. **NO PARTICIPATION.** Manager acknowledges and agrees that this Contract shall not give or extend to Manager any additional rights with respect to added contributions by Nu Skin to any deferred compensation plan, bonus pay, or fringe benefits other than those specifically set forth herein.

11. **DEATH OR DISABILITY.** If Manager dies during the term of this Contract or is otherwise unable to perform services by reason of illness or incapacity, this Contract will terminate and compensation cease.

12. **ASSIGNMENT.** Neither Manager nor Nu Skin may sell, assign, transfer or hypothecate any rights or interests created under this Agreement or delegate any of their duties without the prior written consent of the other, provided that Nu Skin may assign this Agreement to an affiliated company. Any such assignment or delegation of either party hereunder without such consent shall be void.

13. **DISCLOSURE OF INFORMATION.** Manager shall not disclose or appropriate to his own use, or to the use of any third party, at any time during or subsequent to the term of this Contract, any secret or confidential information of Nu Skin or any of Nu Skin's affiliates or subsidiaries of which Manager becomes informed during such period, whether or not developed by Manager, including, but not limited to, information pertaining to customer lists, services, methods, processes, know how, good will and operating procedures, etc. except as required in connection with Manager's performance of this Contract or as required by a governmental authority.



Upon termination of this Contract, Manager shall promptly deliver to Nu Skin all manuals, letters, notes, notebooks, reports and all other materials (written or electronic, whether originals or copies) of a secret or confidential nature or under the control of Manager. Nu Skin shall have the right to obtain (and Manager agrees to stipulate to) injunctive relief for violation of the terms of this section; the terms of this section shall survive the term of this Contract.

14. INVENTIONS, DISCOVERIES. Manager shall disclose promptly to Nu Skin any and all inventions, discoveries and improvements conceived or made by Manager during the term of this Contract and related to the business or activities of Nu Skin or any of its subsidiaries or affiliates, and hereby assigns and agrees to assign all his interest therein to Nu Skin, and shall be and remain the exclusive property of Nu Skin. Whenever requested to do so by Nu Skin, Manager shall execute any and all applications, assignments or other instruments which Nu Skin shall deem necessary to apply for and obtain Letters Patent of the United States or any foreign country or to otherwise protect Nu Skin's interest therein. The obligations in this Paragraph shall be binding upon Manager's assigns, executors, administrators and other legal representatives. Nu Skin shall have the right to obtain injunctive relief for violation of the terms of this paragraph; the terms of this paragraph shall survive the term of this Contract.

15. FURTHER ASSURANCES. The Parties agree to perform any further acts and to execute and deliver any further documents which may be necessary or appropriate to carry out the purposes of this Contract.

16. BREACH AND DEFAULT. In the event of breach or default by Manager to any of the terms and conditions of this Contract, Nu Skin may, in its sole discretion, declare a breach and default by sending written notice of the same to Manager in accordance with the Notice provisions of this Contract. Manager will have five (5) days from the date of said notice, to cure the breach or default and bring himself into compliance with the terms and conditions of this Contract. If Manager cannot or does not cure the breach or default within the required time period, Nu Skin may, in its sole discretion, terminate this Contract, in whole or in part, by another notice to Manager, effective upon receipt if personally delivered or upon deposit with the United States mail. In the event of such termination, Manager forever waives and forfeits his right to claim or receive any further compensation or disbursements, and his release of Nu Skin shall be conclusive, consummated, perfected and complete.

17. NOTICES. Any notice required or permitted to be given under this Contract shall be sufficient if in writing and if sent by personal delivery or by certified mail, return receipt requested, to the party to whom notice should be given at the address set forth below or any address subsequently provided in writing by the Parties:

Nu Skin: 145 East Center  
Provo, Utah 84606

Manager: 2 F. No. 28 LANE  
-----

MINTEH RD SHIN-TIEN CITY TAIPEI  
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Notice shall be deemed effective upon receipt, if made by personal delivery, or upon deposit in United States mail with the required postage.

18. SEVERABILITY. If any provision of this Contract is held to be unenforceable, invalid or illegal by any court of competent jurisdiction, such unenforceable, invalid or illegal provisions shall not affect the remainder of this Contract.

19. WAIVER. Failure of either party hereto to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of any similar right or power hereunder at any subsequent time or of any other provision hereof.

20. SUBJECT HEADINGS. The subject headings of the paragraphs of this Contract are included solely wazzu for purposes of convenience and reference only, and shall not be deemed to explain, modify, limit, amplify or aid in the meaning, construction or interpretation of any of the provisions of this Contract.

21. APPLICABLE LAW, JURISDICTION AND VENUE. The validity of this Contract and the interpretation and performance of all of its terms shall be governed by the substantive laws of the State of Utah. Jurisdiction and venue shall exist in Utah County, State of Utah.

22. ARBITRATION. Any dispute or controversy between the Parties arising out of or relating to this Contract or its subject matter, including without limitation, a dispute or controversy relating to the construction of any provision or the validity or enforceability of any term or condition (including this paragraph) or of the entire Contract (including this provision) is void or avoidable, shall be submitted to arbitration before a single arbitrator in accordance with the Commercial Rules of Arbitration of the American Arbitration Association in Utah County, State of Utah. Each party shall bear its own costs in any such proceeding.

The decision of the arbitrator shall be final and binding upon the Parties and may be enforced in any court of competent jurisdiction. To the fullest extent permitted by law, the Parties irrevocably submit to the jurisdiction of such forum and waive any objection they may have to either the jurisdiction or of such forum.

23. ATTORNEYS' FEES. If any legal action or any arbitration or other proceeding is brought for the enforcement of this Contract, or because of an alleged dispute, breach or default in connection with any of the provisions of this Contract, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees incurred in this action or proceeding in addition to any other relief to which he or it may be entitled.

24. NO INDUCEMENTS. Each of the parties hereto acknowledges that no party has made any promise, representation or warranty whatsoever, express or implied, not contained herein concerning the subject matter hereof, to induce him or it to execute this Agreement, and acknowledges that he or it has not executed this instrument in reliance on any such promise, representation or warranty not contained herein. Each of the parties acknowledges that he or it has been or has had the opportunity to be represented by legal counsel of his or its choice throughout all negotiations which preceded the execution of this Agreement and has executed said Agreement with the consent and advice (or the opportunity to obtain) of such legal counsel.

25. FACSIMILE TRANSMISSIONS. Facsimile (fax) transmissions shall be considered to be original documents for all purposes of this Contract, including the execution of the Contract itself. Fax transmissions shall suffice for all notices, transmissions and communications under and pursuant to this Contract, unless expressly otherwise provided for herein.

26. COUNTERPARTS. The Parties may execute this Contract in counterparts, which shall, in the aggregate, be signed by all Parties. Each counterpart shall be deemed an original instrument as against any party who has signed it.

27. GOVERNING LANGUAGE. The governing language of this Contract is the English language. Where any interpretation of any provision or term is required, the English version of this Contract shall govern any such interpretation.

28. ENTIRE AGREEMENT. This instrument contains the entire agreement of the Parties and supersedes any prior or contemporaneous statements, negotiations or agreement of the Parties. It may not be changed orally but only in writing signed by the Party against whom enforcement of any waiver, charge, modification, extension or discharge is sought.

29. AUTHORITY. Any person signing this Contract in a representative capacity hereby represents and warrants to the Parties that such person has full power and authority to sign this Contract and to effect the actions required hereunder on behalf of the entity he or she represents or acts on behalf of.

IN WITNESS WHEREOF, Nu Skin has caused this Contract to be signed by its corporate officer thereunto duly authorized, and the Manager has signed this Contract, all as of the date first above written.

NU SKIN TAIWAN, INC.

By: [SIGNATURE ILLEGIBLE]  
-----

Its: Vice President  
-----

Date: December 13, 1991  
-----

MANAGER

/s/ John Chou  
-----

JOHN CHOU

Date: Dec 12, 1991  
-----

Page 7 of 7  
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NU SKIN TAIWAN, INC.  
Facsimile Transmission Cover Letter

PERSONAL & CONFIDENTIAL:

The information contained in this FAX is confidential and privileged. This FAX is intended only for the person named below. If the reader of this TRANSMISSION LETTER is not the intended recipient or a representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this FAX or the information contained herein is prohibited. Thank you.

TO: Corey Lindley FAX #: (81) (3) 3243-9276  
-----  
COMPANY: NU SKIN JAPAN, INC. TEL #: 9236  
-----  
CC: -----  
FROM: John Chou FAX #: (886) 2-707-5999  
----- TEL #: (886) 2-701-9900  
DATE: February 25, 1993  
-----

=====MESSAGE=====

RE: My Personal Employment and Salary Adjustment

1. As per our telephone conversation, I seriously considered and agreed your suggestion for the transfer of my employment with Nu Skin as an ordinary staff in NST instead of being on the contractual basis. I propose my employment with NST effective on Jan. 1, 1993.
2. For your information, the salary adjustment for NST staff was 9% cross company, however it will be differentiated by the personal performance. Those who are below average get 3 to 6 %, the average ones get 7 to 11% while the excellent ones get 12 to 15%.
3. My current monthly salary is NT\$208,333 for a 13 months package. The extra one month pay as approved by you on December 24, 1992 through the phone.

Therefore please also put into consideration of my salary adjustment for 1993 as an ordinary employee in NST.

Your approval on my new personal employment and salary scale will be highly appreciated.

JC/rc  
=====

Total Number of Pages 1 including this cover page. If all of this fax  
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transmission is not received, please call the number listed.

## AGREEMENT

This Agreement (the "Agreement"), dated as of this 1st day of May, 1993, by and between:

Nu Skin Japan, Inc., a corporation duly organized and existing under the laws of the State of Utah, U.S.A., having a branch office at Sumitomo Fudosan Shiba Building 5th Floor, 11-11, Shiba 1-Chrome, Minato-ku, Toyko, Japan (hereinafter referred to as "NSJ").

and

Takashi Bamba, an individual residing at 1-24-4, Soshigaya, Setagaya-ku, Toyko, 157, Japan (hereinafter referred to as "Mr. Bamba").

## WITNESSETH:

WHEREAS, NSJ wishes to employ Mr. Bamba and Mr. Bamba wishes to be employed by NSJ for the successful operation of the Japan Branch of NSJ; and

WHEREAS, NSJ and Mr. Bamba wish to set forth the terms and conditions of Mr. Bamba's relationship with NSJ;

NOW, THEREFORE, in consideration of the mutual covenants and premises hereinafter set forth and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound, covenant and agree as follows:

1. Relationship

-----

NSJ agrees to retain Mr. Bamba with the operating Title of "General Manager" ("Nihon Shisha-cho" in the Japanese language) for the Term specified in paragraph 2, and Mr. Bamba agrees to accept such position upon the terms and conditions hereinafter set forth. Mr. Bamba agrees to the arrangement that, upon the decision of NSJ, he shall be registered as the Representative in Japan of NSJ with the Legal Affairs Bureau of the Ministry of Justice having jurisdiction over the Japan Branch of NSJ. In the event Mr. Bamba is terminated from NSJ for any reason whatsoever or NSJ decides to remove Mr. Bamba as Representative in Japan of NSJ for any reason whatsoever, Mr. Bamba shall immediately execute written resignation forms, in both the English and Japanese languages, stating that he is immediately resigning from the position as Representative in Japan of NSJ; such documents being necessary to delete the registration of Mr. Bamba as the Representative in Japan of NSJ with the Legal Affairs Bureau of the Ministry of Justice.

2. Term  
-----

This Agreement shall be for a three (3) year period commencing on May 1, 1993 and terminating on April 30, 1996 (the "Term"), and unless this Agreement is sooner terminated under the provisions hereof or unless either party shall give to the other party notice on or before January 31, 1996 that this Agreement shall not continue to remain in effect after April 30, 1996, the Term shall continue indefinitely from and after May 1, 1996 until such time as either party shall give to the other at least three (3) months' notice of termination specifying the date of termination, which notice may be given at any time before or after May 1, 1996, In lieu of giving such three months' notice of termination, NSJ may make the termination date immediate by paying Mr. Bamba severance pay equal to three months' salary at his then current rate, less applicable taxation on such severance pay pursuant to Japanese tax rules as then exist.

3. Duties and Responsibilities  
-----

(a) During the Term Mr. Bamba shall perform such executive duties and responsibilities compatible with his position as General Manager as may be assigned to him by the Board of Directors of NSJ and as communicated by said Directors from time to time. Mr. Bamba's relationship with NSJ shall be full-time and exclusive, and during the Term, Mr. Bamba agrees that he will devote all his business time and attention and his best efforts, skill and ability to carry out his duties in a competent and professional manner and that he shall supervise and administrate and work with other employees of NSJ in-a competent and professional manner. The area of his duties shall include, but not be limited to, the following: the maximization of profits by increasing revenues and reasonably decreasing expenses; the maximization of NSJ's growth; the harmonization of employee relations at NSJ; maximum support, administration and education of Independent Distributors, accounting, and finance; the maintenance and protection of NSJ's goodwill and reputation, the maintenance of good relationships with the relevant governmental bodies and the relevant industrial circles including the Japan Direct Selling Association.

(b) Mr. Bamba will report directly to the Regional Managing Director. Daily business operations of NSJ will be managed pursuant to the general guidelines of NSJ and any other directives, guidelines, policies, business plans, sales plans, etc. which may be issued by NSJ or its affiliated company, Nu Skin International Inc. ("NSI").

4. Compensation  
-----

As compensation for services hereunder and in consideration of the provisions set forth in paragraph 9 below, NSJ shall pay

Mr. Bamba during the Term, in accordance with NSJ's normal payroll practices, a direct salary compensation at an annual rate of 31,800,000 [yen] (Thirty One Million Eight Hundred Thousand Japanese Yen) (taxes, social security or health insurance premiums, or any other deductions required by law or NSJ's regulations are the responsibility of Mr. Bamba). Such salary shall be reviewed before April 1 on an annual basis.

5. Expenses; Fringe Benefits  
-----

In addition to the compensation provided for under paragraph 4, NSJ agrees to pay to Mr. Bamba as follows:

(a) NSJ agrees to pay or to reimburse Mr. Bamba during the Term for all reasonable, ordinary and necessary vouchered business or entertainment expenses incurred in the performance of his services hereunder in accordance with NSJ's policies as from time to time in effect, provided, however that, if it is impossible to obtain vouchers or receipts for small expenses as per the custom or practice in Japan, such vouchers or receipts can be dispensed with.

(b) During the Term, Mr. Bamba shall be entitled to participate in all retirement benefit plans as are now, or hereafter may be, established by NSJ for the benefit of NSJ employees.

(c) NSJ shall also apply for membership in and be responsible for all fees associated with membership in:

(i) The American Club located in Tokyo;

(ii) A golf club in the Tokyo suburbs area within a budget of 37,000,000 [yen] (Thirty Seven Million Yen) by which amount a membership for such a golf club can be purchased and within an annual expense of 300,000 [yen] (Three Hundred Thousand Yen) for annual membership dues and cost of renting a locker, etc.

The above memberships are to be used solely for the purpose of promoting NSJ in the country of Japan and all memberships will be in the name of NSJ. Mr. Bamba will only be entitled to use the above memberships while he is employed by NSJ in the capacity of General Manager. In the event Mr. Bamba is terminated from NSJ for any reason whatsoever, the above membership privileges entitled to Mr. Bamba through his employment with NSJ will immediately cease.

(d) Mr. Bamba shall be entitled to have the following holidays:

(i) Saturdays, Sundays and Japanese National holidays;



(ii) New Year's Holidays.

Mr. Bamba will be entitled to ten (10) days paid vacation for the first year of his employment, Mr. Bamba will be entitled to an additional two (2) days per year for each year of employment up to a maximum of twenty (20) days vacation in total.

(e) Mr. Bamba will be supplied with a leased car in the Nissan CIMA class for his job related duties, including commuting to and from work, NSJ will pay for insurance, maintenance and taxes, and any other related expenses, if any, on such leased car.

(f) In addition to any benefits provided to all fulltime NSJ employees concerning National Medical, Employment and Social Welfare Insurance premiums, NSJ will subscribe to a private insurance plan(s) of Mr. Bamba's choice for the benefit of Mr. Bamba or his estate as the case may be in order to provide disability and accidental death coverage. The budget for such insurance will be 300,000 [yen] (Three Hundred Thousand Yen) per annum.

6. Company Rules  
-----

Mr. Bamba agrees to be bound by and agrees to faithfully observe and abide by all of NSJ's rules, policies, practices and regulations that now exist or may hereafter be adopted, as well as any and all orders, instructions, or directives which may be issued by the Board of Directors of NSJ or its affiliated company, NSI.

Further, Mr. Bamba and his immediate family members are expressly prohibited from either being Nu Skin distributors or having an interest in a Nu Skin distributorship whether it be in Japan or elsewhere.

7. Discharge by Company  
-----

NSJ by direction of the Board of Directors, shall be entitled to immediately terminate and discharge Mr. Bamba, for cause, upon giving Mr. Bamba thirty (30) days written notice. However, NSJ reserves the right to itself to have the discharge take effect immediately and instead pay Mr. Bamba a payment equivalent to thirty days' salary.

8. Disability; Death  
-----

(a) In the event that Mr. Bamba shall be unable to perform his duties hereunder at the office of the Company by virtue of illness or physical or mental incapacity or disability, as determined by the Board of Directors of NSJ from any cause or

causes whatever, NSJ shall have the right to terminate its relationship with Mr. Bamba hereunder as at the end of any calendar month upon sixty (60) days prior written notice to him.

(b) In case of the death of Mr. Bamba, this Agreement shall terminate and NSJ shall be obligated to pay to Mr. Bamba's estate his then salary and all accrued benefits hereunder to the end of the month in which such death occurred.

9. Protection of Confidential Information, Etc.  
-----

(a) Mr. Bamba agrees that his services hereunder are of a special, unique, extraordinary and intellectual character, and his position with NSJ places him in a position of confidence and trust with NSJ and its affiliated companies, Mr. Bamba further acknowledges that in the performance of his duties he will be exposed to very sensitive and proprietary NSJ and NSI information, and sensitive and proprietary information from other affiliated companies of NSJ, that is uniquely valuable, special and essential to the business of NSJ and its affiliated companies.

(b) Consequently, Mr. Bamba agrees that it is reasonable and necessary for the protection of the goodwill and business of NSJ and its affiliated companies that Mr. Bamba make the covenants contained herein.

(c) Mr. Bamba agrees that he shall not at any time, during and after his term of employment with NSJ, unless authorized in writing by NSJ, disclose to any third parties, whether they be a person, firm, corporation, association, consultancy, or any other entity for any reason or purpose, any confidential information or trade secret or any other matters deemed by NSJ to be essential and valuable to the business of NSJ or its affiliated companies, or deemed by NSJ to be essential and valuable to any other party with which NSJ or its affiliated companies has or has had a relationship, or utilize such sensitive and proprietary information or trade secrets for his own benefit, or for the benefit of third parties. Confidential information will specifically cover NSJ's list of Independent Distributors, marketing techniques and product formulation/information. NSJ shall be the sole arbiter of what information gained via Mr. Bamba's employment with NSJ is sensitive and proprietary information.

(d) All memoranda, notes, records or other documents, including reproductions, compiled by Mr. Bamba or made available to Mr. Bamba during the Term concerning the business of NSJ or its affiliated companies and its Independent Distributors, suppliers, vendors, or any other party which NSJ or its affiliated companies has or has had a relationship shall be the property of NSJ, as the case may be, and shall be delivered to

NSJ on the termination of Mr. Bamba's relationship with NSJ or at any other time upon request.

(e) If Mr. Bamba commits a breach or is about to commit a breach, of any of the above provisions, NSJ shall have the right to have the provisions of this Agreement specifically enforced by any court having equity jurisdiction without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to NSJ and its affiliated companies and that monetary relief will not provide an adequate remedy to NSJ and its affiliated companies. In addition, NSJ may take all such other actions and remedies available to it under law or in equity and shall be entitled to such damages as it can show it has sustained by reason of such breach.

(f) The parties acknowledge that the type of restrictions imposed in the above provisions, are fair and reasonable and are reasonably required for the protection of NSJ and its affiliated companies, and are fair and reasonable to Mr. Bamba considering the intimate knowledge of the operations of NSJ and its affiliated companies he will gain via his position as General Manager of NSJ. If part of the above covenant contained in this paragraph 9 is hereafter construed to be invalid or unenforceable, the same shall not affect the remainder of the covenant, which shall be given full effect without regard to the invalid portions. If any part of the covenant contained in this paragraph 9 is held to be unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination shall have the power to reduce the duration and/or areas of such provision and, in its reduced form, said provision shall then be enforceable.

(g) Both parties, NSJ and Mr. Bamba, in addition to the above provisions contained in sub-paragraphs (a) through (f) of this paragraph 9, agree that in the event that Mr. Bamba is separated from NSJ, for any reason whatsoever, both parties shall refrain from making any public comments concerning each other, including NSJ's affiliated companies, which may cause either party, including NSJ's affiliated companies, to be viewed in a negative manner.

Further, both parties agree not to commit any acts or participate in any actions, whether they be passive or proactive, either individually or in conjunction with other individuals or business entities or associations in any form, which may harm the interests, business opportunities, reputation or creditability of either party, including NSJ's affiliated companies.

This sub-paragraph (g) of paragraph 9 shall survive the termination of this Agreement and continue to bind both parties

after Mr. Bamba's separation from NSJ.

10. Intellectual Property  
-----

During the Term, Mr. Bamba will disclose to NSJ all ideas, inventions and business plans developed by him during such period which relate directly or indirectly to NSJ's business or any of its subsidiaries or affiliates, including without limitation, any process, operation, product or improvement which may be patentable or copyrightable, Mr. Bamba agrees that such will be the property of NSJ and that he will at NSJ's request and cost do whatever is necessary to secure the rights thereto by patent, copyright or otherwise to NSJ.

11. Enforceability  
-----

The failure of either party at any time to require performance by the other party of any provision hereunder shall in no way affect the right of that party thereafter to enforce the same, nor shall it affect any other party's right to enforce the same, or to enforce any of the other provisions in this Agreement; nor shall the waiver by either party of the breach of any provision hereof be taken or held to be a waiver of any subsequent breach of such provision or as a waiver of the provision itself.

12. Assignment  
-----

This Agreement is a personal contract and Mr. Bamba's rights and obligations hereunder, may not be sold, transferred assigned pledged or hypothecated by Mr. Bamba. The rights and obligations of NSJ hereunder shall be binding upon and run in favor of the successors and assigns of NSJ. In the event of any attempted assignment or transfer of rights hereunder contrary to the provisions hereof, NSJ shall have no further liability for payments hereunder.

13. Modification  
-----

This Agreement may not be orally canceled, changed, modified or amended, and (without prejudice to the provisions or paragraphs 7 and 8) no cancellation, change, modification or amendment shall be effective or binding, unless in writing and signed by both parties to this Agreement, and approved in writing by the Executive Vice President of NSJ.

14. Severability; Survival  
-----

In the event any provision of this Agreement is found to be void and unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall nevertheless be binding upon the party with the same effect as though the void or

unenforceable party had been severed and deleted. The provisions of paragraph 9 and this paragraph 14 shall survive the termination of this Agreement.

15. Life Insurance  
-----

Mr. Bamba agrees that NSJ shall have the right, in NSJ's sole discretion, to obtain life insurance on Mr. Bamba's life, at NSJ's sole expense and with NSJ as the sole beneficiary thereof. Mr. Bamba shall (a) cooperate fully with NSJ in obtaining such life insurance forms or documents and (b) take any required medical examinations.

16. Notice  
-----

Any notice, request, instruction or other document to be given hereunder by either party hereto to the other shall be in writing and shall be deemed effective when delivered in person or if mailed, on the date of deposit in the mails, postage prepaid by certified or registered mail, in the case of Mr. Bamba and NSJ to the address set forth for such party at the head of this Agreement. Any party may change the address to which notices are to be sent by giving notice of such change of address to the other party in the manner herein provided for giving notice.

17. Miscellaneous  
-----

NSJ shall have the right to fulfill its obligation to make payments (other than direct salary) and reimbursements to Mr. Bamba as herein provided through its subsidiaries or affiliates.

18. Applicable Law  
-----

This Agreement shall be governed by and construed in accordance with the laws of the country of Japan.

19. Governing Language  
-----

This Agreement is in the English language only, which language shall be controlling in all respects. No translation, if any, of this Agreement into the Japanese or any other language shall be of any force or effect in the interpretation of this Agreement or in a determination of the intent of any of the party hereto.

20. Entire Agreement  
-----

This Agreement represents the entire agreement between NSJ and Mr. Bamba with respect to the subject matter hereof, and all prior agreements relating to the employment of Mr. Bamba, written or oral, are nullified and superseded hereby.

21. Headings  
-----

This headings contained in this Agreement are for reference purposes only,  
and shall not affect the meaning or interpretation of the Agreement.

IN WITNESS WHEREOF, the parties have set their hands and/or seals on and as  
the day and year first above written.

Nu Skin Japan, Inc.

By: /s/ Steven lund  
-----  
Steven Lund  
Executive Vice President

By: /s/ Corey B Lindley  
-----  
Corey B. Lindley  
Representative in Japan

Takashi Bamba

/s/ Takashi Bamba  
-----

Witnessed By:

/s/ Robert Conlee  
-----  
Robert Conlee

SERVICE AGREEMENT  
-----

This Agreement is entered into as of the 19 day of January 1996 by and between Nu Skin Korea, Ltd., a corporation organized and existing under the laws of Korea, with its principal office at 890-12, Daechi-dong, Kangnam-ku, Seoul (hereinafter referred to as A) and Mr. Sung-Tae Han, a citizen of the Republic of Korea residing at 402-dong, 901-ho, Lucky Apt. 875, Hosumaul, Janghong-dong, Koyang-si, Kyonggi-do, Korea (hereinafter referred to as B).

WITNESSETH:  
-----

WHEREAS, B wishes to provide certain services to A as Representative Director of A on the terms and conditions set forth hereinafter:

WHEREAS, A wishes to obtain the services of B as Representative Director of A;

NOW, THEREFORE, in consideration of the mutual promises, undertakings and covenants set forth hereinafter, the parties hereto mutually agree as follows:

1. Appointment - A hereby agrees to appoint B as a Representative Director of -----  
A and B hereby agrees to such appointment to perform the functions and carry out the duties and responsibilities as the Representative Director of A on the terms and conditions set forth hereinafter.

The duties and responsibilities of his position will include but are not limited to the attached Position Specification. B shall be notified of changes or additions in his responsibilities during the course of the Agreement [See the Attachment].

2. Direction - B shall be subject to and act in accordance with the rules, -----  
regulations and instructions issued from time to time by the Board of Directors of A as well as such limitations as are set by the Shareholders or the Board of Directors of A.

3. Compensation - B shall receive the following compensation and benefits for -----  
services rendered to A. No other compensation, other than allowances specifically mentioned in this Agreement, shall be paid.
- a. Remuneration: B shall receive a gross annual remuneration of 85,000,000 Korean Won divided into twelve (12) installments, which shall be payable for each month of the 25th day of the month. In the event the 25th day falls on a non-workday, the remuneration shall be paid on the preceding workday. The annual remuneration shall be reviewed annually and any adjustment will be effective from the first day of July of each year. The annual remuneration and any adjustment shall be subject to the resolution of the Shareholders of A.
  - b. Automobile: B shall be provided a company car appropriate to his position and a driver who will be duly required to perform his duties and responsibilities. All of these costs and expenses will be paid by A.
  - c. Vacation: For each 12 months of service, B shall be entitled to 22 days of vacation with pay, which may be taken in any combination and at any time during each of said 12-month periods, consistent with the requirements of his job, and provided that a vacation schedule shall be reported at least 7 days in advance. In the event of an early termination of this Agreement, B will be credited with vacation time in proportion to the actual service period.
  - d. Coverage of Medical Insurance and National Pension: A shall subscribe to the governmental medical insurance program and national pension program. The contributions to the above programs shall be equally borne by a and B in accordance with the relevant laws.
  - e. Workers Compensation Insurance: A shall subscribe to a private insurance policy that provides protection comparable to that available to workers under the Industrial Accident Compensation Law.
4. Service Hours - B's regular service hours are 40 hours per week from Monday -----  
through Friday. It is understood that in the light of his position as a Representative Director he



may be required to provide services beyond normal service hours. It is further agreed that B's remuneration has been set with this fact in mind and that B has no right to ask additional compensation for such extra services.

5. Confidentiality - Without the written approval of A, B shall not copy or -----

disclose to others or use, for B's own benefit or otherwise, any information, knowledge or data that B receives or develops during the period of employment which is secret confidential, including information contained in formulas, business plans, financial data, vendor lists, product and marketing plans, distributor lists and other trade secrets or information that A has received in confidence from others, nor will B to A any confidential information of others.

6. Non-Competition - B hereby agrees that he shall not, during the term of -----

this Agreement, and for one year immediately after termination of this Agreement, directly or indirectly, by any means or device whatsoever, for himself or on behalf of or in conjunction with any person, partnership, or corporation, do any one or more of the following:

- a. provide services similar to A's services or products;
- b. divert, take away, or attempt to take away any account which B may have become aware of from customer information furnished to B by any employee or agent or former employee or agent of A; and
- c. compete with A or render services for a competitor of A.

7. Term of Agreement -----

- a. This Agreement shall be effective as of January 1, 1996, and continue in full force and effect for a period of three years thereafter, subject to automatic renewal for an additional three years unless this Agreement is terminated.
- b. Either party may terminate this Agreement at any time by giving the other party 60 days advance notice. The termination by A is subject to the shareholder resolution as required under the Korean Commercial

Code. The Agreement may be terminated without notice by A if B materially breaches his duties as set forth in this Agreement or in A's regulations or the directions of the shareholder or the Board of Directors and subject to shareholder resolution. In the event A terminates this Agreement without cause, A shall be liable only for compensating B for remuneration due for the remainder of his term of office.

8. End of Service Benefits - B shall receive an end of service payment which -----  
will accrue at the rate of two months' remuneration for each consecutive year of service, provided that this benefit shall not be paid until B has worked at least 12 months, and provided further that this benefit shall be subject to shareholder resolution and adoption by shareholders of regulations governing these benefits.
9. Tax Returns - Filing annual income tax returns with the Korean tax -----  
authorities is the responsibility of B. However, income tax withheld from remuneration and other payments will be paid to the tax authorities by A.
10. Entire Agreement - This Agreement contains the entire agreement between the -----  
parties relating to the subject matter hereof. No modification, alteration or amendment of this Agreement and no waiver of any provision hereof may be made unless such modification, alteration, or waiver is set forth in writing signed by the parties hereto.
11. Governing Law - This Agreement shall be construed in accordance with and -----  
governed by the laws of the Republic of Korea.
12. Prevailing Language - This Agreement shall be executed in two counterparts -----  
in the English language, each of which shall be deemed an original but which, taken together, shall constitute one and the same instrument. Should any conflict arise between the English language version of this Agreement and any translation hereof, the English language version shall be controlling.

IN WITNESS WHEREOF, the parties hereto and/or their duly authorized representatives have executed this Agreement as of the date first above written.

Nu Skin Korea Ltd.

Sung-Tae Han

[STAMP OF NU SKIN KOREA LTD.]

/S/ Sung -Tae Han

By \_\_\_\_\_

\_\_\_\_\_

Name:  
Title:

Name:

. Duties and Responsibilities;

1. Assist the Regional Managing Director and the V.P. of International in developing the strategic and operational plans for the country which, with other country plans, forms the basis of the Nu Skin International's international operational strategy.
2. Assist the Regional Managing Director and the V.P. of International in developing the budget to support the country strategic plan.
3. Provide the V.P. of International with suggestions for country opening activities including event time-line calendar, list of participants, activities, courtesy calls, open-houses, press conferences, et.
4. Provide suggestions to the V.P. of International and Regional Managing Director for designing quality assurance and performance measurement standards for the country.
5. Suggest methods and strategies to the Regional Managing Director for improving country market share and profitability.
6. Ensure that the strategic plan is implemented in the country in an efficient and effective manner which will maximize a return on investment.
7. Ensure that ongoing country office and warehouse operations comply with all government regulations.
8. Report status of country operations to Regional Managing Director and V.P. of International.
9. Conduct quality assurance and personal performance appraisals as needed.
10. Meet with government and senior business officials and with the press as needed.
11. Keep Regional Managing Director and V.P. of International informed at all times of trends.
12. Train, motivate and support the sponsor/distributor networking in the country.

PURCHASE AND SALE AGREEMENT  
-----

This PURCHASE AND SALE AGREEMENT is made this \_\_\_ day of November, 1996 between Nu Skin International, Inc., a corporation organized and existing under the laws of the State of Utah, U.S.A. (hereinafter "NSI"), and Nu Skin Hong Kong, Inc., a corporation organized and existing under the laws of the State of Utah, U.S.A. (hereinafter "NSHK"). NSI and NSHK shall hereinafter be collectively referred to as the "Parties."

WITNESSETH  
-----

WHEREAS, NSI owns the exclusive right to distribute Products and Sales Aids (each as hereinafter defined) in the countries of Japan, the Republic of Korea (Korea), the Republic of China (Taiwan) and Hong Kong (including Macau), (hereinafter the "AP Region"), which right it licenses to NSHK pursuant to a Regional Distribution Agreement dated October 1, 1993 and amended on July 12, 1994 (the "Existing Distribution Agreement"); and

WHEREAS, NSI also owns the exclusive right to distribute Products and Sales Aids in the countries of Thailand, the Philippines, Malaysia, the People's Republic of China (China), Indonesia, Vietnam and Singapore (hereinafter the "Extended AP Region"); and

WHEREAS, NSI is willing to sell, and NSHK is willing to purchase, said exclusive rights to distribute Products and Sales Aids in the Extended AP Region;

NOW THEREFORE, in consideration of the premises, the mutual covenants herein contained and other good and valuable consideration, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS  
-----

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to the singular and plural forms of the terms defined):

1.1 "Agreement" shall mean this Purchase and Sale Agreement between NSI and NSHK, as the same may be modified, amended or supplemented from time to time.

1.2 "Amended and Restated Distribution Agreement" shall mean the Existing Distribution Agreement, as amended and restated to reflect the increase in territory for which NSHK is granted exclusive rights to distribute Products and Sales Aids to include the Extended AP Region and to incorporate such other matters to which the Parties may agree.

1.3 "AP Region" shall have the meaning assigned thereto in the recitals to this Agreement.

1.4 "Closing Date" shall mean such date as shall be mutually agreed upon by NSI and NSHK following the satisfaction or waiver of all conditions to the obligations of the parties set forth in Article III.

1.5 "Existing Distribution Agreement" shall have the meaning assigned thereto in the recitals to this Agreement.

1.6 "Extended AP Region" shall have the meaning assigned thereto in the recitals to this Agreement.

1.7 "NSAP" shall mean Nu Skin Asia Pacific, Inc., a Delaware corporation and the sole stockholder of NSHK.

1.8 "Products" shall mean those products, including without limitation, 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, subject to unavailability due to local regulatory requirements.

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

## ARTICLE II

### PURCHASE AND SALE

-----

2.1 Grant of License. Upon the terms and subject to the conditions contained in this Agreement, on the Closing Date, NSI shall grant to NSHK, and NSHK shall accept from NSI, a license (the "License") to act as the exclusive distributor of products and Sales Aids in the Extended AP Region, on the terms and conditions, for the term and together with the associated rights and obligations as set forth in the Amended and Restated Distribution Agreement.

2.2 License Price. NSHK hereby agrees to pay to NSI, and NSI agrees to accept as payment and consideration for the License, the amount of FIFTEEN MILLION DOLLARS (\$15,000,000.00) (the "License Price").

2.3 Scope of Sale. The Parties further understand and agree that by this grant and acceptance NSHK does not acquire any claim to, or interest in, NSI's network of independent distributors, distributor lists, sales compensation plan, copyrights, trademarks, associated know-how, or any other right or interest owned by NSI and/or which NSI licenses to NSHK, Nu Skin Japan Company, Limited, Nu Skin Taiwan, Inc. and Nu Skin Korea, Inc. under its Licensing and Sales Agreements and Trademark/Tradename License Agreement with such entities.

2.4 Representations and Warranties of NSI. As an inducement to NSHK to enter into this Agreement, NSI hereby represents and warrants to NSHK that it has not granted, sold conveyed or otherwise transferred to any party any rights to distribute Products or Sales Aids in the Extended AP Region, except to NSHK as contemplated by this Agreement and the Amended and Restated Distribution Agreement. The representations and warranties of NSI contained in this Section 2.4 shall survive the termination of the Agreement.

2.5 Limitations on Representations and Warranties. Nothing in this Agreement shall be construed as a representation or warranty by NSI as to the ability of NSHK to operate in or to otherwise exercise its rights under this Agreement or the Amended and Restated Distribution Agreement in any country in the Extended AP Region, pursuant to the laws, regulations and ordinances of such country.

### ARTICLE III

#### CONDITIONS TO CLOSING

3.1 Conditions to Obligations of NSI. The obligation of NSI to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing Date, of each of the following conditions:

(a) License Price. NSHK shall have paid, or caused to be paid, the License Price.

(b) Amended and Restated Distribution Agreement. NSHK shall have entered into the Amended and Restated Distribution Agreement with NSI, which shall be in form and substance satisfactory to NSI.

(c) Indemnification Agreement. NSA shall have entered into a mutual indemnification agreement with NSI, which shall be in form in substance satisfactory NSI.

3.2 Conditions to Obligations of NSHK. The obligations of NSHK to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing Date, of each of the following conditions:

(a) Representations and Warranties of NSI. The representations and warranties of NSI contained in Section 2.4 of this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date with the same force and effect as if made as of the Closing Date.

(b) Amended and Restated Distribution Agreement. NSI shall have  
-----  
entered into the Amended and Restated Distribution Agreement with NSHK,  
which shall be in form and substance satisfactory to NSHK.

(c) Indemnification Agreement. NSI shall have entered into a mutual  
-----  
indemnification agreement with NSA, which shall be in form and substance  
satisfactory to NSHK.

(d) Receipt for License Price. NSHK shall have received a receipt  
-----  
from NSI for payment of the License Price.

#### ARTICLE IV

##### TERMINATION -----

4.1 Termination. This Agreement may be terminated at any time prior  
to the Closing Date:

(a) by either NSI or NSHK if an initial public offering by NSA of  
shares of its Class A Common Stock shall not have occurred by December 31,  
1996; or

(b) by the mutual written consent of NSI and NSHK.

4.2 Effects of Termination. In the event of termination of this  
Agreement as provided in Section 4.1, this Agreement shall forthwith become void  
and there shall be no liability on the part of either party hereto except (a) as  
set forth in Section 2.4 and Article V and (b) that nothing in this Section 4.2  
shall relieve a Party from liability for any breach of this Agreement.

#### ARTICLE V

##### CONFIDENTIALITY -----

All trade secrets, proprietary technology, know-how or other non-  
public or proprietary business or technical information owned or used by NSI or  
NSHK 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 and to  
affiliates and to their 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 VI

MISCELLANEOUS  
-----

6.1 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.

6.2 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: Chief Operating Officer  
Nu Skin International, Inc.  
75 West Center Street  
Provo, Utah 84601  
Facsimile No.: (801) 345-5999

If to NSHK: Attn: Regional Legal Counsel  
Nu Skin Hong Kong, Inc.  
26th Floor, Windsor House  
311 Gloucester Road  
Causeway Bay, Hong Kong  
Facsimile No.:

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.

6.3 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.

6.4 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 NSHK within 30 days after written notice of such dispute is given by NSHK or NSI, 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 NSHK. 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 NSHK. The decision of the arbitrator shall be final and binding upon NSI and NSHK 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 NSHK; provided, that each of NSI and NSHK shall pay all fees and expenses incurred by it in presenting or defending against such claim, right or cause of action.

6.5 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.

6.6 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.

6.7 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.

6.8 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.

6.9 Specific Performance. The parties acknowledge that it will be impossible to measure in money the damages to the parties of any failure to comply with any of the restrictions or obligations imposed by this Agreement, that every such restriction and obligation is material, and that in the event of any such failure, the parties will not have an adequate remedy at law or in damages. Therefore, each party consents to the issuance of an injunction or the enforcement of other equitable remedies against it at the suit of an aggrieved party, to compel performance of all the terms of this Agreement, and waives any defenses to an equitable remedy, including without limitation the defenses of failure of consideration, breach of any other provision of this Agreement, and availability of relief in damages.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives.

NU SKIN INTERNATIONAL, INC.

NU SKIN HONG KONG, INC.

-----  
Name:  
Title:

-----  
Name:  
Title:

NSI - NSJ  
AMENDED AND RESTATED  
LICENSING AND SALES AGREEMENT

(The information below marked by \*\*\*\*\* has been omitted by a request for confidential treatment. The omitted portion has been separately filed with the Commission)

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AMENDED AND RESTATED

LICENSING AND SALES AGREEMENT

THIS AMENDED AND RESTATED LICENSING AND SALES AGREEMENT is made and entered into this \_\_\_\_\_ day of November, 1996, between Nu Skin International, Inc. a corporation organized and existing under the laws of the State of Utah, U.S.A., (hereinafter referred to as "NSI") and Nu Skin Japan Company, Ltd., a company dually incorporated organized and existing under the laws of Japan and the State of Delaware, U.S.A., (hereinafter "NSJ"). Hereinafter, NSI and NSJ 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, NSJ desires to act as the exclusive wholesale distributor of NSI products in the Territory (as hereinafter defined), having entered a separate written Wholesale Distribution Agreement with Nu Skin Hong Kong, Inc., the exclusive regional distributor of such products and sales aids in the Asia-Pacific region; and ,

WHEREAS, NSI and NSJ desire to implement NSI's Independent Distributor Network (as defined below) to promote sales of products and sales aids; and,



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

WHEREAS, NSJ recognizes and agrees that NSI has expended considerable time, effort and resources to develop and maintain the Licensed Property (as hereafter defined) and NSJ 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, NSI and NSJ (as assignee of Nu Skin Japan, Inc.) entered into a Licensing and Sales Agreement on November 11, 1993, and entered into Amendments to said agreement on July 12, 1994, December 15, 1994 and March 14, 1995 (the "Prior Licensing and Sales Agreement"); and

WHEREAS, the Parties wish to amend and restate the Prior 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 Amended and Restated 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 \*\*\*\*\*

1.3 \*\*\*\*\*

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 with NSI pursuant to which NSI authorizes it to distribute NSI's 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 \*\*\*\*\*

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

1.9 "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.

1.10 "Licensed Property" shall mean \*\*\*\*\*

1.11 "Net Sales" shall mean, for any period, the number of Products, Sales Aids and other items (exclusive of starter kits and goods sold on consignment) sold by NSJ to NSI Independent Distributors during such period, multiplied by NSJ's then current selling price to its distributors for each such Product, Sales Aid or item less applicable consumption taxes and returns or refunds reasonably accepted and credited by NSJ during such period .

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

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

1.14 "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 Starter 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; (7) profits, organization, employees, agents, distributors, suppliers, trade marks, trade names and services; (8) other business and commercial practices in general relating directly or indirectly to the foregoing; and, (9) computer disks or other records or documents, originals or copies, containing in whole or in part any of the foregoing.

1.15 \*\*\*\*\*

1.16 "Sales Compensation Plan" shall mean the method employed by NSI to calculate Bonus Payments paid to the Independent Distributor Network upon the Sale of Products.

1.17 "Sales Aids" shall mean materials, in whatever form and/or design produced to assist in the marketing of Products.

1.18 "Starter 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.

1.19 "Territory" shall mean the country of Japan.

ARTICLE II

GRANT OF LICENSE AND PARTIAL  
ASSIGNMENT OF OBLIGATIONS; LICENSE FEES  
-----

2.1 Grant of License. Subject to the terms and conditions of this Agreement, NSI hereby grants to NSJ an exclusive license to use the Licensed Property \*\*\*\*\*

2.2 Assignment of Obligations. \*\*\*\*\*

2.3 NSI's Interest in Licensed Property. \*\*\*\*\*

2.4 Recitals of Value of 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. NSJ shall make no modification to the Licensed Property without the express, prior written consent of NSI.

2.7 License Fee. \*\*\*\*\*

ARTICLE III

COMPUTATION AND PAYMENT TERMS

-----

3.1 Bonus Payments. \*\*\*\*\*

3.1(a) \*\*\*\*\*

3.1(b) \*\*\*\*\*

3.1(c) \*\*\*\*\*

\*\*\*\*\*

3.1(d) \*\*\*\*\*

3.2 License Fee. \*\*\*\*\*

3.2(a) \*\*\*\*\*

3.2(b) \*\*\*\*\*

3.2(c) \*\*\*\*\*



3.3 Records. \*\*\*\*\*

3.4 Payments to NSI. \*\*\*\*\*

3.5 Payments to NSJ. \*\*\*\*\*

3.6 Default Rate. \*\*\*\*\*

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. \*\*\*\*\*

\*\*\*\* and to otherwise support and maintain the Independent Distributor Network within the Territory.

4.2 Certain Obligation, Rights and Duties of NSJ. In addition to its other obligations under this Agreement NSJ 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 NSJ under the terms and conditions of this Agreement, unless otherwise agreed in writing by the Parties; \*\*\*\*

\*\*\*\*\* to transmit information regarding Net Sales to NSI \*\*\*\*\* Section 3.1 hereof; (8) to monitor and supervise the activities of Resident NSI Distributors; (9) to enforce the Distributor Contracts to ensure compliance therewith and with NSI's policies and procedures and to any action against Resident NSI Distributors for violation of the terms and conditions of the Distributor Contract, NSI's policies and procedures, or any other rules and regulations of NSI or NSJ 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 the NSI Independent Distributors under the Sales Compensation Plan and their Distributor Contracts.

ARTICLE V

STARTER KIT SALES

-----

5.1 Agreement to Purchase Starter Kits. The Parties acknowledge that pursuant to this Agreement NSJ is being granted an exclusive license to use the Licensed Property, including the Independent Distributor Network, in the Territory. NSJ agrees to use its best efforts in supporting the development of the Independent Distributor Network in the Territory by purchasing Starter Kits from NSI and selling them to potential NSI Independent Distributors in the Territory.

5.2 Pricing. The Parties agree that the price of Starter 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. NSJ shall pay the commercial invoices for Starter Kits shipped under this Agreement in the manner set forth in Section 3.4.

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

5.5 Quality of Starter Kits. NSI shall use its best efforts to maintain and augment the quality, image and value of the Starter Kit such that Starter Kits sold in the Territory are consistent with the quality of those sold in the United States of America.

5.6 Merchantability. NSI warrants that Starter Kits sold to NSJ pursuant to this Agreement will be merchantable and of sufficient quality for sales within the Territory. If NSJ determines that certain Starter Kits supplied under this Agreement are not merchantable, a claim for a refund of the price paid can be made with 45 days from the day the Starter Kits are received in the Territory.  
NSI

agrees to refund, or credit the account of NSJ for, the purchase price of such non-merchantable Starter Kits.

ARTICLE VI

GOVERNMENTAL APPROVALS, LAWS AND REGULATIONS  
-----

6.1 NSJ 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 in the Territory to enable this Agreement to become effective or to enable any payment pursuant to the provisions of this Agreement to be made. NSJ agrees to keep NSI informed of its progress in obtaining all such government approvals.

6.2 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 any jurisdiction in the Territory or the United States or elsewhere or any international convention or bilateral or multilateral treaty to which any jurisdiction in the Territory or 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.

6.3 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). NSI agrees to keep NSJ informed of its progress in obtaining all such government approvals.

ARTICLE VII

TERM AND TERMINATION

-----

7.1 Term. Subject to Section 7.2 hereof, this Agreement shall be for a term ending on December 31, 2016 provided, however, that this Agreement is subject to renegotiation after December 31, 2001 in the event that members of the families of, or trusts or foundations established by or for the benefit of, Blake M. Roney, Nedra D. Roney, Sandie N. Tillotson, Craig Tillotson, Craig Bryson, Steven J. Lund, Brooke B. Roney, Kirk V. Roney and Keith R. Halls on a combined basis no longer beneficially own a majority of the voting stock of Nu Skin Asia Pacific, Inc. ("Nu Skin Asia").

7.2 Termination. This Agreement may be terminated by either party immediately or at any time 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 undismisssed, 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; 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 causes 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) to be placed upon its assets.

7.3 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.

7.4 This Agreement may be terminated by NSI if Nu Skin Asia shall no longer own or control a majority of the voting interest in NSJ, with such termination to take effect thirty (30) days after NSI gives written notice to NSJ of the occurrence of a change in control and its intention to terminate this Agreement based thereon.

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 Section 2.3, 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, all rights and licenses herein granted to NSJ shall immediately cease and shall revert to NSI, and NSJ 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

-----

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 Territories that relate to the Licensed Property and NSI is not presently aware of any such infringement or misappropriation. NSI shall indemnify and hold NSJ 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 NSJ in respect of its use of the Licensed Property in the Territory; provided that NSJ shall give NSI prompt written notice of any claim,

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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, 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 NSJ to continue to make use of the Licensed Property to permit NSJ to continue to make use of the Licensed Property to permit NSJ to continue to make use of the Licensed Property free and clear of all infringement and misappropriation. NSI 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, NSJ shall cooperate with NSI in the pursuit of any such proceeding. NSI shall retain any damage award obtained from such third party.



ARTICLE IX

NATURE OF RELATIONSHIP

-----

The relationship of NSJ 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

CONFIDENTIALITY

-----

All Proprietary Information or other non-public or proprietary business or technical information owned or used by NSI or NSJ 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 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 NSJ as a registered user in the Territory. NSJ 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

MISCELLANEOUS

12.1 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.

12.2 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.

12.3 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 NSJ within 30 days after written notice of such dispute is given by NSJ

or NSI, 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 NSJ. 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 NSJ. The decision of the arbitrator shall be final and binding upon NSI and NSJ 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 NSJ; provided, that each of NSI

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and NSJ shall pay all fees and expenses incurred by it in presenting or defending against such claim, right or cause of action.

12.4 Applicability of Post-Effective Law. The parties agree that neither the Vienna Convention on the International Sale of Goods nor any such similar law, treaty or act that becomes effective during the term of this Agreement shall be applicable to this Agreement or the transactions contemplated hereunder.

12.5 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.

12.6 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 NSJ:       General Manager  
                  Nu Skin Japan Company Ltd.  
                  Shinjuku I-Land Tower, 23rd Floor  
                  6-5-1 Nishi Shinjuku, Tokyo, Japan, 163-13  
                  Facsimile No.: 813-5321-7779

If to NSI:       Chief Operating Officer  
                  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.

12.7 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.

12.8 Modification 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.

12.9 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.

12.10 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 JAPAN COMPANY LTD.

BY: -----  
BLAKE M. RONEY  
PRESIDENT

BY: -----  
TAKASHI BAMBA  
GENERAL MANAGER

NSI

NSHK

AMENDED AND RESTATED

REGIONAL DISTRIBUTION AGREEMENT



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AMENDED AND RESTATED REGIONAL DISTRIBUTION AGREEMENT

THIS AMENDED AND RESTATED REGIONAL DISTRIBUTION AGREEMENT is made and entered this \_\_\_\_ day of November, 1996, by and between Nu Skin International, Inc., a corporation duly organized and existing under the laws of the State of Utah, U.S.A., (hereinafter "NSI") and Nu Skin Hong Kong, Inc., a foreign branch of a corporation duly organized and existing under the laws of the State of Utah, U.S.A., (hereinafter "NSHK"). Hereinafter, NSI and NSHK collectively shall be referred to as the "Parties. "

W I T N E S S E T H  
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WHEREAS, NSI is engaged in the design, production and marketing of Products and Sales Aids (as hereinafter defined) for distribution in international markets in the AP Region (as hereinafter defined) through a network of independent distributors; and,

WHEREAS, NSI believes that such activity in the AP Region (as hereinafter defined) can best be accomplished through the contractual appointment of an exclusive regional distributor to distribute such Products and Sales Aids in the AP Region; and,

WHEREAS, NSHK desires, on the terms and conditions hereinafter set forth, to act as the exclusive regional distributor of Products and Sales Aids in the AP Region; and,

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

WHEREAS, the Parties entered into a Regional Distribution Agreement on October 1, 1993 and an Amendment to said agreement on July 12, 1994 (the "Prior Distribution Agreement"); and,

WHEREAS, the Parties wish to amend and restate the Prior Regional 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

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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 "AP Region" shall mean the countries and regions of Japan, Republic of China (Taiwan), Hong Kong (and Macau), the Republic of Korea (South Korea), Thailand, Philippines, Malaysia, the People's Republic of China (China), Indonesia, Vietnam and Singapore.

1.2 "Agreement" shall mean this Amended and Restated Regional Distribution Agreement between NSI and NSHK (together with any exhibits and schedules hereto), as the same may be modified, amended or supplemented from time to time).

1.3 "Existing NSAP Affiliates" shall mean (i) Nu Skin Japan Company, Limited, a company duly organized and existing under the laws of Japan and the state of Delaware, U.S.A.; (ii) Nu Skin Korea, Inc., a company duly organized and existing under the laws of the Republic of Korea and the state of Delaware, U.S.A.; (iii) Nu Skin Taiwan, Inc., a company organized and existing under the laws of the state of Utah, U.S.A.; and (iv) NSHK.

1.4 "NSAP Authorized Affiliate" shall mean (i) the Existing NSAP Affiliates; (ii) any current or future affiliate or subsidiary of Nu Skin Asia Pacific, Inc. ("Nu Skin Asia"); provided that such subsidiary or affiliate shall ----- enter into a Wholesale Distribution Agreement substantially similar to the Wholesale Distribution Agreements between (A) each of the Existing NSAP Affiliates and (B) NSHK, each dated as of the date hereof.

1.5 "NSI Authorized Affiliate" shall mean Nu Skin Personal Care Australia, Inc. and Nu Skin New Zealand, Inc.

1.6 "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 distribution contract.

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

1.8 "Products" shall mean those products, including without limitation, 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, subject to unavailability due to local regulatory requirements in the AP Region.

1.9 "Sales Aids" shall mean materials, in whatever form, designed, approved and produced by NSI to assist in the marketing of the Products in the AP Region.

1.10 "Trademarks" shall mean those words, symbols, devices, logos, trade names and company names or a combination thereof used in relation to all Products and Sales Aids covered by the existing or eventual registrations thereof in the AP Region.

## ARTICLE II

### APPOINTMENT AS EXCLUSIVE WHOLESALE DISTRIBUTOR -----

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

2.2 Sub-distributors. Except as set forth below, NSHK 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 AP Region. NSHK may, without the prior written approval of NSI, appoint an NSA Authorized Affiliate

as a sub-distributor or agent to promote or distribute Products or Sales Aids in the AP Region; provided that no such appointment of a sub-distributor or agent  
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shall relieve NSHK of its obligations hereunder.

2.3 Sales of Products and Sales Aids.

2.3(a) NSHK agrees that any distribution of Products or Sales Aids in the AP Region shall be made only to an NSI Independent Distributor or an NSAP Authorized Affiliate. In addition, NSHK may distribute Products or Sales Aids outside the AP Region to NSI Authorized Affiliate.

2.3(b) To facilitate sales to NSI Independent Distributors, NSHK shall have the right to access information regarding such NSI Independent Distributors in the AP Region on NSI's computer system or as otherwise recorded or maintained by NSI.

2.4 NSI Sales in the AP Region. NSI agrees not to sell Products or Sales Aids to any party within the AP Region or to any party outside the AP Region for delivery within the AP Region, except to NSHK pursuant to the terms and conditions of this Agreement, unless NSI has received the written consent of NSHK.

2.5 Sales Outside the AP Region. NSHK agrees that it will not sell Products or Sales Aids outside the AP Region except as provided in Section 2.3(a) hereof. Further, NSHK shall not promote or solicit customers for Product or Sales Aids sales outside the AP Region. NSHK shall not establish any facility outside the AP Region through which orders are solicited or in which inventories of Products or Sales Aids are stored without NSI's written consent.

2.6 AP Region Orders and Inquiries. The Parties acknowledge that from time to time inquiries and orders concerning the AP Region will arise. If NSI receives any order or inquiry concerning the sale of Products or Sales Aids in the AP Region, NSI agrees to give prompt notice of such inquiry or order to NSHK, 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 NSHK shall reasonably request. If NSHK receives any order or inquiry concerning the sale of Products or Sales Aids outside the AP Region, NSHK 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  
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3.1 NSHK 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 each country in the AP Region to enable this Agreement to become effective, to enable the Products or Sales Aids to be sold in the AP Region (except as otherwise provided herein) or to enable any payment pursuant to the provisions of this Agreement to be made. NSHK agrees to keep NSI informed of the progress in obtaining all such government approvals.

3.2 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 any jurisdiction in the AP Region or the United States or elsewhere or any international convention or bilateral or multilateral treaty to which any jurisdiction in the AP Region or 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.

ARTICLE IV

OBLIGATIONS OF NSHK AS EXCLUSIVE WHOLESALE DISTRIBUTOR IN THE  
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AP REGION  
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4.1 Marketing and Distribution. NSHK 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 AP Region.

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 in each country within the AP Region.

4.1(c) To ensure that all inquiries by sub-distributors, 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 each country in the AP Region 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.

4.1(e) To permit NSI to visit NSHK and its sub-distributors and to visit NSHK'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 all laws, ordinances and regulations applicable within each country comprising the AP Region.

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 AP Region in a form and in such detail and time period as NSI may reasonably require.

4.2 NSHK Operations. NSHK agrees to maintain, or cause to be maintained, such facilities and other places of business within each country of the AP Region necessary to effect the purposes and intentions of this Agreement. NSHK 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 Management Planning. In order to allow NSI to design and carry out necessary and reasonable managerial planning for its worldwide business NSHK



shall, in accordance with the schedule required by NSI, advise NSI of the distribution prices of the Products or Sales Aids to be sold to NSI Independent Distributors within the AP Region.

4.4 NSHK Claims and Representations. NSHK shall not make any promises, representations, warranties or guarantees respecting the Products, Sales Aids or the Sales and Compensation Plan, except in accordance with those representations, warranties or guarantees provided by NSI with respect thereto and in accordance and compliance with the applicable laws of the countries in which NSHK distributes Products and Sales Aids.

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

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 countries within the AP Region, NSHK 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. NSHK 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 countries in the AP Region.

4.7(c) Freight. NSHK shall be liable for all freight charges not allocated to NSI pursuant to Section 7.4(c) hereof.

4.7(d) Other Expenses. In addition to the costs and expenses described in clauses (a), (b) and (c) above, NSHK 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 AP Region: (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 company documentation, Sales Aids, and other literature such as product catalogs as well as contracts such as local product purchase agreements; (d) fees and costs incurred in determining the requirements for, and in actually formulating, and registering Products, including ascertaining and complying with labeling 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; (g) expenses of monitoring, supervising and disciplining NSI Independent Distributors; provided that such fees, costs or expenses -----  
are not allocated to NSI under Section 7.4(d) herein.

ARTICLE V

PURCHASE, SALE AND DELIVERY OF PRODUCTS AND SALES AIDS  
-----

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

5.1(a) Each order shall be in the form of a written and signed Purchase Order appearing on the official letterhead of NSHK and forwarded directly to NSI.

5.1(b) Each Purchase Order shall identify the Product(s) or Sales Aids to be purchased, the country to which such Products or Sales Aids shall be distributed to ensure shipment and receipt of Products or Sales Aids which comply with such country's laws and regulation, the quantities thereof, and the shipment dates therefor.

5.1(c) NSI agrees to accept each Purchase Order for Products or Sales Aids placed by NSHK pursuant to this Article and subject to:

5.1.(c).(i) The availability in NSI's current inventory of the Product(s) or Sales Aid(s) ordered by NSHK; and,

5.1.(c).(ii) The inability of NSI to perform by reason of force majeure as defined in Section 16.4 hereof.

Acceptance by NSI shall be in writing, signed by a duly authorized representative of NSI, and effective upon execution.

5.1(d) NSI agrees that, in determining whether it has sufficient inventory to fill each Purchase Order, it will treat such Purchase Order on a parity basis with the orders of all other NSI affiliates.

5.2 Product Shipment. NSI shall ship all Product(s) and Sales Aids sold by NSI to NSHK hereunder as NSHK may designate in writing on the Purchase Order. NSI shall transmit all commercial invoices for the Products and Sales Aids directly to NSHK by registered airmail, postage prepaid, or any other method mutually acceptable to the Parties.

5.3 Payment Due Date. NSHK shall pay for each shipment of Products and Sales Aids within sixty (60) days after the date of shipment 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.

5.4 Passage of Title and Risk of Loss. Title to and risk of loss for any Product(s) or Sales Aids ordered and shipped pursuant to the terms of this Article shall remain with NSI until such time that the shipment has moved 50 miles into international airspace or waters or at some point in transit as the parties may agree to in writing, at which time title and risk of loss passes to NSHK. Shipment shall be made in a commercially reasonable manner in accordance with standards applicable in the trade and industry.

5.5 Inspection. Within forty-five (45) days following actual receipt of a shipment of Products or Sales Aids by NSHK or other NSAP Authorized Affiliates, NSHK shall inspect, or cause to be inspected, the Products and Sales Aids and shall notify NSI in writing, in accordance with Section 16.2, of any defects in such shipment of Products or Sales Aids. In the event of such notification, NSI shall make appropriate arrangements, acceptable to NSHK, 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 NSHK's account or promptly grant NSHK a cash refund for such purchase price. If NSI is not notified of any defect in a shipment of Products or Sales Aids within forty-five (45) days after actual receipt thereof by NSHK or other country of final destination within the AP Region, then NSHK shall be deemed to have waived its right to claim any defect in the Products or Sales Aids contained in such shipment; provided that for any

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latent or other defect not reasonably discernable upon inspection of the Products or Sales Aids under the prevailing circumstances NSHK shall have until forty-five (45) days after discovery of such defect to exercise its rights under this Section 5.5.

ARTICLE VI

PRODUCT AND SALES AIDS PURCHASE PRICES AND TERMS OF PAYMENT  
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6.1 Product Availability and Pricing. Concurrent with the execution of this Agreement, NSI has provided NSHK with a listing of the current Products and Sales Aids and applicable pricing for said Products and Sales Aids (the "Price List"). NSI reserves the right, from time to time, in its sole discretion to change the price of all Products and Sales Aids identified on the Price List, or to remove Products and Sales Aids from and/or add new Products and Sales Aids to the Price List; provided however, that (i) NSI shall give NSHK at least thirty

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(30) days prior written notice of any price change or removal or addition of Products or Sales Aids; (ii) Product Pricing shall be based on good faith negotiations and pricing available to other comparably situated NSI affiliates, subject to local market variances; and (iii) NSI shall thereafter provide NSHK with a revised Exhibit B incorporating such change.

6.2 Payment Method. NSHK 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 United States 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 be subject to an interest charge equal to two percent (2%) over the Citibank, N.A. prime rate for the entire period such amounts remain unpaid.

ARTICLE VII

OBLIGATIONS OF NSI AS SUPPLIER OF PRODUCTS AND SALES AIDS  
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7.1 Product Quality. NSI shall use its best efforts to maintain and augment the quality, image and goodwill of the Products and Sales Aids and to sell to NSHK for resale in the AP Region only Products and Sales Aids that are consistent with the quality of Products and Sales Aids sold in the United States of America. NSI and NSHK agree to cooperate to mutually determine the formulae or ingredients to be used for Products in each market in the AP Region 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 NSHK 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 NSHK those Products or Sales Aids for which NSHK places orders in accordance with Article V hereof.

7.4 Allocation of Expenses.

7.4(a) Export Licenses. To the extent NSI is required to obtain any United States or other export licenses to export the Products or Sales Aids to the AP Region, NSI agrees that it will be responsible for securing and maintaining all such export licenses and payment of all costs and expenses associated therewith.

7.4(b) Export Expenses. NSI agrees that it will be responsible for payments of for all customs duties, excise taxes and similar governmental charges and levies related to the export of the Products or Sales Aids from the United States of America, or any other jurisdiction.

7.4(c) Freight. NSI shall be liable for reasonable ocean freight and insurance costs and expenses related to the export of the Products and Sales Aids from the United States, or any other jurisdiction and delivery of the Products and Sales Aids to the AP Region as designated in the purchase order.

7.4(d) Other Expenses. In addition to the costs and expenses described in clauses (a), (b) and (c) above, NSI shall pay the following additional expenses, fees and costs: (a) fees and expenses of registering, renewing and protecting Nu Skin trademarks; (b) fees, costs and expenses incurred in drafting and producing NSI contracts and literature used in the AP Region such as distributor agreements, sales compensation plan, policies and procedures, corporate brochures, introductory booklets or starter kits and international sponsor agreements; (c) fees, costs and expenses of negotiating and drafting intercompany agreements relating to NSI's relationship with NSHK; (d) fees, costs and expenses related to drafting, negotiating and obtaining approval of NSI's marketing plan as used in the AP Region; (e) costs and expenses incurred in monitoring and supervising the pre-market activities of distributors, if any, including any resulting

disciplinary actions; (f) the fees, costs and expenses incurred in drafting, preparing, negotiating, obtaining approval for any and all property licensed to NSHK under its Licensing and Sales Agreement with NSI; provided that such fees, costs and expenses are not allocated to NSHK under -----  
Section 4.7 herein.

ARTICLE VIII

SALE AND MANUFACTURE OF PRODUCTS  
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8.1 Non-Competing Products. Nothing contained herein, however, shall restrict or prohibit NSHK 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, NSHK 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, which consent shall not be unreasonably withheld.

8.3 Discontinued Products. Notwithstanding the foregoing, in the event NSI shall discontinue the sale of any Product, NSI shall promptly notify NSHK of such discontinuance and thereafter NSHK or an NSAP Authorized Affiliate may elect to manufacture or cause to be manufactured such Product; provided that, if -----  
such discontinued Product competes directly or indirectly with any Product, the prior written consent of NSI shall be required. If NSHK or an NSAP Authorized Affiliate elects to so manufacture or cause to be manufactured such discontinued Product, NSI shall license the formula to such discontinued Product to NSHK or such NSA Authorized Affiliate 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 NSHK.

ARTICLE IX

NATURE OF RELATIONSHIP  
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The relationship of NSHK 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. The Parties understand and agree that NSI will refrain from conducting business or engaging in any activity in the AP Region which could be construed, under the applicable laws and tax regulations, as carrying on or conducting business in the AP Region.

ARTICLE X

TERM  
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Subject to Article XI hereof, this Agreement shall be for a term ending on December 31, 2016 provided, however, that this Agreement is subject to renegotiation after December 31, 2001 in the event that members of the families of, or trusts or foundations established by or for the benefit of, Blake M. Roney, Nedra D. Roney, Sandie N. Tillotson, Craig Tillotson, Craig Bryson, Steven J. Lund, Brooke B. Roney, Kirk V. Roney and Keith R. Halls on a combined basis no longer beneficially own a majority of the voting stock of Nu Skin Asia Pacific.



ARTICLE XI

TERMINATION

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11.1 This Agreement may be terminated by either Party in the following circumstances 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 (b) seeking appointment of a receiver, trustee, custodian or other similar action; or

(2) there shall be commenced against the other Party any case, proceeding or other action of a nature referred to in clause (a) above which (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed, undischarged or unbonded for a period of 90 days. Events described in clauses (a) and (b) of this Section 11.1 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

(3) 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 causes 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).

11.2 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

11.3 This Agreement may be terminated by NSI if Nu Skin Asia Pacific shall no longer own or control a majority of the voting interest in NSJ, with such termination to take effect thirty (30) days after NSI gives written notice to NSJ of the occurrence of a change in control and its intention to terminate this Agreement based thereon.

ARTICLE XII  
EFFECT OF TERMINATION  
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12.1 Upon termination of this Agreement, all rights and licenses herein granted to NSHK shall cease and shall revert to NSI and NSHK shall immediately cease holding itself out to the public as NSI's exclusive wholesale distributor in the AP Region 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 NSHK shall pay for, all Products and Sales Aids ordered by NSHK 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 AP Region 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  
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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 NSHK 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 and to NSA Authorized Affiliates and to their 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 NSHK from liability, loss, cost or damage, (including reasonable attorney's fees) which NSHK may incur as a result of claims, demands or judgments, 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 AP Region; 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 NSHK provides

NSI with prompt notice in writing of any such claim or demand and NSHK cooperates with NSI in the defense or settlement of any such claim or action.

14.2 NSI, at its sole cost and expense, shall obtain and keep in force during the term of this Agreement, a policy or policies of comprehensive product liability insurance insuring NSI and NSHK against any liability arising out of the manufacture, packaging and sale of the Products issued by recognized insurers. The limits of said insurance shall not, however, limit the liability of NSI hereunder. Within thirty (30) days following the execution of this Agreement, NSI shall provide, if requested by NSHK, a certificate of insurance, in form and substance satisfactory to NSHK which certificate shall evidence NSHK as an additional insured under such policy on the same terms and conditions as NSI is insured. Thereafter, and from time to time, NSI shall provide to NSHK such assurance of coverage of NSHK with respect to such insurance policy or policies as NSHK may reasonably request. NSI shall not do or permit to be done anything which shall invalidate the insurance policy or policies obtained in accordance with the provisions of this Section 14.2. NSHK shall also maintain, or cause to be maintained, insurance with one or more recognized insurers reasonable in coverage and amount in direct proportion and corresponding to the business to be conducted by NSHK pursuant to this Agreement. At NSI's request NSHK shall provide NSI with certificates evidencing such insurance coverage.

14.3 NSHK shall at all times remain fully liable for the performance of its sub-distributors and/or agents and NSHK hereby agrees to indemnify and hold harmless NSI from all damages, losses, cost or expenses arising in any manner from any act or omission on the part of its sub-distributors or agents.

ARTICLE XV

NEW COUNTRIES

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In the event Nu Skin Asia decides to commence operations in any country in the AP Region in which it is not operating on the date hereof, NSI agrees to enter into Trademark/Tradenname License Agreements and Licensing and Sales Agreements, and to cause Nuskin International Management Group, Inc. ("NSMG") to enter into management services agreements, with Nu Skin Asia or any NSAP Authorized Affiliate operating in such country, which agreements shall be substantially similar to the Trademark/

Tradenname License Agreements and Licensing and Sales Agreements between (a) each of the Existing NSAP Affiliates and (b) NSI and the management services agreements between (a) each of the existing NSAP affiliates and (b) NSMG, each dated as of the date hereof.

ARTICLE XVI

MISCELLANEOUS

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16.1 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.

16.2 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: Chief Operating Officer  
Nu Skin International, Inc.  
75 West Center Street  
Provo, Utah 84601  
Facsimile No.: (801) 345-5999

If to NSHK: Attn: Regional Legal Counsel  
Nu Skin Hong Kong, Inc.  
26th Floor, Windsor House  
311 Gloucester Road  
Causeway Bay, Hong Kong  
Facsimile No.:

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.

16.3 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.

16.4 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.

16.5 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 NSHK within 30 days after written notice of such dispute is given by NSHK or NSI, 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 NSHK. 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 NSHK. The decision of the

arbitrator shall be final and binding upon NSI and NSHK 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 NSHK; provided, that each of NSI and NSHK shall pay all fees and expenses incurred by it in presenting or defending against such claim, right or cause of action.

16.6 Applicability of Post-Effective Laws. The Parties agree that neither the Vienna Convention on the International Sale of Goods nor any such similar law, treaty or act that becomes effective during the term of this Agreement shall be applicable to this Agreement or the transactions contemplated hereunder.

16.7 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.

16.8 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.

16.9 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.

16.10 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 in the United States of America as of the day and the year first above written.

NU SKIN HONG KONG, INC.

NU SKIN INTERNATIONAL, INC.

By: \_\_\_\_\_  
BLAKE M. RONEY  
PRESIDENT AND CEO

By: \_\_\_\_\_  
MAX L. PINEGAR  
GENERAL MANAGER



NSHK

NSJ

AMENDED AND RESTATED

WHOLESALE DISTRIBUTION AGREEMENT

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AMENDED AND RESTATED WHOLESALE DISTRIBUTION AGREEMENT

THIS AMENDED AND RESTATED WHOLESALE DISTRIBUTION AGREEMENT is made and entered this \_\_\_\_ day of November, 1996, by and between Nu Skin Japan, Inc., a corporation a company dually incorporated, organized and existing under the laws of Japan and the State of Delaware, U.S.A., (hereinafter "NSJ") and Nu Skin Hong Kong, Inc., a foreign branch of a corporation a company duly incorporated, organized and existing under the laws of Japan and the State of Delaware, U.S.A., (hereinafter "NSHK"). Hereinafter, NSJ and NSHK collectively shall be referred to as the "Parties. "

W I T N E S S E T H  
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WHEREAS, NSI (as hereinafter defined) is engaged in the design, production and marketing of Products and Sales Aids (as hereinafter defined) for distribution in international markets through a network of independent distributors; and,

WHEREAS, NSI has authorized and appointed NSHK as its exclusive regional distributor of Products and Sales Aids in certain countries in the Asia/Pacific region (including the Territory (as hereinafter defined)) and desires to appoint subdistributors in certain of such countries pursuant to Section 2.2 of its Regional Distribution Agreement with NSI, dated as of the date hereof (the "Regional Distribution Agreement"); and,

WHEREAS, NSJ desires, on the terms and conditions hereinafter set forth, to act as the exclusive distributor of NSHK of Products and Sales Aids in the Territory; and,

WHEREAS, NSHK is willing, on the terms and conditions hereinafter set forth, to grant to NSJ the exclusive right to so distribute Products and Sales Aids; and,

WHEREAS, the Parties entered into a Wholesale Distribution Agreement on November 11, 1993 and an Amendment to said agreement on July 12, 1993 (the "Prior Distribution Agreement"); and,

WHEREAS, the Parties wish to amend and restate the Prior 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

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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 Amended and Restated Wholesale Distribution Agreement between NSHK and NSJ (together with any exhibits and schedules hereto), as the same may be modified, amended or supplemented from time to time).

1.2 "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 distribution contract.

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

1.4 "Products" shall mean those products, including without limitation, 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, subject to unavailability due to local regulatory requirements in the Territory.

1.5 "Territory" shall mean the country of Japan.

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

1.7 "Trademarks" shall mean those words, symbols, devices, logos, trade names and company names or a combination thereof used in relation to all Products and Sales Aids covered by the existing or eventual registrations thereof in the Territory.

ARTICLE II

APPOINTMENT AS EXCLUSIVE WHOLESALE DISTRIBUTOR  
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2.1 Scope. NSHK hereby appoints and authorizes NSJ as NSHK'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 NSJ hereby accepts such appointment and authorization.

2.2 Sub-distributors. NSJ shall not, without the prior written approval of NSHK, 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) NSJ agrees that any distribution of Products or Sales Aids in the Territory shall be made only to an NSI Independent Distributor.

2.3(b) To facilitate sales to NSI Independent Distributors, NSJ shall have the right to access information regarding such NSI Independent Distributors in the Territory as provided by NSI to NSHK pursuant to the Regional Distribution Agreement.

2.4 NSHK Sales in the Territory. NSHK agrees not to sell Products or Sales Aids to any party within the Territory or to any party outside the Territory for delivery within the Territory, except to NSJ pursuant to the terms and conditions of this Agreement, unless NSHK has received the written consent of NSJ.

2.5 Sales Outside the Territory. NSJ agrees that it will not sell Products or Sales Aids outside the Territory. Further, NSJ shall not promote or solicit customers for Product or Sales Aids sales outside the Territory. NSJ 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 NSHK'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 NSHK receives any order or inquiry concerning the sale of Products or Sales Aids in the Territory, NSHK agrees to give prompt notice of such inquiry or order to NSJ, 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 NSJ shall reasonably request. If NSJ receives any order or inquiry concerning the sale of Products or Sales Aids outside the Territory, NSJ agrees to give NSHK 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 NSHK shall reasonably request.

ARTICLE III

GOVERNMENTAL APPROVALS AND REGISTRATIONS  
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NSJ 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 sold in the Territory (except as otherwise provided herein) or to enable any payment pursuant to the provisions of this Agreement to be made. NSJ agrees to keep NSHK informed of the progress in obtaining all such government approvals.

ARTICLE IV

OBLIGATIONS OF NSJ AS EXCLUSIVE WHOLESALE DISTRIBUTOR IN THE  
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TERRITORY  
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4.1 Marketing and Distribution. NSJ 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 in each country within the Territory.

4.1(c) To ensure that all inquiries by sub-distributors, 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 NSHK.

4.1(e) To permit NSHK to visit NSJ and its sub-distributors and to visit NSJ'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 all laws, ordinances and regulations applicable within the Territory.

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

4.1(h) To provide, at the request of NSHK, 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 NSHK may reasonably require.

4.2 NSJ Operations. NSJ 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. NSJ 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 NSHK, NSJ agrees to advise NSHK of the distribution prices of the Products or Sales Aids to be sold to NSI Independent Distributors within the Territory.

4.4 NSJ Claims and Representations. NSJ shall not make any promises, representations, warranties or guarantees respecting the Products, Sales Aids or the 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. NSJ 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. NSJ agrees to cooperate with NSHK in dealing with any NSI Independent Distributor or customer complaints concerning the Products and the Sales Aids and to take any action requested by NSHK to solve such complaints. NSJ also agrees to assist NSHK in arranging for any customer warranty service required by law or required pursuant to the judgment of NSHK.

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, NSJ 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. NSJ 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) Freight. NSJ shall be liable for all freight charges not allocated to NSHK pursuant to Section 7.4(c) hereof.

4.7(d) Other Expenses. In addition to the costs and expenses described in clauses (a), (b) and (c) above, NSJ 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 company documentation, Sales Aids, and other literature such as product catalogs as well as contracts such as local product purchase agreements; (d) fees and costs incurred in determining the requirements for, and in actually formulating, and registering Products, including ascertaining and complying with labeling 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; (g) expenses of monitoring, supervising and disciplining NSJ Independent Distributors; provided that such fees, costs

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or expenses are not allocated to NSJ under Section 7.4(d) herein.

ARTICLE V

PURCHASE, SALE AND DELIVERY OF PRODUCTS AND SALES AIDS  
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5.1 Agreement to Purchase. NSJ shall order such quantities of Products and Sales Aids as it deems necessary to meet its sales requirements within the Territory.

5.1(a) Each order shall be in the form of a written and signed Purchase Order appearing on the official letterhead of NSJ. Each Purchase order shall be forwarded directly to NSI with a copy to be forwarded simultaneously therewith to NSHK. NSHK shall review such Purchase Order for compliance with the terms of the Regional Distribution Agreement and for reasonableness of the quantities ordered with forecasted sales of Products by NSJ. Unless earlier waived, NSHK shall have the right, within

ten (10) days after placement of such Purchase Order, to rescind such Purchase Order and shall notify NSJ and NSI in writing of its decision to exercise such rescission rights prior to the expiration of such ten-day period.

5.1(b) Each Purchase Order shall identify the Product(s) or Sales Aids to be purchased, the country to which such Products or Sales Aids shall be distributed to ensure shipment and receipt of Products or Sales Aids which comply with such country's laws and regulation, the quantities thereof, and the shipment dates therefor.

5.1(c) NSI shall accept each Purchase Order for Products or Sales Aids placed by NSJ pursuant to this Article and subject to:

5.1.(c).(i) The availability in NSI's current inventory of the Product(s) or Sales Aid(s) ordered by NSJ; and,

5.1.(c).(ii) The inability of NSI to perform by reason of force majeure as defined in Section 15.4 hereof; and,

5.1.(c).(iii) NSHK's ability to rescind such Purchase Order pursuant to Section 5.1(a) hereof. NSI shall have up to ten (10) days after receipt of any Purchase Order to accept such Purchase order. Acceptance by NSI shall be in writing, signed by a duly authorized representative of NSI, and effective upon execution.

5.1(d) NSI , in determining whether it has sufficient inventory to fill each Purchase Order, will treat such Purchase Order on a parity basis with the orders of all other NSI affiliates.

5.2 Product Shipment. NSI shall ship all Product(s) and Sales Aids sold by NSHK to NSJ hereunder as NSJ may designate in writing on the Purchase Order. NSJ shall transmit all commercial invoices for the Products and Sales Aids directly to NSI and NSHK by registered airmail, postage prepaid, or any other method mutually acceptable to the Parties.

5.3 Payment Due Date. NSJ shall pay for each shipment 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.

5.4 Passage of Title and Risk of Loss. Title to and risk of loss for any Product(s) or Sales Aids ordered and shipped pursuant to the terms of this Article shall remain with NSHK until their actual delivery to NSJ or its designed agent at the part designated in the Purchase Order or at some point in transit as the parties may agree to in writing, at which time title and risk of loss passes to NSJ. Shipment shall be made in a commercially reasonable manner in accordance with standards applicable in the trade and industry.

5.5 Inspection. Within forty-five (45) days following actual receipt of a shipment of Products or Sales Aids by NSJ, NSJ shall inspect, or cause to be inspected, the Products and Sales Aids and shall notify NSHK and NSI in writing, in accordance with Section 15.2, of any defects in such shipment of Products or Sales Aids. In the event of such notification, NSHK shall make appropriate arrangements, acceptable to NSJ, to replace any such defective Products or Sales Aids at NSHK's sole cost and expense or, failing such replacement, shall, at the option of NSHK, either credit the purchase price of the defective Products or Sales Aids to NSI's account or promptly grant NSJ a cash refund for such purchase price. If NSHK is not notified of any defect in a shipment of Products or Sales Aids within forty-five (45) days after actual receipt thereof by NSJ or other country of final destination within the Territory, then NSJ shall be deemed to have waived its right to claim any defect in the Products or Sales Aids contained in such shipment; provided that for any latent or other defect

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not reasonably discernable upon inspection of the Products or Sales Aids under the prevailing circumstances NSJ shall have until forty-five (45) days after discovery of such defect to exercise its rights under this Section 5.5.

#### ARTICLE VI

##### PRODUCT AND SALES AIDS PURCHASE PRICES AND TERMS OF PAYMENT

-----

6.1 Product Availability and Pricing. Prices to be paid by NSJ to NSHK for Products and Sales Aids purchased hereunder shall be negotiated and

determined on an arm's length basis may be adjusted from time to time as agreed by the Parties in writing.

6.2 Payment Method. NSJ 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 NSHK, or by such other means of payment agreed to by NSHK from time to time. All purchases of Products and Sales Aids will be payable in Japanese Yen with any exchange rate risk to be borne by NSHK. Without limiting any of NSHK's other rights and remedies pursuant to this Agreement, amounts not paid within the time period set forth in the payment provisions herein shall be subject to an interest charge equal to two percent (2%) over the Citibank, N.A. prime rate for the entire period such amounts remain unpaid.

#### ARTICLE VII

##### OBLIGATIONS OF NSJ AS SUPPLIER OF PRODUCTS AND SALES AIDS

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7.1 Product Formulation. In consultation with NSI, NSHK and NSJ 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. NSHK 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) NSHK'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. NSHK'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) NSHK 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. NSHK shall not be liable to NSJ or any third parties for consequential, special or incidental damages.

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

7.4 Allocation of Expenses.

7.4(a) Export Licenses. To the extent NSHK is required to obtain any United States, Hong Kong or other export licenses to export the Products or Sales Aids to the Territory, NSHK shall pay all costs and expenses associated therewith.

7.4(b) Export Expenses. NSHK agrees that it will be responsible for payments of all customs duties, excise taxes and similar governmental charges and levies related to the export of the Products or Sales Aids from the United States of America, Hong Kong or any other jurisdiction.

7.4(c) Freight. NSHK shall be liable for reasonable ocean freight and insurance costs and expenses related to the export of the Products and Sales Aids from the United States, Hong Kong or any other jurisdiction and delivery of the Products and Sales Aids to the Territory as designated in the purchase order.

#### ARTICLE VIII

##### SALE AND MANUFACTURE OF PRODUCTS

-----

8.1 Non-Competing Products. Nothing contained herein, however, shall restrict or prohibit NSJ 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, NSJ 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 NSHK.

8.3 Discontinued Products. Notwithstanding the foregoing, in the event NSHK receives notice from NSI of the discontinuance of the sale of any Product, NSHK shall promptly notify NSJ of such discontinuance and thereafter NSJ may elect to manufacture or cause to be manufactured such Product; provided that, if

-----  
such discontinued Product competes directly or indirectly with any Product, the prior written consent of NSI shall be required. If NSJ elects to so manufacture or cause to be manufactured such discontinued Product, NSHK shall, pursuant to the terms of the Regional Distribution Agreement, request that NSI license the formula to such discontinued Product to NSJ on substantially the same terms as set forth in the Trademark/Tradenname License Agreement, dated as of the date hereof, by and between NSI and NSJ.

ARTICLE IX

NATURE OF RELATIONSHIP

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The relationship of NSJ and NSHK 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

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Subject to Article XI hereof, this Agreement shall be for a term ending on the earlier of December 31, 2016 or the termination of the Regional Distribution Agreement in accordance with its terms.

ARTICLE XI

TERMINATION

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11.1 This Agreement may be terminated by either Party in the following circumstances 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 (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed, undischarged or unbonded for a period of 90 days. Events described in clauses (a) and (b) of this Section 11.1 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 causes 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).

11.2 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.

## ARTICLE XII

### EFFECT OF TERMINATION

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

12.2 Upon termination of this Agreement, NSHK may either (a) deliver, and NSJ shall pay for, all Products and Sales Aids ordered by NSI 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

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13.1 All trade secrets, proprietary technology, know-how or other non-public or proprietary business or technical information owned or used by NSHK or NSJ 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 XIV

INDEMNIFICATION AND INSURANCE

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14.1 NSHK agrees during and after the term of this Agreement to indemnify and hold harmless NSJ from liability, loss, cost or damage, (including reasonable

attorney's fees) which NSJ may incur as a result of claims, demands or judgments, 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 NSJ provides NSHK with prompt notice in writing of any such claim or demand and NSJ cooperates with NSHK in the defense or settlement of any such claim or action.

14.2 At all times during and following the terms of this Agreement, NSHK shall maintain insurance with one or more reputable insurers reasonable in coverage and amount in direct proportion and corresponding to the business to be conducted by NSJ pursuant to this Agreement.

14.3 NSJ shall at all times remain fully liable for the performance of its sub-distributors and/or agents and NSJ hereby agrees to indemnify and hold harmless NSHK from all damages, losses, cost or expenses arising in any manner from any act or omission on the part of its sub-distributors or agents.

#### 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 NSHK: Attn: Regional Legal Counsel  
NuSkin Hong Kong, Inc.  
26th Floor, Windsor House  
311 Gloucester Road  
Causeway Bay, Hong Kong

If to NSJ: Attn: General Manager  
Nu Skin Japan Company Ltd.  
Shinjuku I-Land Tower, 23rd Floor  
6-5-1 Nishi Shinjuku, Tokyo, Japan, 163-13  
Facsimile No.: 813-5321-3799

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 NSHK and NSJ within 30 days after written notice of such dispute is given by NSHK or NSJ, 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 NSHK and NSJ. 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 NSHK and NSJ. The decision of the arbitrator shall be final and binding upon NSHK and NSJ and may be enforced in any court of competent jurisdiction. The expenses and costs of such arbitration shall be divided and borne equally by NSHK and NSJ; provided, that each of NSHK and NSJ shall pay all fees and expenses incurred by it in presenting or defending against such claim, right or cause of action.

15.6 Applicability of Post-Effective Laws. The Parties agree that neither the Vienna Convention on the International Sale of Goods nor any such similar law, treaty or act that becomes effective during the term of this Agreement shall be applicable to this Agreement or the transactions contemplated hereunder.

15.7 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.

15.8 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.

15.9 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.

15.10 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 in the United States of America as of the day and the year first above written.

NU SKIN HONG KONG, INC.

NU SKIN JAPAN COMPANY, LIMITED

By:

By:

-----  
BLAKE M. RONEY  
PRESIDENT AND CEO

-----  
TAKASHI BAMBA  
GENERAL MANAGER

NSI

NSJ

AMENDED AND RESTATED

TRADEMARK\TRADENAME LICENSING AGREEMENT

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TRADEMARK \ TRADENAME LICENSING AGREEMENT

THIS AMENDED AND RESTATED TRADEMARK \ TRADENAME LICENSING AGREEMENT is made and entered into this \_\_\_\_ day of November, 1996, between Nu Skin International, Inc. a corporation organized and existing under the laws of the State of Utah, U.S.A., (hereinafter referred to as "NSI") and Nu Skin Japan Company Ltd., a company dually incorporated, organized and existing under the laws of Japan and the State of Delaware, U.S.A., (hereinafter "NSJ"). Hereinafter, NSI and NSJ 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 distribution in the international markets of the Asia-Pacific Region through a network of independent distributors; and,

WHEREAS, NSJ acts as the exclusive wholesale distributor of NSI products in Japan, having entered a separate written Amended and Restated Wholesale Distribution Agreement with Nu Skin Hong Kong, Inc. ("NSHK") dated as of the date hereof, the exclusive regional distributor of such products and sales aids in the Asia-Pacific region; and,

WHEREAS, NSJ has investigated the marketing potential for Products and Commercial Materials, as defined in this Agreement, it

intends to design, manufacture, produce and distribute to enhance further its competitiveness in the Territory; and,

WHEREAS, NSJ has complied with the requirements of its distribution arrangement with NSJ and received appropriate consent in accordance with the provisions of the agreement governing their relationship pertaining to distribution of NSI products and the manufacture of non-competing Products in the Territory; and,

WHEREAS, NSJ desires to affix NSI Trademarks, as defined herein, to the Products and to affix NSI Tradenames, as defined herein, 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, NSI and NSJ (as assignee of Nu Skin Japan, Inc.) entered into a Trademark\Tradenname License Agreement on March 15, 1995 (the "Prior Trademark Agreement"); and

WHEREAS, the Parties desire to amend and restate the Prior Trademark 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 Amended and Restated Trademark\Tradenam  
Licensing Agreement (together with any exhibits and schedules hereto), as the  
same may be modified, amended or supplemented from time to time.

1.2 "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 NSJ  
uses in its activities with the Independent Distributor Network or the public to  
enhance its image and competitiveness in the Territory that NSJ has not  
purchased from NSI or NSJ. Commercial Materials shall not, for the purposes of  
this Agreement, include Starter Kits, as defined herein.

1.3 "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 network all NSI Independent Distributors, the NSI distributor lists, and the NSI sales compensation plan.

1.4 "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 NSJ's commercial activities in the Territory and any product formula as agreed to by the Parties from time to time.

1.5 "Net Sales" shall mean, for any period, the number of Products and Commercial Materials sold by NSJ during such period, multiplied by NSJ's then current selling price to its distributors for each such Product or Commercial Material, less applicable consumption taxes and returns or refunds reasonably accepted and credited by NSJ during such period.

1.6 "NSI Independent Distributor" shall mean a person or business entity authorized by contract with NSI to distribute, as an independent contractor NSI products and sales aids.

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

1.8 "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.

1.9 "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 NSJ designs, manufactures, produces and/or distributes or causes to be designed, manufactured, produced or distributed in the Territory, that NSJ has not purchased from NSI or NSJ. Products shall not, for the purposes of this Agreement, include Starter Kits.

1.10 "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 Starter 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; (7) profits, organization, employees, agents, distributors, suppliers, trademarks, tradenames and services; (8) other business and commercial practices in general relating directly or indirectly to the foregoing; (9) computer disks or other records or documents, originals or copies, containing in whole or in part any of the foregoing; and, (10) tax information, returns and other financial information.

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

1.12 "Starter Kit" shall mean those materials developed, maintained and approved by NSI and intended for sale in conjunction with the execution of the distribution 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.

1.13 "Territory" shall mean the country of Japan.

ARTICLE II

GRANT OF EXCLUSIVE LICENSE; ROYALTIES  
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2.1 Grant of Exclusive License. NSI hereby grants to NSJ an exclusive license and right to use, and, with the prior written consent of NSI, to sublicense the use of, 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. NSJ 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 NSJ for any third party costs incurred by NSJ in providing such assistance.

2.3 Recitals of Value of Licensed Marks and Names. NSJ 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. NSJ 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, NSJ shall pay to NSI a royalty equal to five percent (5%) (or as otherwise mutually agreed upon by the Parties) of its Net Sales during the entire term of this Agreement. Where NSI owns the formulae or has exclusive rights in the Territory to the Product or Commercial Material, 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

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3.1 Royalty Payments.

3.1(a) Within 30 days following the close of each month, NSJ 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. NSJ 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 NSJ.

3.1(c) The Parties agree that the royalty 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.

3.2 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 NSJ to NSI under this Agreement shall be payable in Japanese Yen. 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 ninety (90) 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

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outstanding. Whether or not interest charges are actually levied is at the discretion of NSI.

ARTICLE IV

CERTAIN COVENANTS

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

4.1(a) The quality and performance of all Products and Commercial Materials bearing the Licensed Marks and Names shall be in accordance with the standards, specifications and instructions approved by NSI; and,

4.1(b) NSI shall have the right to inspect the premises of NSJ and those of any of NSJ'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 NSJ; and,

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

4.1(d) NSJ 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 NSI Trademarks are proposed to be used, including the marking legends intended to be used in relation thereto.

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

4.3 Prejudicial Use. 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 the NSI Trademarks 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 - Registered by Nu Skin International" (where the mark is registered) or "\*TM - Licensed by Nu Skin International" (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, NSJ 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, which consent shall not be unreasonably withheld or delayed.

ARTICLE V

TERM

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Subject to Article VI hereof, this Agreement shall be for a term ending on December 31, 2016 provided, however, that this Agreement is subject to renegotiation after December 31, 2001 in the event that members of the families of, or trusts or foundations established by or for the benefit of, Blake M. Roney, Nedra D. Roney, Sandie N. Tillotson, Craig Tillotson, Craig Bryson, Steven J. Lund, Brooke B. Roney, Kirk V. Roney and Keith R. Halls on a combined basis no longer beneficially own a majority of the voting stock of Nu Skin Asia Pacific, Inc. ("Nu Skin Asia").

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; 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 causes 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); or

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 sixty (60) days after receipt of written notice of such default by the defaulting Party; or

6.3 This Agreement may be terminated by NSI if Nu Skin Asia shall no longer own or control a majority of the voting interest in NSJ, with such termination to take effect thirty (30) days after

NSI gives written notice to NSJ of the occurrence of a change in control and its intention to terminate this Agreement based thereon.

## ARTICLE VII

### EFFECT OF TERMINATION

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7.1 Obligation of NSJ Upon Termination. Upon termination of this Agreement by either Party, NSJ 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 NSJ 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, all rights and licenses herein granted to NSJ shall immediately cease and shall revert to NSI, and NSJ 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 NSJ 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 each country in the Territory to enable this Agreement to become effective or to enable any payment pursuant to the provisions of this Agreement to be made. NSJ agrees to keep NSI informed of the progress in obtaining all such government approvals.

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 any jurisdiction in the Territory or the United States or elsewhere or any international convention or bilateral or multilateral treaty to which any jurisdiction in the Territory or 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.

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 NSJ 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 NSJ in respect of its use of the Licensed Marks and Names in the Territory; provided

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that NSJ 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. 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 NSJ to continue to make use of the Licensed Marks and Names free and clear of all infringement and misappropriation. NSJ shall give NSI prompt written notice of any infringement or misappropriation of the Licensed Marks and Names by any third party. NSJ 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, NSJ 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 NSJ 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

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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 XI

NATURE OF RELATIONSHIP

-----

The relationship of NSJ 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 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 NSJ as a registered user in the Territory. NSJ 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 NSJ as a registered user of the NSI Trademarks in the Territory.

At the request of NSJ, NSI shall file applications in the Territory for the registration of all new NSI Trademarks that NSJ presently intends to use in the Territory. If any mark used by NSJ in the United States of America with respect to certain products is used by NSI in the Territory in relation to similar products, then, whether or not the mark is registered in the Territory, NSJ shall not claim any proprietary interest in such mark. If any of such marks are immediately registrable in the Territory, NSJ 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 NSJ has conferred on them sufficient distinctiveness to permit registration in the Territory, NSJ 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 NSJ 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 NSJ within 30 days after written notice of such dispute is given by NSJ or NSI, 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 NSJ. 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 NSJ. The decision of the arbitrator shall be final and binding upon NSI and NSJ 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 NSJ; provided, that each of NSI and NSJ shall pay all

fees and expenses

incurred by it in presenting or defending against such claim, right or cause of action.

13.4 Applicability of Post-Effective Laws. The Parties agree that neither the Vienna Convention on the International Sale of Goods nor any such similar law, treaty or act that becomes effective during the term of this Agreement shall be applicable to this Agreement or the transactions contemplated hereunder.

13.5 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.

13.6 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 NSJ:

Takashi Bamba, General Manager  
Nu Skin Japan Company Ltd.  
Shinjuku I-Land Tower, 23rd Floor  
6-5-1 Nishi Shinjuku, Tokyo, Japan, 163-13  
Facsimile Number: 813-5321-3799

If to NSI:

Max L. Pinegar, 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.

ARTICLE XIV

INTEGRATED CONTRACT

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13.7 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.

13.8 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.

13.9 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.

13.10 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 JAPAN COMPANY LTD.

BY: \_\_\_\_\_  
BLAKE M. RONEY  
PRESIDENT AND CEO

BY: \_\_\_\_\_  
TAKASHI BAMBA  
GENERAL MANAGER

MANAGEMENT SERVICES AGREEMENT

between

NU SKIN INTERNATIONAL MANAGEMENT GROUP, INC.

and

NU SKIN JAPAN COMPANY LTD.

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MANAGEMENT SERVICES AGREEMENT  
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This MANAGEMENT SERVICES AGREEMENT is made and entered into effective August 15, 1996 between Nu Skin International Management Group, Inc., a corporation organized and existing under the laws of the state of Delaware, U.S.A. (hereinafter referred to as "NSIMG") and Nu Skin Japan Company Ltd., a corporation dually incorporated, organized and existing under the laws of Japan and the state of Delaware, U.S.A. (hereinafter referred to as "NSJ"). NSIMG and NSJ 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  
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WHEREAS, NSIMG desires to provide Management and Consulting Services (as hereinafter defined) to NSJ and NSJ 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 NSJ, as the same may be modified, amended or supplemented from time to time.
- 1.2 "Consulting Personnel" shall mean employees of NSIMG or NSI or, with the consent of NSJ, 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.
- 1.3 "Direct Expenses" shall mean all expenses incurred in the provision of Management and Consulting Services for NSJ, which expenses are measured solely for the benefit of NSJ, including, without limitation, certain salary costs, benefits and business expenses, convention expenses and travel expenses.
- 1.4 "Expatriate Personnel" shall mean Consulting Personnel who reside in Japan for a definite or indefinite period of time to perform Management and Consulting Services.
- 1.5 "Allocable Expenses" shall mean all expenses other than Direct Expenses including without limitation, the following: rents, utilities, telephone, equipment, recruitment, office supplies, and other overhead expenses, certain salary costs and expenses related to conventions, travel and accommodations at anniversary events, the permitted use and appropriation of the names and likeness of directors, and executive officials of NSJ or NSIMG, telephone calls and counselling and conferences and meetings with country managers and distributor leaders.
- 1.6 "Management and Consulting Services" shall mean the following services: 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 dually 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 NSJ as NSJ may request from time to time, until termination of this Agreement. NSJ 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 NSJ.
- 2.3 Expatriate Employees. The Parties shall agree to the terms and circumstances pursuant to which a Consulting Employee may be assigned as an Expatriate Employee to work at NSJ; provided that  
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nothing in this Agreement shall be interpreted to mean that NSIMG must make available any Consulting Employee to work at NSJ as an Expatriate Employee.
- 2.4 Approval of Services. NSJ hereby agrees that, by accepting and paying invoices as provided in Article 3 herein, NSJ will be deemed to have approved the nature and extent the Management and Consulting Services so invoiced.

ARTICLE 3  
COMPENSATION OF SERVICE PROVIDER  
-----

- 3.1 Compensation for Services by Consulting Personnel. NSJ agrees to compensate NSIMG for Management and Consulting Services that it provides to NSJ through Consulting and Expatriate Personnel in the form of a fee equal to the Direct Expenses and Allocable Expenses incurred by NSIMG for Management and Consulting Services provided to NSJ by Consulting Personnel 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 1/2%) of NSJ'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 NSI or NSIMG's internal departments for such period multiplied by the percentage of such Allocable Expenses allocable to NSJ 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 the NSJ setting forth the fees payable hereunder for Management and Consulting Services rendered pursuant to this Agreement during such month.
- 4.4(a) 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.
- 4.4(b) 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  
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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  
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- 4.1 Periodic Reports on Management and Consulting Services. NSJ 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 NSJ shall reasonably request.
- 4.2 Time Allocation Study. NSIMG has prepared a study accurately reflecting the allocation of time spent by each of NSI and NSIMG's internal departments on the services provided to NSJ under this Agreement. The study shall be updated on a quarterly basis. NSJ may request a copy of the then applicable such 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 the books and records pursuant to

Section 4.3, the NSI, NSIMG and NSJ may from time to time have in their possession or under their control (or the control of persons or entities which have rendered services to time) 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) shall provide to NSJ, and NSJ shall provide to NSI and NSIMG upon the other's request, at all reasonable times, full and complete access to (including access to persons with respect to, and all Information as the other may reasonably request and require in the conduct of its business, and (ii) NSI and NSIMG shall make available to NSJ and NSJ shall make available to the Affiliated NSIMG Company, upon the other's request, such persons as may reasonably be required to assist with any legal, administrative or other proceedings in which NSJ, NSI 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 as well as for, in the case of NSJ, purposes of fulfilling disclosure and reporting obligations under the United States securities laws. 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 NSI and NSIMG or NSJ 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  
----

Subject to Article VII hereof, this Agreement shall be for a term ending on December 31, 2016 provided, however, that this Agreement is subject to renegotiation after December 31, 2001 in the event that members of the families of, or trusts or foundations established by or for the benefit of, Blake M. Roney, Nedra D. Roney, Sandie N. Tillotson, Craig Tillotson, Craig Bryson, Steven J. Lund, Brooke B. Roney, Kirk V. Roney and Keith R. Halls on a combined basis no longer beneficially own a majority of the voting stock of Nu Skin Asia Pacific, Inc. ("Nu Skin Asia").

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 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 undismisssed, 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 causes 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).

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 Nu Skin Asia Pacific, Inc. shall no longer own or control a majority of the voting interest in NSJ, with such termination to take effect thirty (30) days after NSI gives written notice to NSJ of the occurrence of a change in control and its intention to terminate this Agreement based thereon.

7.4 NSJ 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 NSJ 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 NSI or 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 V shall survive 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.
- 9.3 Business Practices. In conformity with the United States Foreign Corrupt Practice Act and with the Parties' established corporate policies regarding business practices, the Parties and their respective employees shall not directly or indirectly make an offer, payment, promise to pay, or authorize payment, or offer a gift, promise to give, or authorize the giving of anything of value for the purpose of influencing an act or decision (including a decision not to act) of an official of any Government or of an employee or any company or including such a person to use his influence to effect any such act or decision in order to assist any of the Parties in obtaining, retaining or directing any business.

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 representative (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: Chief Operating Officer  
75 West Center, Provo, Utah 84601 USA  
(801) 345-5500  
(801) 345-5999 Fax

If to NSJ:

Attn: General Manager  
Shinjuku I-Land Tower, 23rd Floor  
6-5-1 Nishi Shinju-ku, Tokyo, Japan 163-13  
(813) 5321-3600  
(813) 5321-3799 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, labour disputes, freight embargoes or transportation delays, shortage of labour, 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 NSI and NSHK within 30 days after written notice of such dispute is given by NSHK or NSI, 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 NSHK. 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 NSHK 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 NSHK; provided, that such of NSI and NSHK shall pay all fees and expenses incurred by it in presenting or defending against such claim, right or cause of action.

- 10.6 Applicability of Post-Effective Laws. The Parties agree that neither the Vienna Convention on the International Sale of Goods nor any such similar law, treaty or act that becomes effective during the term of this Agreement shall be applicable to this Agreement or the transactions contemplated hereunder.
- 10.7 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.
- 10.8 Modifications and Amendments. No supplement, modification or amendment of this Agreement shall be binding unless it is in writing and executed by all Parties.
- 10.9 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.

10.10 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 authorized representatives.

NU SKIN INTERNATIONAL MANAGEMENT GROUP, INC.

By: -----

Name:  
Title:

NU SKIN JAPAN COMPANY, LIMITED

By: -----

Name:  
Title:



NSI - NSK  
AMENDED AND RESTATED  
LICENSING AND SALES AGREEMENT

(The information below marked by \*\*\*\*\* has been omitted by a request for confidential treatment. The omitted portion has been separately filed with the Commission)

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AMENDED AND RESTATED

LICENSING AND SALES AGREEMENT

THIS AMENDED AND RESTATED LICENSING AND SALES AGREEMENT is made and entered into this \_\_\_\_day of November, 1996, between Nu Skin International, Inc. a corporation organized and existing under the laws of the State of Utah, U.S.A., (hereinafter referred to as "NSI") and Nu Skin Korea Company, Ltd., a company dually incorporated organized and existing under the laws of the Republic of Korea and the State of Delaware, U.S.A., (hereinafter "NSK"). Hereinafter, NSI and NSK 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, NSK desires to act as the exclusive wholesale distributor of NSI products in the Territory (as hereafter defined), having entered a separate written Wholesale Distribution Agreement with Nu Skin Hong Kong, Inc., the exclusive regional distributor of such products and sales aids in the Asia-Pacific region; and,

WHEREAS, NSI and NSK desire to implement NSI's Independent Distributor Network (as defined below) to promote sales of products and sales aids; and,

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

WHEREAS, NSK recognizes and agrees that NSI has expended considerable time, effort and resources to develop and maintain the Licensed Property (as hereafter defined) and NSK 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, NSI and NSK entered into a Licensing and Sales Agreement on February 8, 1996 (the "Prior Licensing and Sales Agreement"); and

WHEREAS, the Parties wish to amend and restate the Prior 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 Amended and Restated 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 \*\*\*\*\*

1.3 \*\*\*\*\*

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 with NSI pursuant to which NSI authorizes it to distribute NSI's 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 "Independent Distributor Network" shall mean the network of all NSI Independent Distributors.

1.8 "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.

1.9 "Licensed Property" shall mean \*\*\*\*\*

1.10 "Net Sales" shall mean, for any period, the number of Products, Sales Aids and others items (exclusive of Starter Kits and goods sold on consignment) sold by NSK to NSI Independent Distributors during such period, multiplied by NSK's then current selling price to its distributors for each such Product, Sales Aids or items less applicable consumption taxes and returns or refunds reasonably accepted and credited by NSK during such period.

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

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

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



Property and the Starter 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; (7) profits, organization, employees, agents, distributors, suppliers, trade marks, trade names and services; (8) other business and commercial practices in general relating directly or indirectly to the foregoing; and, (9) computer disks or other records or documents, originals or copies, containing in whole or in part any of the foregoing.

1.14 "Resident NSI Independent Distributor" shall mean \*\*\*\*\*

1.15 "Sales Compensation Plan" shall mean the method employed by NSI to calculate Bonus Payments paid to the Independent Distributor Network upon the Sale of Products.

1.16 "Sales Aids" shall mean materials, in whatever form and/or design produced to assist in the marketing of Products.

1.17 "Starter 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.

1.18 "Territory" shall mean the country of the Republic of Korea.

ARTICLE II

GRANT OF LICENSE AND PARTIAL  
ASSIGNMENT OF OBLIGATIONS; LICENSE FEES  
-----

2.1 Grant of License. Subject to the terms and conditions of this Agreement, NSI hereby grants to NSK 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 -----  
NSK shall not have the right to grant any right, title, use or sublicense for the Licensed Property.

2.2 Assignment of Obligations. \*\*\*\*\*

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. NSK agrees to assist NSI in any manner to protect NSI's rights in the Licensed Property which NSI may reasonably request. NSI shall reimburse NSK for any third party costs incurred by NSK in providing such assistance.

2.4 Recitals of Value of 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. NSK shall make no modification to the Licensed Property without the express, prior written consent of NSI.

2.7 License Fee. As compensation for the exclusive licenses granted pursuant to the terms of this Agreement, NSK shall pay to NSI a license fee equal to four percent (4%) of its Net Sales

2.8. Consulting Fee. \*\*\*\*\*

2.9 \*\*\*\*\*

ARTICLE III  
COMPUTATION AND PAYMENT TERMS  
-----

3.1 Bonus Payments and Consulting Fee. \*\*\*\*\*

3.1(a) \*\*\*\*\*

3.1(b) \*\*\*\*\*

\*\*\*\*\*

3.1(c) \*\*\*\*\*

3.1(d) \*\*\*\*\*

3.2 License Fee. \*\*\*\*\*

3.2(a) \*\*\*\*\*

3.2(b) \*\*\*\*\*

3.2(c) \*\*\*\*\*

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. \*\*\*\*\*

3.5 Default Rate. \*\*\*\*\*

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:  
\*\*\*\*\*

\*\*\*\*\* in consultation with NSK, to discipline NSI Independent Distributors as it deems necessary to help insure the reputation of NSI; \*\*\*\*\* 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 Obligation, Rights and Duties of NSK. In addition to its other obligations under this Agreement NSK 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 NSK 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;  
\*\*\*\*\*

\*\*\*\*\* to train and lend assistance to NSI Independent Distributors in the Territory; (6) to transmit information regarding Net Sales to NSI \*\*\*\*\* to monitor and supervise the activities of Resident NSI Distributors; (9) to enforce the Distributor Contracts to ensure compliance therewith and with NSI's policies and procedures and to any action against Resident NSI Distributors for violation of the terms and conditions of the Distributor Contract, NSI's policies and procedures, or any other rules and regulations of NSI or NSK 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 the NSI Independent Distributors under the Sales Compensation Plan and their Distributor Contracts.



ARTICLE V  
STARTER KIT SALES  
-----

5.1 Agreement to Purchase Starter Kits. The Parties acknowledge that pursuant to this Agreement NSK is being granted an exclusive license to use the Licensed Property, including the Independent Distributor Network, in the Territory. NSK agrees to use its best efforts in supporting the development of the Independent Distributor Network in the Territory by purchasing Starter Kits from NSI and selling them to potential NSI Independent Distributors in the Territory.

5.2 Pricing. The Parties agree that the price of Starter 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. NSK shall pay the commercial invoices for Starter Kits shipped under this Agreement in the manner set forth in Section 3.4.

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

5.5 Quality of Starter Kits. NSI shall use its best efforts to maintain and augment the quality, image and value of the Starter Kit such that Starter Kits sold in the Territory are consistent with the quality of those sold in the United States of America.

5.6 Merchantability. NSI warrants that Starter Kits sold to NSK pursuant to this Agreement will be merchantable and of sufficient quality for sales within the Territory. If NSK determines that certain Starter Kits supplied under this Agreement are not merchantable, a claim for a refund of the price paid can be made with 45 days from the day the Starter Kits are received in the

Territory. NSI agrees to refund, or credit the account of NSK for, the purchase price of such non-merchantable Starter Kits.

ARTICLE VI  
GOVERNMENTAL APPROVALS, LAWS AND REGULATIONS  
-----

6.1 NSK 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 in the Territory to enable this Agreement to become effective or to enable any payment pursuant to the provisions of this Agreement to be made. NSK agrees to keep NSI informed of its progress in obtaining all such government approvals.

6.2 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 any jurisdiction in the Territory or the United States or elsewhere or any international convention or bilateral or multilateral treaty to which any jurisdiction in the Territory or 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.

6.3 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). NSI agrees to keep NSK informed of its progress in obtaining all such government approvals.

ARTICLE VII  
TERM AND TERMINATION  
-----

7.1 Term. Subject to Section 7.2 hereof, this Agreement shall be for a term ending on December 31, 2016 provided, however, that this Agreement is subject to renegotiation after December 31, 2001 in the event that members of the families of, or trusts or foundations established by or for the benefit of, Blake M. Roney, Nedra D. Roney, Sandie N. Tillotson, Craig Tillotson, Craig Bryson, Steven J. Lund, Brooke B. Roney, Kirk V. Roney and Keith R. Halls on a combined basis no longer beneficially own a majority of the voting stock of Nu Skin Asia Pacific, Inc. ("Nu Skin Asia").

7.2 Termination. This Agreement may be terminated by either party immediately or at any time 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 undismised, 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; 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 causes 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) to be placed upon its assets.

7.3 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.

7.4 This Agreement may be terminated by NSI if Nu Skin Asia shall no longer own or control a majority of the voting interest in NSK, with such termination to take effect thirty (30) days after NSI gives written notice to NSK of the occurrence of a change in control and its intention to terminate this Agreement based thereon.

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 Section 2.3, 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, all rights and licenses herein granted to NSK shall immediately cease and shall revert to NSI, and NSK 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  
-----

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 Territories that relate to the Licensed Property and NSI is not presently aware of any such infringement or misappropriation. NSI shall indemnify and hold NSK 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 NSK in respect of its use of the Licensed Property in the Territory; provided that NSK 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, 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 NSK to continue to make use of the Licensed Property to permit NSK to continue to make use of the Licensed Property to permit NSK to continue to make use of the Licensed Property free and clear of all infringement and misappropriation. NSI 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, NSK shall cooperate with NSI in the pursuit of any such proceeding. NSI shall retain any damage award obtained from such third party.

ARTICLE IX  
NATURE OF RELATIONSHIP  
-----

The relationship of NSK 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  
CONFIDENTIALITY  
-----

All Proprietary Information or other non-public or proprietary business or technical information owned or used by NSI or NSK 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 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 NSK as a registered user in the Territory. NSK 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  
MISCELLANEOUS

12.1 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.

12.2 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.

12.3 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 NSK within 30 days after written notice of such dispute is given by

NSK or NSI, 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 NSK. 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 NSK. The decision of the arbitrator shall be final and binding upon NSI and NSK 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 NSK; provided, that each of NSI and NSK

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shall pay all fees and expenses incurred by it in presenting or defending against such claim, right or cause of action.

12.4 Applicability of Post-Effective Law. The parties agree that neither the Vienna Convention on the International Sale of Goods nor any such similar law, treaty or act that becomes effective during the term of this Agreement shall be applicable to this Agreement or the transactions contemplated hereunder.

12.5 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.

12.6 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 NSK: General Manager  
Nu Skin Japan Company Ltd.  
Shinjuku I-Land Tower, 23rd Floor  
6-5-1 Nishi Shinjuku, Tokyo, Japan, 163-13  
Facsimile No.: 813-5321-7779

If to NSI: Chief Operating Officer  
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.

12.7 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.

12.8 Modification 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.

12.9 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.

12.10 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 KOREA, INC.

BY:

BY:

-----  
NAME:  
TITLE:

-----  
NAME:  
TITLE:

[ ] Agreement [ ] Amended Agreement

[GRAPHIC IMAGE APPEARS HERE] NU SKIN INDEPENDENT DISTRIBUTOR AGREEMENT - HONG KONG/MACAU

Hong Kong Distribution Center 26th Floor, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong Phone: 852-2837-7833

Macau Distribution Center Rua de Pequim No. 244-246, 6-H Macau Finance Centre, Macau Phone: 853-703-655

Directions: Nu Skin Distributor Identification Number

- 1. Complete this Agreement to apply for an Independent Nu Skin Distributorship. This is a binding contract with Nu Skin International, Inc. (a U.S. corporation), One Nu Skin Plaza, Provo, Utah 84601; please carefully read and complete before signing. [BAR CODE APPEARS HERE] HK0183210
2. Send the signed Agreement to Nu Skin Hong Kong, Inc. ("Nu Skin HK Affiliate") at 26th Floor, Windsor House, 311 Gloucester Road, Hong Kong for forwarding to Nu Skin International, Inc. in the U.S. for official acceptance.

In consideration of the mutual promises and conditions set forth, Nu Skin International, Inc. ("Nu Skin") and the undersigned ("Distributor" or "I") agree as follows:

I. TERMS AND CONDITIONS: These terms and conditions apply to and regulate all Hong Kong and Macau Independent Distributorships.

- The Contract consists of this Independent Distributor Agreement the "Distributor Policies & Procedures as modified for Hong Kong/Macau", the "Nu Skin Sales Compensation Plan", and (if applicable) the "Business Organization Information Sheet" (the "Contract"). The terms of each of these separate documents are by this reference incorporated into this document. By signing this Independent Distributor Agreement I apply to become a Distributor of Nu Skin, which application Nu Skin may accept or reject at its sole discretion.
The Contract becomes effective the date the application contained in this Agreement is accepted by Nu Skin at its corporate headquarters in the U.S.A. The application shall be accepted when it is entered into the Nu Skin Contract Database with an electronic identification signature consisting of a symbol or code indicating acceptance. Distributor's signature below indicates acceptance of all the terms of the Contract.
Distributor may sell Nu Skin products purchased from Nu Skin HK Affiliate and sponsor other prospective distributors in Hong Kong and Macau (the "Territory") during the term of the Contract, which shall be from the date of acceptance by Nu Skin until December 31 of the current year. Unless either Nu Skin or Distributor notifies the other in writing of its intention not to renew the Contract at least one (1) month before the expiration date, the Contract shall automatically be renewed on January 1 and each January 1 thereafter, without notice, for an additional one (1) year term.
Distributor agrees distribution of Nu Skin products in any country outside the Territory requires a separate distribution contract with Nu Skin (see Optional Services section).
Wholesale Nu Skin products may only be purchased by entering a separate wholesale purchase agreement (Product Purchase Agreement) with Nu Skin HK Affiliate - the company designated by Nu Skin as the exclusive wholesale distributor of Nu Skin products in the Territory. That contract will contain product purchase, return and exchange provisions, as well as any other information or requirements pertaining to the supervision of the Distributor account serviced in the Territory by Nu Skin HK Affiliate.

II. DISTRIBUTOR IDENTIFICATION INFORMATION Distributor will be assigned a Distributor Identification Number used by Nu Skin HK Affiliate in all transactions concerning Distributor's account. Distributor certifies the information given is true and correct and agrees that Nu Skin may declare the Contract void if such information is false or misleading.

. Distributor's Full Name in English Name in Chinese

(if an individual, name must be same as on I.D. card or passport, Surname first, if a business, must complete and attach a Business Organization Information Sheet)

Distributor is a (please check one) [ ] individual [ ] corporation [ ] partnership

1. If an individual: I am a permanent resident of (please check one)
  - Hong Kong - HK ID Card No.
  - Macau - Macau Inhabitant I.D. Card or Portugal I.D. Card No.
2. If a business: Business organization is registered in (please check one)
  - Hong Kong - HK Business Registration No.
  - Macau - Macau Business Registration No.

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 Distributor must provide a legible copy of current I.D. Card before the application can be processed)

. Distributor Birthdate                      Mobile Phone No.                      Pager No.  
 month/                      day/                      year

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. Home Telephone                                      Business/Daytime Telephone                      Fax No.

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. Mailing Address  
 -----  
 -----

. Distributor #2 or Spouse Full Name in English, Surname first (if applicable)  
 -----  
 Name in Chinese

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. HK ID Card No./Macau Inhabitant I.D. Card or Portugal I.D. Card No. (please delete inappropriate)

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. Sponsor's Name (Surname First)  
 -----  
 Sponsor's ID Number:                      . Sponsor's Telephone No.

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(Attach Sticker/Write here)                      . Your Upline Executive's Name (Surname first)  
 -----

. Have you or your partner/spouse ever been a Nu Skin distributor or participated in a distributorship individually, in a partnership or as a principal in a corporate distributorship?  
 yes  no If yes, please give name of distributorship and list date of last activity  
 month/                      year/                      Name (Surname First)

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III. OPTIONAL SERVICES AND PAYMENT TERMS

. Optional Services: (please check appropriate boxes) Distributor would like to investigate participation in international distribution opportunities and has indicated the authorized countries for which he/she requests an International Distributor and Sponsor Packet (IDSP). Distributor has included HK \$40/MOP40 for each country's IDSP with this form.

- Canada                       Australia                       Taiwan                       Japan  
 New Zealand                       U.S.                       Mexico  
 (include total payment below HKD\$/MOP \_\_\_\_\_ each)

. Payment Terms: Distributor understands the only financial requirement to become a Nu Skin distributor is the purchase of a HKD\$400.00 (for HK Starter Kit only)/MOP420.00 (for Macau Starter Kit only) at-cost Starter Kit produced by Nu Skin and supplied by Nu Skin HK Affiliate in the Territory, which contains corporate and sales materials and information. Distributor agrees to deal with Nu Skin HK Affiliate for the purchase of all Nu Skin wholesale products.

. Distributor who is a natural person has personally affixed the signature and certifies he/she is of legal age to form a contract.

Distributor Signature (For a Business Organization, signature must be identical to signature on Business Organization Information Sheet by a person duly authorized to sign for the business entity)

Distributor #3 or Spouse Signature (if applicable)

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 \* Please review additional terms on the reverse side \*  
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#### IV. ADDITIONAL CONTRACT TERMS

- A. I understand the terms of the Contract and agree to adhere to them. I acknowledge that any violation of the terms of the Contract may result in (1) disciplinary action by Nu Skin HK Affiliate carrying on business in the Territory as an authorized licensee of the Nu Skin Distribution Network or (2) termination of my Contract by Nu Skin as it deems appropriate in its sole discretion.
- B. I am not an employee, agent, or legal representative of Nu Skin or Nu Skin HK Affiliate. I am an independent contractor who agrees to become familiar with and to pay any self-employment taxes and other assessments required by local laws, ordinances, and regulations. I understand that I am solely responsible for ensuring that anyone assisting me in my business complies with the Contract.
- C. I will use my best efforts to promote and sell at retail Nu Skin products purchased at wholesale from Nu Skin HK Affiliate in the Territory, in compliance with the Contract terms. In order to be eligible to receive a bonus during each one month period I agree to the following conditions for each such month:
- 1) Purchase product equivalent in value to a minimum of 100 points in Personal Sales Volume (PSV).
  - 2) Sell to a minimum of five (5) retail customers and/or consume personally 80% of product purchased during each such month (retaining proper documentation).
  - 3) Adhere to order requirement stated in the Nu Skin Sales Compensation Plan.
- D. I agree not to use proprietary trade names and trademarks of Nu Skin without prior written consent.
- E. I shall make no statements, claims, representations, or warranties respecting Nu Skin products not contained in official Nu Skin or Nu Skin HK Affiliate promotional materials produced for the Territory. I agree that only Executive Distributors with the title of Blue Diamond or above may produce video sales aids or video recruiting aids. All such materials must be sold by and purchased from Nu Skin HK Affiliate in the Territory. If I use sales or recruiting materials not produced by Nu Skin or Nu Skin HK Affiliate and not bearing their copyright designation, I accept sole responsibility for their contents and shall indemnify Nu Skin, Nu Skin HK Affiliate and their respective officers, directors and employees from any liability arising from the same. Nu Skin may terminate the Contract if I use sales or recruiting materials not conforming to the Contract and to all local laws.
- F. I agree that Nu Skin has proprietary right to the Nu Skin Distributor Network and its lists of Distributor names. The list of Distributors I receive are the property of Nu Skin made available to me for the limited purpose of promoting my independent business. I will not utilize such network, lists, or other Nu Skin contacts to promote the sale or use of any products, services or any other endeavor, other than those offered through Nu Skin HK Affiliate to any Nu Skin Distributor whom I did not personally sponsor.
- G. When recruiting prospective Nu Skin distributors, I shall fully disclose the option to become a Nu Skin distributor by purchasing only a HKD\$400 / MOP420 at-cost Starter Kit, which does not contain any materials or products on which bonuses are paid.
- H. I shall make no specific earnings representations or income guarantees, expressly or by implication, nor shall I display actual or photocopied bonus cheques in promotional materials, business opportunity advertising, or any other format or forum when presenting the Nu Skin Sales Compensation Plan to prospective distributors.
- I. Only Nu Skin products imported by and purchased from Nu Skin HK Affiliate may be sold in the Territory. I certify I have not previously imported and I will not import Nu Skin products into the Territory. I acknowledge that to do so (directly or indirectly) would cause irreparable damage to Nu Skin and Nu Skin HK Affiliate, for which Nu Skin may terminate the Contract.
- J. Nu Skin agrees to sell quality Nu Skin products to Nu Skin HK Affiliate operating in the Territory for a wholesale distribution to the Distributor.
- K. Nu Skin agrees to ensure prompt payment of any bonuses due to the Distributor under the terms and conditions of the Nu Skin Sales Compensation Plan by entering a contractual payment arrangement with Nu Skin HK Affiliate operating in the Territory. I agree to accept payment of any bonus to which I am entitled from Nu Skin HK Affiliate in the Territory.
- L. The Distributor may, within 30 days of Nu Skin's acceptance, furnish Nu Skin with a written notice to terminate the Contract and return the Starter Kit for a refund equal to 100% of its original cost. Termination will be effective on the date Nu Skin receives the written notice at its U.S. A. headquarters.
- M. Nu Skin may amend the terms and conditions of the Contract at any time upon thirty (30) days written notice to the Distributor sent via post or in the Nu Skin Magazine or Distributor Update produced for the Territory



by Nu Skin HK Affiliate. Notice shall be deemed to have been received by the Distributor three days after the date of posting of such notice. Any such amendment shall be deemed to be effective and binding on the Distributor thirty (30) days from receipt of notice and any subsequent Distributor account activity shall be deemed to constitute acceptance of any such amendment to the Contract.

- N. The Contract may not be transferred, amended or otherwise assigned without the consent of Nu Skin.
- O. If any provision of the Contract is judged by a court in the Territory to be invalid or unenforceable, the remaining terms and conditions will be unaffected and fully enforceable by law.
- P. The place of origin of the Contract is the State of Utah, U.S.A. The terms and conditions of this fully integrated contract shall be construed in accordance with Utah law. If there is any difference between the English language text of the terms and conditions and the Chinese language text, for all purposes the English language shall be conclusive.

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Note\* Signatures appear on the front page of this Contract  
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(Ft) NU SKIN INDEPENDENT DISTRIBUTOR AGREEMENT - JAPAN
Nu Skin International, Inc., 75 West Center Street, One Nu Skin Plaza, Provo,
Utah 84601

Please read this form carefully. Also, please read the back of this form
carefully.

This agreement is a part of the "Agreement" that is made with Nu Skin
International, Inc., a corporation in the United States. This agreement becomes
effective only after it has been received and accepted in accordance with
company procedures by Nu Skin International in the USA. The "Agreement" permits
the individual or corporation to act as a Nu Skin Independent Distributor.
Until the agreement becomes effective, you may purchase all of the Nu Skin
products only through a temporary account. After the agreement becomes
effective, and the temporary account is made permanent. Distributor can
purchase products from Nu Skin Japan Co., Ltd. and market the products
throughout Japan. A temporary account is automatically closed if you do not
receive the approval and acceptance notice from Nu Skin International within 90
days from the date you sent the Distributor Agreement. To be a Nu Skin
Distributor, you need to purchase a Starter Kit for 8,000 yen. There are no
sales quota or the like. Also, a Distributor can sell any quantity and can set
the retail price freely on Nu Skin Products for customers at each Distributor's
discretion. The characteristics and the series of Nu Skin Products are
described in the printed materials. If you send in a written notice of
termination, the Nu Skin distributor agreement can be terminated at any time.
The termination becomes effective when the notice of termination is received by
NSI. You may send a notice to Nu Skin International, Inc. within 30 days from
the date of receiving the starter kit and, you can get an 100% refund of the
cost in exchange for returning the starter kit. Please fill in below and sign
or write your name and seal after carefully confirming and understanding the
above contents and the following information fully.

[Bar Code] Nu Skin Distributor Identification
Number
JA (seven numbers) JA (seven numbers)

Name of applicant or name of corporation (You must fill out and submit the
Business Organization Sheet if you would like to make a contract as a
corporation organization)

The date of Birth (Establishment [ ] Individual [ ] Corporation
date of corporation if you a
a corporation)
19 [ ] [ ] - [ ] [ ] - [ ] [ ] Telephone Number (home) Telephone Number (work place)

Current Address

Address to send the products (when address is different from above address) and
telephone number

Please fill out account for bonus Name of Sponsor Name of Upline Executive
transfer (we do not transfer to
Postal office account)
Name of bank
Number of bank
Branch name
Number of branch
Distributor ID number of sponsor Contact of Upline Executive

[ ] (saving account) [ ] (cash account)
Number of account
Name of account
Have you or your spouse concluded an agreement with our company as
a Nu Skin Distributor as an individual or as a business organization
proprietor or controller in the past?

I understand that the only financial payment in order to be a Nu Skin Distributor is the purchase, by paying 7,767 yen, of the starter kit in cash with the consumption tax, which includes corporate materials and materials and information produced by Nu Skin International, Inc. I understand that this starter kit does not include Nu Skin products and that I do not have to purchase at the time of the agreement.

Signature and Seal -----  
-----

The signature and seal below shows that I have read and understand all the contents and conditions both on the front and reverse sides of this Agreement. Also, I have read and understand fully the contents of the Nu Skin Compensation Plan and the Nu Skin Policies and Procedures. The signature and seal that is written on this agreement is all mine. I understand that I must be over 20 years old in order to conclude this agreement.

How to make a payment for Starter Kit  
Please transfer the money to the account printed below, if you transfer at the bank and postal office

- Cash
- Bank Transfer Fuji Bank Ginza Branch  
(Checking account) 21400  
Nu Skin Japan Co., Ltd.
- Postal Office Transfer 00130 9 713330  
Nu Skin Japan Co., Ltd.
- Others

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Signature and seal of contracting party (Corporation name and Corporation seal if you are corporate)

-----  
Date Seal

-----  
Signature and seal of spouse or partner (Corporation name and Corporation seal if you are corporate)

-----  
Date Seal

-----  
White paper to Nu Skin, Blue paper to Distributor

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Please read the following articles carefully.  
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Nu Skin Distributor agrees to the following contents and conditions.

1. I, having read carefully and well understood the content of the Nu Skin "Policies and Procedures," Nu Skin "Sales Compensation Plan," and this agreement (these three documents as a set comprise and regulate the contractual relationship between Nu Skin International, Inc. and Distributors. The agreement contents and conditions that are described by the three documents will be called "Agreement" as a whole), will observe and obey all the contents and conditions of the "Agreement." I agree that in the case of breaches against the contents and conditions of the "Agreement," my rights and position as a Distributor will be taken away, and depending upon the circumstances at that time, I will be asked for compensation or penalties that are considered reasonable by Nu Skin International, Inc. Also, I confirm that the "Policies and Procedures" and "Sales Compensation Plan" are part of the "Agreement," and that these three documents constitute the content of the Agreement and together constitute the entire "Agreement."
2. I, on providing this Independent Distributor Agreement, agree to present my resident registration certificate(alien registration certificate) along with the other information or documents that Nu Skin demands to Nu Skin International, Inc.
3. I, agree to explain completely and openly in case of getting (prospecting for?) Nu Skin Distributorship that the starter kit does not include any elements on which bonuses will be paid, and that by purchasing the starter kit with 7,767 yen in cash, excluding the consumption tax, and subject to processing, examination and acceptance by Nu Skin the Distributor candidate can get the rights to be a Nu Skin Distributor.
4. I agree not to show exaggerated profit or to guarantee income either expressly or by implication and I promise not to present or show actual or copies of the bonus check (check for bonus payment) or other evidence concerning the bonus, in promotional information, advertising business opportunities, or other information and in seminars and meetings, and on explaining and showing distributor candidates the "Sales Compensation Plan".
5. I understand and agree that only Nu Skin products that Nu Skin Japan Co., Ltd. imports and sells in Japan are the Nu Skin products that I can purchase and sell. I swear that I have never (directly or indirectly) imported Nu Skin products or information in Japan before and I guarantee that I will not import such from now on. However, personal use is not included in this. Here I declare that I understand that this kind of act damages Nu Skin Japan Co., Ltd. and other companies related to Nu Skin.
6. I promise not to violate any law in Japan or sensible moral and not to act beyond such limitations. Also, I promise not to engage in excessive solicitation of distributor candidates in any way.
7. The conclusion of the "Agreement" that includes the contents of this document, is conditional upon its acceptance and approval in the state of Utah by Nu Skin International Inc. Specifically, the declaration of intention of acceptance and approval of the Agreement is expressed by Nu Skin International, Inc. in the State of Utah in the United States sending the "Contractual Information Packet" to you. A separate notice will be sent if approval is rejected upon examination by Nu Skin International, Inc.
8. Distributor may sell Nu Skin Products purchased from Nu Skin Japan Co., Ltd. and sponsor other prospective distributors in Japan during the term of the contract, which shall be from the date of acceptance by Nu Skin International Inc. until December 31 of the current year. Unless either Nu Skin International, Inc. or Distributor notifies the other in writing of its intention not to renew the Contract at least one month before the expiration date, the Contract shall automatically be renewed on January 1 and each January 1 thereafter, without notice, for an additional one year term.

Nu Skin International, Inc. agrees to the following articles.

1. Nu Skin International, Inc. agrees, in accordance with the contents and conditions set in the "Agreement," to supply Distributors serviceable, high quality Nu Skin Products.
2. Nu Skin International, Inc. promises in accordance with the contents and conditions set in the "Agreement," to pay bonuses due to the Distributors promptly through Nu Skin Japan Co., Ltd.

Other Articles

1. Distributor, may by sending a notice to Nu Skin International, Inc. within 30 days from the date of receipt of the starter kit get a 100% refund for the costs in exchange for the return of the starter kit(cooling off). There is no obligation to purchase any inventory of Nu Skin products. Products are not included in the starter kit.
2. Cooling off for Distributors  
Purchaser (Distributor) can cancel the Distributorship within 14 days unconditionally, if the Starter Kit purchase price and products and/or sales aids purchase price in total exceeds 20,000 yen, and that purchase is taken as a specified burden; and also Purchaser (Distributor) can cancel the Distributorship unconditionally within 14 days from the day the products and/or sales aids arrived at the Distributor if the first product order form and/or sales aid order form after the conclusion of the Distributor Agreement has a purchase price in excess of 20,000 yen in total. Upon such cancellation, Nu Skin will pay back to Distributor all the money paid by the Distributor including the consumption tax when such is paid. Also, Nu Skin will pay for the cost of returning the starter kit, products and/or sales aids and you will not be asked for compensation or penalties upon this cancellation. However, the products that are already used or damaged under the Distributor's responsibility will be eliminated from the refund amount.
3. Other than this Independent Distributor Agreement in Japan, any agreements or promises that are concluded for the Japan market do not require you to make the other party who made you conclude such an agreement or promise become

your sponsor or upline. All the agreements or promises that are made or concluded before concluding the Independent Distributor Agreement to act as a Distributor in Japan, are void and are not binding and have no legal force. However, this Independent Distributor Agreement does not make invalid the Nu Skin Distributor Agreements that already exist in the country in which Nu Skin is open formally for business.

\*Please read through this carefully along with the "Nu Skin Policies and Procedures" and "Sales Compensation Plan" which are integrated with this agreement.

New Agreement  Amended Agreement

(Ft) NU SKIN INDEPENDENT DISTRIBUTOR AGREEMENT - REPUBLIC OF KOREA  
 Nu Skin International, Inc., 75 West Center Street, One Nu Skin Plaza, Provo,  
 Utah 84601

NU SKIN DISTRIBUTOR  
 IDENTIFICATION NUMBER

\_\_\_\_\_

KR (seven numbers)

\_\_\_\_\_

This Agreement is part of a binding Contract with Nu Skin International Inc, a U.S. corporation, (hereinafter referred to as "Nu Skin"). The Contract, as amended from time to time by Nu Skin, consists of this Independent Distributor Agreement ("Agreement"), the "Distributor Policies and Procedures," the "Sales Compensation Plan, the Distributor Pocket Notebook, the Registration Agreement," and (if wazzu applicable) the "Partnership Information Sheet." The terms of each of these separate documents are by this reference incorporated into this Agreement. By signing this Agreement and upon acceptance by Nu Skin the Contract becomes effective.

DISTRIBUTOR IDENTIFICATION INFORMATION

Distributor is assigned the Distributor Identification Number referenced above. This number is to be used in all transactions concerning the Distributor's account. Distributor certifies the information below given is true and correct. Nu Skin may declare the Contract void if such information is false or misleading.

DISTRIBUTOR'S FULL NAME (surname first) \_\_\_\_\_

(As it appears on your resident registration card or other proof of identity and address, a copy of which must be submitted with this Agreement)

INDIVIDUAL  PARTNERSHIP

(If you wish to sign up as a partnership, you must complete and attach a Partnership Information Sheet, including VAT number)

POSTAL ADDRESS \_\_\_\_\_ HOME TELEPHONE NUMBER \_\_\_\_\_

\_\_\_\_\_ BUSINESS DAYTIME TELEPHONE NUMBER \_\_\_\_\_

\_\_\_\_\_ DISTRIBUTOR DATE OF BIRTH \_\_\_\_\_

MONTH / DAY / YEAR

JOINT DISTRIBUTOR OR SPOUSE FULL NAME (if applicable) \_\_\_\_\_

(Spouse may not enter a separate Agreement. If spouse desires to be a Nu Skin Distributor, spouse must be a party to this Agreement)

SPONSOR'S NAME (surname first) \_\_\_\_\_ SPONSOR'S NU SKIN IDENTIFICATION NUMBER \_\_\_\_\_

YOUR UPLINE EXECUTIVE'S NAME (surname first) \_\_\_\_\_

YOUR UPLINE EXECUTIVE'S TELEPHONE NUMBER \_\_\_\_\_

If you or your partner/spouse have ever been a Nu Skin Distributor, whether individually, in a partnership, please give the name of the distributorship (surname first) \_\_\_\_\_ date of last activity \_\_\_\_\_.

I understand that there is no financial requirement (sign-up fee or product purchase requirement) to become a Nu Skin Distributor. I acknowledge receipt of an Introductory Kit which contains, among other things, documents that constitute the Contract. I understand that any products purchased in connection with becoming a Distributor are optional.

Distributor Signature \_\_\_\_\_ Date \_\_\_\_\_

Joint Distributor or Spouse Signature (if applicable) \_\_\_\_\_

Date \_\_\_\_\_

\*PLEASE READ THE ADDITIONAL TERMS ON THE REVERSE SIDE OF THE AGREEMENT WHICH FORM PART OF THE CONTRACT BETWEEN YOU AND NU SKIN

Send the signed Agreement to Nu Skin Korea, Ltd., at Dabong Tower, 890-12 Daechi-dong, Kangnam-ku, Seoul, Korea for forwarding to Nu Skin International, Inc., in the U. S. for official acceptance.

ADDITIONAL CONTRACT TERMS

- A. I have read and understand the terms of the Contract and I agree to comply with them. I acknowledge that any violation of the terms of the Contract may result in the termination of my Contract (distributorship), or other disciplinary action as deemed appropriate by Nu Skin.
1. In the event that Nu Skin Korea, Ltd. terminates, or imposes disciplinary action on, any Distributor due to the Distributor's violation of the Registration Agreement between Nu Skin Korea, Ltd. and the Distributor, such termination or action shall provide sufficient grounds for Nu Skin to terminate, or impose disciplinary action on, the Distributor with respect to this Agreement.
- B. I am not an employee, agent, or legal representative of Nu Skin. I am an independent contractor who agrees to be responsible for learning and complying with all applicable and relevant laws and to pay any taxes required by national, state, municipal and local laws or other statutes and regulations including the proper collection and payment of any applicable VAT on purchases and sales. I understand and agree that if my biannual sales exceed 6 million Won, I may be required to be VAT registered. I understand that I can delegate obligations under the Contract to others, but that I am solely responsible for ensuring that anyone to whom I delegate any obligation complies with the Contract.
- C. In order to receive a monthly bonus from Nu Skin I must have a minimum of 100 points of Personally Sponsored Distributor Volume (PSDV), sell to a minimum of 5 retail customers and/or personally consume 80% of products previously purchased.
- D. I expressly understand and agree that the Nu Skin trademarks and trade names are proprietary to Nu Skin, and that I may not use them without first obtaining prior written consent of Nu Skin.
- E. I agree that I will make no statements, claims, representations, or warranties regarding Nu Skin products which are not contained in official Nu Skin promotional materials produced and distributed by Nu Skin Korea, Ltd. or which are otherwise authorized by an Affiliated Nu Skin Company for distribution in Korea.
- F. I agree that Nu Skin has proprietary rights to its Distributor network and lists of Distributors' names. I will not utilize such network, lists, or other Nu Skin contacts to promote the sale or use of any products or services, other than those offered through Nu Skin Korea, Ltd. to any Nu Skin Distributor whom I did not personally sponsor.
- G. Neither my partner/spouse nor I have been party or participant to a Nu Skin distributorship individually, in a partnership in the past six months.
- H. I agree that only Executive Distributors with the title of Diamond or above may produce video sales aids or video recruiting material.
- I. In the event that I use any sales or recruiting materials not produced by Nu Skin or Nu Skin Korea, Ltd. or otherwise approved for use by Nu Skin or Nu Skin Korea, Ltd., I accept full responsibility for the information contained therein. I agree that my use of sales or recruiting aids not conforming to the above requirements, to other applicable Nu Skin policies,

and to all local, state, territorial and national laws may result in the termination of my Contract and/or other appropriate disciplinary action.

- J. I agree that when recruiting prospective Nu Skin distributors in Korea, I will fully disclose that the prospective distributor has no financial obligation prerequisite to becoming a Distributor: that is, there is no sign-up fee, nor any requirement to purchase products. I understand and agree that when recruiting prospective distributors I must provide them an Introductory Kit at no cost or at a nominal fee not exceeding cost which I purchased or otherwise received from Nu Skin Korea, Ltd. and must ask the prospective distributor to read the Contract.
- K. I agree that I will make no specific earnings representations or income guarantees, expressly or by implication, nor will I display actual or photocopied bonus checks or bonus statements in promotional materials, or business opportunity advertising, or any other method used to present the Nu Skin opportunity and Sales Compensation Plan to prospective Distributors.
- L. I understand and agree that to help avoid personal risk and liability, a Distributor should become familiar with the laws and requirements of the countries in which he or she chooses to do the Nu Skin business and distribute products.
- M. I also understand and agree that no Nu Skin products originating outside Korea may be sold or distributed in Korea. I certify that I have not previously (directly or indirectly) and will not in the future import any non-Korean Affiliated Nu Skin Company's products, labels, packaging or materials into Korea. I hereby acknowledge that to do so would cause irreparable damage and harm to Nu Skin Korea, Ltd. and the Affiliated Nu Skin Companies.
- N. I agree I will not engage in any excessive inducement of prospective Nu Skin distributors. I understand and agree that it is not ethical to specifically target or actively recruit participants of other direct selling or network marketing companies as Nu Skin distributors.
- O. Nu Skin agrees to provide Nu Skin products to Nu Skin Korea, Ltd. and other Affiliated Nu Skin Companies for purchase and distribution by the Distributor under the terms and conditions of the Contract.
- P. There are no inventory requirements for Nu Skin Distributors. Distributors are specifically discouraged from purchasing or otherwise acquiring more product than is reasonably necessary for their personal consumption and/or to service their retail customers .
- Q. Nu Skin may terminate the Contract at any time by giving written notice to the Distributor and may terminate the Contract forthwith at any time if the Distributor is in breach of any of the provisions of the Contract.
1. Any notice given under this Agreement which is given by first class mail to the address of the parties at the head of this Agreement or to such other address as shall have been notified from time to time in writing from one party to the other, shall result in a period of notice commencing to run from the day when such notice is posted.
- R. Nu Skin expressly reserves the right to make any changes or modifications to the Contract upon thirty (30) days written notice to the Distributor sent via mail or in the Nu Skin Magazine or Distributor Update or other



official publication produced for Korea by Nu Skin Korea, Ltd., or an Affiliated Nu Skin Company. The Distributor agrees that any such changes or modifications become effective thirty (30) days after notification and are automatically incorporated into the Contract as binding and enforceable provisions. Distributor acknowledges acceptance of the new Contract terms by continuing to purchase Nu Skin products after such changes or modifications have become effective.

- S. The Contract may not be transferred except as permitted under applicable laws and with the prior written consent of Nu Skin.
- T. If any provision of the Contract is unenforceable the remainder of the terms and conditions will be unaffected and will remain fully enforceable by law.
- U. The principal business address of Nu Skin International, Inc. is 75 West Center, Provo, Utah 84601, USA.
- V. Tokyo, Japan shall be the forum for any mediation, arbitration or other resolution of disputes arising hereunder between a Distributor and Nu Skin. Mediation shall be resolved and settled with the designated authorities in Tokyo, Japan. If not settled by mediation, by arbitration administered by the International Chamber of Commerce "ICC" according to the Rules of Arbitration and Reconciliation of the ICC. The arbitration proceedings shall be conducted in Tokyo, Japan. In this case this Agreement shall be governed by the laws of Japan.
- W. The State of Utah shall be the forum for any mediation, arbitration or other resolution of any disputes arising hereunder between a Distributor registered with Nu Skin Korea, Ltd., and a Distributor of another Affiliated Nu Skin Company. Mediation shall be resolved and settled with the designated authorities in Provo, Utah. If not settled by mediation, by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules as supplemented by the procedures of the Rules of Arbitration and Reconciliation of the ICC. The arbitration proceedings shall be conducted in Provo, Utah. In this case this Agreement shall be governed by the laws of Utah.

NU SKIN INDEPENDENT DISTRIBUTOR AGREEMENT - TAIWAN

Nu Skin International, Inc., 75 West Center Street, Provo, Utah 84601 U.S.A. (801) 345-1000

Four documents indicated below constitute this agreement with Nu Skin International, Inc. ("Nu Skin") (a company incorporated in the United States). This agreement allows individuals or business organizations to become Independent Distributors of Nu Skin. Nu Skin Taiwan, Inc. ("NST") is the exclusive wholesale distributor of Nu Skin products in Taiwan. NST is also an affiliated company of Nu Skin. A Product Purchase Agreement must be made with NST for anyone wishing to purchase Nu Skin products at wholesale price.

When filling in this agreement and before signing this agreement, please read both sides of this agreement in detail:

Please check: [ ] Individual [ ] Company\* [ ] Joint Ventures\* [ ] Others\* (please specify) \_\_\_\_\_

Please fill in the identity card number for individuals and business organization number for business organizations. (\*Applicants have to submit business organization information sheet for business organizations or joint ventures).

The identity card number or business organization number will become Nu Skin's record and be recorded in the database system of Nu Skin. Please attach clean and legible copies of the identity card or business organization information sheet to avoid any mistakes in the application process.

Chinese name for first applicant or business organization (surname first)\_\_\_\_\_

English name for first applicant or business organization (surname first)\_\_\_\_\_

Sponsor's identity number \_\_\_\_\_  
Name of Sponsor (surname first) \_\_\_\_\_

\*Chinese name for second applicant or spouse (surname first) \_\_\_\_\_

\*English name for second applicant or spouse (surname first) \_\_\_\_\_

Identity card number for second applicant or spouse \_\_\_\_\_

Date of birth for first applicant/inauguration date for the business organization  
Date                      Month                      Year

Telephone No. (Home): \_\_\_\_\_

Telephone No. (Office or day time contact number)\_\_\_\_\_

Correspondence Address:\_\_\_\_\_

Name of up line Independent Distributor:\_\_\_\_\_

Telephone No. (Home): \_\_\_\_\_

Telephone No. (Day time contact number)\_\_\_\_\_

Have you or your partner/spouse ever been Nu Skin distributors, or participated in a distributorship individually, or in a partnership, or in a company, or in any other forms of business organizations to promote direct selling business?

[ ] Yes            [ ] No

If Yes, please fill in date for the last activity?\_\_\_\_\_

Identity Number used before\_\_\_\_\_

I understand that the only financial requirement of being a Nu Skin Independent Distributor is to purchase a Nu Skin Starter Kit at cost, \$1,400.00 New Taiwan Dollars, which includes corporate, sales and demonstration materials. This kit contains no Nu Skin products and that the purchase of any products is optional once the applicant becomes a distributor.

\_\_\_\_\_  
(Initial)

Starter Kit for Independent Distributors            NT\$1,400.00

Please check the following when making purchase for the kit (only one check please):

[ ] Cheque    [ ] Cheque/remittance    [ ] Visa    [ ] Master Card    [ ] Master Card

Credit Card Number: \_\_\_\_\_ Expiry Date:\_\_\_\_\_

Name of Credit Card Holder: \_\_\_\_\_

I understand that this Distributor Agreement is only part of the contract. If the application is accepted by Nu Skin, this contract will consist of Policies and Procedures (with appendices for specific countries and geographical locations); Sales Compensation Plan; this Distributor Agreement; and if appropriate, business organization information sheet as well. These documents are all part of the contract. In the event that any confusion arises in this agreement, the meanings in the contract or its accompanying documents always prevail.

Both sides of this Distributor Agreement; Nu Skin Sales Compensation Plan; Nu Skin Policies and Procedures for Independent Distributors; business organization information sheet are all part of this agreement. After reading all relevant information thoroughly, the undersigned hereby accept and consent to all clauses by signing below. The signature below is an original and authentic signature of the undersigned. The applicant has also reached the legal age in his/her principal place of residence.

Initial: \_\_\_\_\_

Signature of first applicant \_\_\_\_\_ Date \_\_\_\_\_

(If the applicant is a joint venture, company or other forms of business organizations, the signature must be identical to the signature on the business organization information sheet by a person duly authorized to sign for the business entity).

Signature of second applicant or spouse \_\_\_\_\_ Date \_\_\_\_\_

Language chosen: [ ] Mandarin [ ] English

(Note: Please hand in the first two white forms to Nu Skin, yellow form to the sponsor, and the red form to the Independent Distributor)

IN CONSIDERATION of the mutual promises, covenants, and conditions contained herein, the Applicant (hereinafter the "Independent Distributor") hereby undertakes and agrees as follows:

- A. I am legally competent to form a contract in the jurisdiction in which I reside.
- B. Until duly approved by Nu Skin International, Inc. ("Nu Skin"), this form of Agreement is only my application to become an independent Nu Skin Distributor in the country of my residence. Upon acceptance by Nu Skin in Provo, Utah, this Agreement will take effect, thus binding me to the terms and conditions of the contract and to all terms and conditions incorporated therein by reference.
- C. I will promote and effectuate the retail sale of Nu Skin products on a continuing basis. Without affecting my status as an Independent Distributor and my right to profits based on my sale of Nu Skin products, I can receive from Nu Skin bonus commissions based on product sales by other Independent Nu Skin Distributors sponsored by me only if, on a monthly basis: (1) I add to my inventory at least 100 points worth of Nu Skin products (as explained in the Nu Skin Sales Compensation Plan), (2) I sell at least 80% of my product inventory to at least five retail customers, and (3) I am not in default in any of my material obligations under the Contract, I agree to purchase Nu Skin products based upon a separate agreement only from the Independent Nu Skin company acting as the authorized, exclusive wholesale distributor in the jurisdiction of my principal residence.
- D. I am not an employee, agent, or legal representative of Nu Skin. I am an independent contractor and I will pay self-employment, social security, and other taxes required of independent contractors by applicable law.
- E. I have read and I understand the Contract, and I agree to adhere to the terms and conditions set forth herein. I acknowledge that any violation by me of the terms of the Contract may, among other things, result in the termination of my status as an Independent Distributor or in such other disciplinary action deemed appropriate by Nu Skin.
- F. The name "Nu Skin" and all its related trade names, trademarks, and marks are the exclusive proprietary property of Nu Skin. I will not use, register, claim title to, or in any manner impugn the right of Nu Skin in such proprietary property without the prior written consent of Nu Skin.
- G. I will make no statements, claims, representations, or warranties respecting Nu Skin products which are not contained in official Nu Skin promotional materials.
- H. Nu Skin's marketing system (and related know how) and lists of Independent Distributors and/or customer names are the exclusive proprietary property of Nu Skin. I will not utilize such system, lists, or other Nu Skin contacts to promote the sale or use of any products or services, other than those authorized by Nu Skin, to any Independent Distributor of Nu Skin whom I did not personally sponsor.
- I. I represent and warrant to Nu Skin that, during the past six months, neither my spouse nor cohabitant, if any, nor I have been party to or participant in a Nu Skin distributorship, whether individually; as a partner in a partnership or as a shareholder, principal, officer, or director of a corporate distributorship; or as a beneficial owner in any other form of business organization.
- J. I will not use any sales aid, recruiting, or promotional materials other than those authorized and distributed by the Nu Skin company in the jurisdiction of my residence. The use of any other material may result in the termination of my status as an Independent Distributor and of the Contract.
- K. When recruiting prospective Independent Distributors, I will fully disclose and explain that the prospective Independent Distributor need purchase only an at-cost Starter Kit (which does not contain commissionable product) to apply for Independent Distributor status.
- L. I will make no specific earnings representations or income guarantees, nor will I display actual or photocopied commission checks in promotional materials, business opportunity advertising, or any other formal or forum when presenting the Nu Skin Sales Compensation Plan to prospective Independent Distributors.
- M. I certify the accuracy of all information provided by me in this Distributor Agreement and agree that the provision of false or misleading information authorizes Nu Skin at its election to declare this agreement void from its inception.

NU SKIN AGREES AS FOLLOWS:

- A. Nu Skin agrees to promptly pay any commission due to the Independent Distributor under the terms and conditions of the Nu Skin Sales Compensation Plan.
- B. Nu Skin agrees to provide the Distributor with a 100% refund for the merchandise, but only if it is returned to Nu Skin within fourteen days of this application with a written notice of termination. After fourteen days from the date of this application, a 90% refund is available for the merchandise, Nu Skin may deduct the amount of paid to the distributor for such dealing and the diminished value of the commodities if the value of the retrieved commodities is diminished.

MISCELLANEOUS PROVISIONS:

- A. An Independent Distributor who wishes to terminate this Agreement must submit written notification of intent to terminate his/her independent distributorship to Nu Skin. This Agreement will terminate on the date Nu Skin receives the Independent Distributor's written notice.
- B. This Agreement may be modified from time to time at Nu Skin's discretion. Nu Skin agrees to give thirty (30) days notice of any such modification.
- C. The effective date of this Agreement shall be the date it is received and accepted at the headquarters of Nu Skin Provo, Utah, USA.
- D. This Agreement may not be transferred or otherwise assigned without the prior written consent of Nu Skin. Which consent shall not be unreasonably withheld.
- E. If any provision of this Agreement, the Sales Compensation Plan, or the Policies & Procedures is unenforceable, the remainder of the above agreements will be unaffected and will remain fully enforceable by law.
- F. The headquarters of Nu Skin is located at 75 West Center Street, Provo, Utah

84606 USA.

- G. This is an integrated agreement which also includes terms and conditions found in the Policies & Procedures and the Compensation Plan and applicable supplementary materials for any optional program.

NU SKIN ASIA PACIFIC, INC.

1996 STOCK INCENTIVE PLAN

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NU SKIN ASIA PACIFIC, INC.

1996 STOCK INCENTIVE PLAN

1. PURPOSE

1.1 The purpose of the Nu Skin Asia Pacific, Inc. 1996 Stock Incentive Plan (the "Plan") is to provide incentives to specified individuals whose performance, contributions and skills add to the value of Nu Skin Asia Pacific, Inc. (the "Company") and its affiliated companies. The Company also believes that the Plan will facilitate attracting, retaining and motivating employees and consultants of high caliber and potential.

1.2 Plan participants shall include those officers, employees and consultants of the Company and subsidiaries who, in the opinion of the Committee, are making or are in a position to make substantial contributions to the Company by their ability and efforts.

2. DEFINITIONS

2.1 For purposes of the Plan, the following terms shall have the following meanings, unless the context clearly indicates to the contrary.

- (a) "Award" means a grant of Restricted Stock, Contingent Stock, an Option, or an SAR.
- (b) "Award Agreement" means the agreement approved by the Committee evidencing an Award to a Grantee.
- (c) "Board" means the Company's Board of Directors.
- (d) "Code" means that Internal Revenue Code of 1986, as amended.
- (e) "Committee" means the members of the Board until the Compensation Committee of the Board is appointed, and after the Compensation Committee is appointed means the members of the Compensation Committee of the Board, who are "outside directors" (within the meaning of Section 162(m) of the Code and any regulations or rulings promulgated thereunder) to the extent required for purposes of compliance with such Code Section, and "disinterested persons" (within the meaning of Rule 16b-3 of the Exchange Act), to the extent required for compliance with such Rule.
- (f) "Company" means Nu Skin Asia Pacific, Inc.
- (g) "Consultant" means any individual who provides services to the Company as an independent contractor and not as an Employee.



- (h) "Contingent Stock" means stock which will be issued to a Grantee upon the attainment of certain conditions pursuant to Section 9 hereof.
- (i) "Directors" means the members of the Board.
- (j) "Effective Date" means September 5, 1996.
- (k) "Employee" means any individual who is an employee of the Company, a Parent or Subsidiary.
- (l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.
- (m) "Fair Market Value" of a Share means on, or with respect to, any given date:
  - (i) If the Shares are listed on a national stock exchange, the closing market price of such Shares as reported on the composite tape for issues listed on such exchange on such date or, if no trade shall have been reported for such date, on the next preceding date on which there were trades reported; provided, that if no such quotation shall have been made within the ten business days preceding such date, Fair Market Value shall be determined under (iii) below.
  - (ii) If the Shares are not listed on a national stock exchange but are traded on the over-the-counter market, the mean between the closing dealer bid and asked price of such Shares as reported by the National Association of Securities Dealers through their Automated Quotation System for such date, or if no quotations shall have been made on such date, on the next preceding date on which there were quotations; provided, that, if such quotations shall have been made within the ten business days preceding such date, Fair Market Value shall be determined under (iii) below.
  - (iii) If (i) and (ii) do not apply, the Fair Market Value of a Share shall be determined without regard to any control premium or discount for lack of control (except as otherwise required by Section 422 of the Code) by the Committee in good faith consistent with the valuation of the Company as provided by a third party appraiser for other corporate purposes before adjustments or any discounts applied due to lack of marketability. The Committee may rely upon the most recent valuation (if it is based on a date within 3 months of the valuation date) and there shall be no requirement to cause a more recent valuation to be made (except as may be required for purposes of Section 422 of the Code).

If no such valuation exists, the Committee may engage a third party appraiser to prepare the valuation.

- (n) "Grantee" means an Employee or Consultant who has received an Award.
- (o) "Incentive Stock Option" shall have the same meaning as given to the term by Section 422 of the Code and any regulations or rulings promulgated thereunder.
- (p) "Nonqualified Stock Option" means any Option granted pursuant to Section 7 which when awarded by the Committee was not intended to be, or does not qualify as, an Incentive Stock Option.
- (q) "Option" means the right to purchase from the Company a stated number of Shares at a specified Option Price. The Option may be granted to an Employee or Consultant subject to the terms of this Plan, and such other conditions and restrictions as the Committee deems appropriate. Each Option shall be designated by the Committee to be either an Incentive Stock Option or a Nonqualified Stock Option. Only Employees may be granted Incentive Stock Options.
- (r) "Option Agreement" means the Award Agreement pursuant to which an Option is granted under Section 7.
- (s) "Option Price" means the purchase price per Share under an Option, as described in Section 7.
- (t) "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, at the time of the granting of an Option, each of the corporations (other than the Company) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain within the meaning of Section 424(e) of the code and any regulations or rulings promulgated thereunder.
- (u) "Plan" means Nu Skin Asia Pacific, Inc. 1996 Stock Incentive Plan, as evidenced herein and as amended from time to time.
- (v) "Restricted Stock" means Shares issued, subject to restrictions, to a Grantee pursuant to Section 10.

- (w) "SAR" means a stock appreciation right which provides a Grantee a potential right to a payment based on the appreciation in the fair market value of a Share granted pursuant to Section 8.
- (x) "SEC" means the U.S. Securities and Exchange Commission.
- (y) "Section 16 Person" means a person who is an "insider" within the meaning of Section 16(b) of the Exchange Act with respect to transactions involving equity securities of the Company, including the Shares.
- (z) "Share" means one share of the Company's Class A common stock, \$.001 par value.
- (aa) "Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Company if, at the time of the granting of the Option, each of the corporations (other than the last corporation) in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain, within the meaning of Section 424(f) of the Code and any regulations or rulings promulgated thereunder.

### 3. ADMINISTRATION

3.1 The Plan shall be administered by the Committee. The Committee shall have full and final authority in its discretion to:

- (a) conclusively interpret the provisions of the Plan and to decide all questions of fact arising in its application;
- (b) determine the individuals to whom Awards shall be made under the Plan;
- (c) determine the type of Award to be made to such individuals and the amount, size and terms of each Award;
- (d) determine the time when Awards will be granted to such individuals; and
- (e) make all other determinations necessary or advisable for the administration of the Plan.

### 4. SHARES SUBJECT TO THE PLAN

4.1 The Shares subject to Awards under the Plan shall not exceed in the aggregate 5,000,000 Shares.

4.2 Shares may be authorized and unissued Shares or treasury Shares.

4.3 Except as provided herein, any Shares subject to an Award, which Award for any reason expires or is terminated unexercised as to such Shares shall again be available under the Plan.

#### 5. PARTICIPANTS

5.1 Awards permitted pursuant to this Plan which are Incentive Stock Options may only be made to Employees. All other Awards permitted pursuant to the Plan may only be made to Employees or Consultants.

#### 6. AWARDS UNDER THE PLAN

6.1 Awards under the Plan may be in the form of Options (both Nonqualified Stock Options and Incentive Stock Options), Contingent Stock, Restricted Stock, and SARs and any combination of the above.

6.2 The maximum number of Awards that may be awarded to any one Employee or Consultant during the life of the Plan shall be 10% of the total Shares reserved for issuance under the Plan.

6.3 The maximum number of Awards that may be awarded during the calendar year to any Employee or Consultant is 10% of the total Shares reserved for issuance under the Plan.

#### 7. STOCK OPTIONS

7.1 The Committee in its sole discretion shall designate whether an Option is to be an Incentive Stock Option or a Nonqualified Stock Option. The Committee may grant both Incentive Stock Options and Nonqualified Stock Options to the same individual. However, where both an Incentive Stock Option and a Nonqualified Stock Option are awarded at one time, such Options shall be deemed to have been awarded in separate grants, shall be clearly identified, and in no event will the exercise of one such Option affect the right to exercise the other such Option except to the extent so provided in the Award Agreement as determined by the Committee.

7.2 Options granted pursuant to the Plan shall be authorized by the Committee under terms and conditions approved by the Committee, not inconsistent with this Plan or Exchange Act Rule 16b-3(c), and shall be evidenced by Option Agreements in such form as the Committee shall from time to time approve, which Option Agreements shall contain or shall be subject to the following terms and conditions, whether or not such terms and conditions are specifically included therein:

- (a) The Option Price of an Incentive Stock Option shall not be less than 100% of the Fair Market Value of a Share on the day the Option is granted, as

determined by the Committee. The Option Price of a Nonqualified Stock Option shall not be less than 85% of the Fair Market Value of a Share on the day the Option is granted, as determined by the Committee. Notwithstanding the immediately preceding sentence, the Award Agreement for a Nonqualified Stock Option at the Committee's sole discretion, may, but need not, provide for a reduction of the Option Price by dividends paid on a Share during the period the Option is outstanding and unexercised, but in no event shall the Option Price be less than the par value of such Share.

- (b) Each Option Agreement shall state the period or periods of time, as determined by the Committee, within which the Option may be exercised by the Grantee, in whole or in part, provided such period shall not commence earlier than six months after the date of the grant of the Option and not later than ten years after the date of the grant of the Option. The Committee shall have the power to permit in its discretion an acceleration of previously determined exercise terms, subject to the terms of this Plan, to the extent permitted by Exchange Act Rule 16b-3(c), and under such circumstances and upon such terms and conditions as deemed appropriate and which are not inconsistent with Exchange Act Rule 16b-3(c)(1).
- (c) Shares purchased pursuant to an Option Agreement shall be paid for in full at the time of purchase, either in the form of cash, common stock of the Company at Fair Market Value, or a combination thereof, as the Committee shall determine.
- (d) Notwithstanding anything herein to the contrary, the aggregate Fair Market Value (determined as of the time the Option is granted) of Incentive Stock Options for any Employee which may become first exercisable in any calendar year shall not exceed \$100,000.
- (e) Notwithstanding anything herein to the contrary, no Incentive Stock Option shall be granted to any individual if, at the time the Option is to be granted, the individual owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company unless at the time such Option is granted the Option Price is at least 110% of the Fair Market Value of the stock subject to the Option and such Option by its terms is not exercisable after the expiration of five years from the date such Option is granted.
- (f) Each Option Agreement for an Incentive Stock Option shall contain such other terms, conditions and provisions as the Committee may determine to be necessary or desirable in order to qualify such Option as an incentive stock option within the meaning of Section 422 of the Code, or any amendment thereof, substitute therefor, or regulation thereunder. Subject to the limitations

of Section 18, and without limiting any provisions hereof, the Committee shall have the power without further approval to amend the terms of any Option for Grantees.

7.3 If any Option is not granted, exercised, or held pursuant to the provisions of the Plan or Section 422 of the Code applicable to an Incentive Stock Option, it will be considered to be a Nonqualified Stock Option to the extent that any or all of the grant is in conflict with such provisions.

7.4 An Option may be terminated (subject to any shorter periods set forth in an individual Option Agreement by the Committee, in its sole discretion) as follows:

- (a) During the period of continuous employment or service as a Consultant with the Company or Subsidiary, an Option will be terminated only if it has been fully exercised or it has expired by its terms.
- (b) In the event of termination of employment as an Employee or service as a Consultant for any reason, the Option will terminate upon the earlier of (i) the full exercise of the Option, (ii) the expiration of the Option by its terms, or (iii) except as provided in Section 7.4(c), no more than one year (three months for Incentive Stock Options) following the date of employment termination (or termination of service as a Consultant) for Nonqualified Stock Options. For purposes of the Plan, a leave of absence approved by the Company shall not be deemed to be termination of employment except with respect to an Incentive Stock Option as required to comply with Section 422 of the Code and the regulations issued thereunder.
- (c) If an Grantee's employment as an Employee, or service as a Consultant, terminates by reason of death or disability prior to the termination of an Option, such Option may be exercised to the extent that the Grantee shall have been entitled to exercise it at the time of death or disability, as the case may be, by the Grantee, the estate of the Grantee or the person or persons to whom the Option may have been transferred by will or by the laws of descent and distribution for the period set forth in the Option Agreement, but no more than three years following the date of such death or disability, provided, however, with respect to an Incentive Stock Option, such right must be exercised, if at all, within one year after the date of such death or disability.

## 8. STOCK APPRECIATION RIGHTS

8.1 SARS shall be evidenced by Award Agreements for SARS in such form, and not inconsistent with this Plan or Exchange Act Rule 16b-3(c)(1), as the Committee shall approve from time to time, which Award Agreements shall contain in substance the following terms and conditions as discussed in Sections 8.2 through 8.4.

8.2 An SAR may be, but is not required to be, granted in connection with an Option. An SAR shall entitle the Grantee, subject to such terms and conditions determined by the Committee, to receive, upon surrender of the SAR, all or a portion of the excess of (i) the Fair Market Value of a specified number of Shares at the time of the surrender, as determined by the Committee, over (ii) 100% of the Fair Market Value of such Shares at the time the SAR was granted less any dividends paid on such Shares while the SAR was outstanding but unexercised.

8.3 SARs shall be granted for a period of not less than one year nor more than ten years, and shall be exercisable in whole or in part, at such time or times and subject to such other terms and conditions as shall be prescribed by the Committee at the time of grant, subject to the following:

- (a) No SAR shall be exercisable, in whole or in part, during the one year period starting with the date of grant; and
- (b) SARs will be exercisable only during a Grantee's employment by, or service as a Consultant for, the Company or a Subsidiary, except that in the discretion of the Committee an SAR may be made exercisable for up to three months after the Grantee's employment, or service as a Consultant, is terminated for any reason other than death, retirement or disability. In the event that a Grantee's employment as an Employee, or service as a Consultant, is terminated as a result of death, retirement or disability without having fully exercised such Grantee's SARs, the Grantee or such Grantee's beneficiary may have the right to exercise the SARs during their term within a period of 6 months after the date of such termination to the extent that the right was exercisable at the date of such termination, or during such other period and subject to such terms as may be determined by the Committee. Subject to the limitations of Section 18, the Committee in its sole discretion may reserve the right to accelerate previously determined exercised terms, within the terms of the Plan, under such circumstances and upon such terms and conditions as it deems appropriate.
- (c) The Committee shall establish such additional terms and conditions, without limiting the foregoing, as it determines to be necessary or desirable to avoid "short-swing" trading liability in connection with an SAR within the meaning of Section 16(b) of the Exchange Act.
- (d) The Committee, in its sole discretion, may establish different time periods than specified above for any individual or group of individual Awards.

8.4 Upon exercise of an SAR, payment shall be made within ninety days in the form of common stock of the Company (at Fair Market Value on the date of exercise), cash, or a combination thereof, as the Committee may determine.

## 9. CONTINGENT STOCK AWARDS

9.1 Contingent Stock Awards under the Plan shall be evidenced by Award Agreements for Contingent Stock in such form and not inconsistent with this Plan as the Committee shall approve from time to time, which Award Agreements shall contain in substance the terms and conditions described in Sections 9.2 through 9.5.

9.2 The Committee shall determine the number of Shares subject to a Contingent Stock Award to be granted to an Employee or Consultant based on the past or expected impact the Employee or Consultant has had or can have on the financial well-being of the Company and other factors deemed by the Committee to be appropriate.

9.3 Contingent Stock Awards made pursuant to this Plan shall be subject to such terms, conditions, and restrictions, including without limitation, substantial risks of forfeiture and/or attainment of performance objectives, and for such period or periods as shall be set forth in the Award Agreement as determined by the Committee at the time of grant. The Committee shall have the power to permit, in its discretion, an acceleration of the expiration of the applicable restriction period with respect to any part or all of the Award to any Grantee. The Committee shall have the power to make a Contingent Stock Award that is not subject to vesting or any other contingencies in recognition of an Employee's or Consultant's prior service and financial impact on the Company. During the restriction period, the Grantee shall not have the rights of a shareholder.

9.4 The Award Agreement for the Contingent Stock Award shall specify the terms and conditions upon which any restrictions on the right to receive Shares representing Contingent Stock Awards under the Plan shall lapse, as determined by the Committee. Upon the lapse of such restrictions, Shares shall be issued to the Grantee or such Grantee's legal representative.

9.5 In the event of a Grantee's termination of employment as an Employee, or service as a Consultant, whichever is applicable, for any reason prior to the lapse of restrictions applicable to a Contingent Stock Award made to such Grantee and unless otherwise provided for herein by this Plan or as provided for in the Award Agreement for Contingent Stock, all rights to Shares as to which there still remain unlapsed restrictions shall be forfeited by such Grantee to the Company without payment or any consideration by the Company, and neither the Grantee nor any successors, heirs, assigns or personal representatives of such Grantees shall thereafter have any further rights or interest in such Shares.

## 10. RESTRICTED STOCK AWARDS

10.1 Restricted Stock Awards under the Plan shall be evidenced by Award Agreements for Restricted Stock in such form, and not inconsistent with this Plan, as the Committee shall approve from time to time, which Award Agreements shall contain in substance the terms and conditions described in Sections 10.2 through 10.6.



10.2 The Committee shall determine the number of Shares subject to a Restricted Stock Award to be granted to an Employee or Consultant based on the past or expected impact the Employee or Consultant has had or can have on the financial well-being of the Company and other factors deemed by the Committee to be appropriate.

10.3 Restricted Stock Awards made pursuant to this Plan shall be subject to such terms, conditions, and restrictions, including without limitation, substantial risks of forfeiture and/or attainment of performance objectives, and for such period or periods as set forth in the Award Agreement as determined by the Committee at the time of grant. The Committee shall have the power to permit, in its discretion, an acceleration of the expiration of the applicable restriction period with respect to any part or all of the Award to any Grantee. Upon issuance of a Restricted Stock Award, Shares will be issued in the name of the Grantee. During the restriction period, Grantee shall have the rights of a shareholder for all such Shares of Restricted Stock, including the right to vote and the right to receive dividends thereon as paid.

10.4 Each certificate evidencing stock subject to Restricted Stock Awards shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Shares. Any attempt to dispose of Shares of Restricted Stock in contravention of such terms, conditions and restrictions shall be ineffective. The Committee may adopt rules which provide that the certificates evidencing such Shares may be held in custody by a bank or other institution, or that the Company may itself hold such Shares in custody, until the restrictions thereon shall have lapsed and may require as a condition of any Award that the Grantee shall have delivered a stock power endorsed in blank relating to the Shares of Restricted Stock covered by such Award.

10.5 The Award Agreement for Restricted Stock shall specify the terms and conditions upon which any restrictions on the right to receive shares representing Restricted Stock awarded under the Plan shall lapse as determined by the Committee. Upon the lapse of such restrictions, Shares which have not been delivered to the Grantee or such Grantee's legal representative shall be delivered to such Grantee or such Grantee's legal representative.

10.6 In the event of a Grantee's termination of employment as an Employee, or service as a Consultant, whichever is applicable, for any reason prior to the lapse of restrictions applicable to a Restricted Stock Award made to such Grantee and unless otherwise provided for herein by this Plan or as provided for in the Award Agreement for Restricted Stock, all rights to Shares as to which there remain unlapsed restrictions shall be forfeited by such Grantee to the Company without payment or any consideration by the Company, and neither the Grantee nor any successors, heirs, assigns or personal representatives of such Grantee shall thereafter have any further rights or interest in such Shares.

## 11. GENERAL RESTRICTIONS

11.1 The Plan and each Award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the Shares subject or related thereto upon any securities exchange or under any state or federal law, (ii) the

consent or approval of any government regulatory body, or (iii) an agreement by the Grantee of an Award with respect to the disposition of Shares, is necessary or desirable as a condition of, or in connection with the Plan or the granting of such Award or the issue or purchase of Shares thereunder, the Plan will not be effective and/or the Award may not be consummated in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Committee.

#### 12. RIGHTS OF A SHAREHOLDER

12.1 The Grantee of any Award under the Plan shall have no rights as a shareholder with respect thereto unless and until certificates for Shares of common stock are issued to such Grantee, except for the rights provided in Section 10 as it pertains to Restricted Stock Awards.

#### 13. RIGHTS TO TERMINATE EMPLOYMENT

13.1 Nothing in the Plan or in any agreement entered into pursuant to the Plan shall confer upon any Grantee the right to continue in the employment as an Employee, or service as a Consultant, of the Company or a Subsidiary or affect any right which the Company or its Subsidiary may have to terminate the employment, or service as a Consultant, of such Grantee.

#### 14. WITHHOLDING OF TAXES

14.1 Whenever the Company proposes, or is required, to issue or transfer Shares under the Plan, the Company shall have the right to require the Grantee to remit to the Company an amount, or a number of shares, sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares. Whenever under the Plan payments are to be made in cash, such payments shall be net of an amount sufficient to satisfy any federal, state and/or local withholding tax requirements.

#### 15. NONASSIGNABILITY

15.1 No Award or benefit under the Plan shall be assignable or transferable by the Grantee thereof except by will or by the laws of descent and distribution. During the life of the Grantee, such Award shall be exercisable only by such person or by such person's guardian or legal representative.

#### 16. NON-UNIFORM DETERMINATIONS

16.1 The Committee's determination under the Plan (including, without limitation, determinations of the persons to receive Awards, the form, amount and timing of such Awards, the terms and conditions of such Awards and the Award Agreements evidencing same, and the establishment of values and performance targets) need not be uniform and may be made by the Committee selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.

17. ADJUSTMENTS

17.1 In the event of any change in the outstanding common stock of the Company by reason of a reorganization, a stock dividend, recapitalization, merger, consolidation, split-up, combination, exchange of Shares or the like, the Committee shall adjust the number of Shares of common stock which may be issued under the Plan and shall provide for an equitable adjustment of any outstanding Award or Shares issuable pursuant to an outstanding Award under this Plan.

18. AMENDMENT

18.1 The Plan may be amended by the Board, without Shareholder approval, at any time in any respect, unless Shareholder approval of the amendment in question is required under Delaware law, the Code, any exemption from Section 16 of the Exchange Act (including without limitation SEC Rule 16b-3) for which the Company intends Section 16 Persons to qualify, any national securities exchange system on which the Shares are then listed or reported, by any regulatory body having jurisdiction with respect to the Plan, or any other applicable laws, rules or regulations.

18.2 The termination or modification or amendment of the Plan shall not, without the consent of a Grantee, affect a Grantee's rights under an Award previously granted. Notwithstanding the foregoing, however, the Company reserves the right to terminate the Plan in whole or in part, at any time and for any reason, provided that appropriate compensation, as determined in the sole and absolute discretion of the Committee, is made to Grantees with respect to Awards previously granted.

19. EFFECT ON OTHER PLAN

19.1 Participation in this Plan shall not affect a Grantee's eligibility to participate in any other benefit or incentive plan of the Company, and any Awards made pursuant to this Plan shall not be used in determining the benefits provided under any other plan of the Company unless specifically provided.

20. DURATION OF PLAN

20.1 The Plan shall remain in effect until all Awards under the Plan have been satisfied by the issuance of Shares or the payment of cash, but no Awards shall be granted more than ten years after the date the Plan is adopted by the Company.

21. FUNDING OF THE PLAN

21.1 This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Award under this Plan, and payment of Awards shall be on the same basis as the claims of the Company's general creditors. In no event shall interest be paid or accrued on any Award including unpaid installments of Awards.

22. PLAN STATUS

22.1 This Plan is intended to satisfy the requirements of a 16b-3 plan under the Exchange Act.

22.2 This Plan is intended to qualify as a plan under Rule 701 issued pursuant to The Securities Act of 1933, as amended.

23. GOVERNING LAW

23.1 The laws of the State of Delaware shall govern, control and determine all questions arising with respect to the Plan and the interpretation and validity of its respective provisions.

NU SKIN ASIA PACIFIC, INC.

By \_\_\_\_\_  
Its President

ATTEST:

\_\_\_\_\_  
Its Secretary

## MUTUAL INDEMNIFICATION AGREEMENT

This Mutual Indemnification Agreement (the "Agreement") is entered into as of \_\_\_\_\_, 1996 by and between Nu Skin Asia Pacific, Inc., a Delaware corporation ("Nu Skin") and Nu Skin International, Inc., a Utah corporation ("NSI").

## R E C I T A L S:

A. WHEREAS, NSI has entered into certain agreements listed on Schedule A attached hereto (the "Distribution and License Agreements") with Nu Skin Japan, Inc., Nu Skin Taiwan, Inc., Nu Skin Hong Kong, Inc., and Nu Skin Korea, Inc. (collectively the "Asian Entities"); and

B. WHEREAS, the stockholders of the Asian Entities currently intend to enter into a Contribution Agreement whereby they will contribute their shares of capital stock in the Asian Entities to Nu Skin in exchange for Nu Skin Class B Common Stock in a transaction intended to be tax free under Section 351 of the Internal Revenue Code of 1986, as amended, (the "Reorganization"); and

C. WHEREAS, the Reorganization is intended to close contingent on and simultaneous with the contemplated initial public offering of Nu Skin (the "IPO"); and

D. WHEREAS, the Asian Entities, Nu Skin and NSI desire that the Distribution and License Agreements be amended and restated contingent upon and simultaneous with the IPO; and

E. WHEREAS, Nu Skin and NSI desire to enter into this Agreement to establish mutual obligations of indemnification in accordance with the terms and conditions hereof;

NOW THEREFORE, in consideration for the mutual covenants and obligations of the parties set forth herein and in consideration for the foregoing premises and other good and valuable consideration, the receipt and sufficient of which are hereby acknowledged, it is hereby agreed as follows:

## 1. Indemnification of Nu Skin by NSI.

NSI hereby agrees to indemnify and hold Nu Skin harmless from and against any and all liabilities, claims, charges, damages, costs and expenses (including reasonable attorneys' fees and court costs) incurred by or assessed against Nu Skin (i) arising out of or related to the business and operations of the Asian Entities and relating to acts, omissions, facts or circumstances occurring prior to the date of the Reorganization; (ii) arising out of or related to any breach by NSI of any covenant, obligation, representation or warranty under any of the Distribution and License Agreements; or (iii) arising out of or related to any breach by NSI of any covenant, obligation, representation or warranty under this Agreement; or (iv) arising out of any litigation regarding the foregoing.

2. Indemnification of NSI by Nu Skin.  
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Nu Skin hereby agrees to indemnify and hold harmless NSI from and against any and all liabilities, claims, charges, damages, costs and expenses (including reasonable attorneys' fees and court costs) incurred by or assessed against NSI (i) arising out of or related to the business and operations of the Asian Entities and relating to acts, omissions, facts or circumstances occurring from and after the closing date of the Reorganization; or (ii) arising out of or related to any breach by Nu Skin of any covenant, obligation, representation or warranty under any of the Distribution and License Agreements; or (iii) arising out of or related to any breach by Nu Skin of any covenant, obligation, representation or warranty under this Agreement; or (iv) arising out of any litigation regarding the foregoing.

3. Representations and Warranties of NSI.  
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NSI represents and warrants that as of the date hereof, there are no matters or claims pending or threatened against NSI or the Asian Entities that would give rise to indemnification in favor of Nu Skin under this Agreement.

4. Engagement of Counsel; Advancement of Costs.  
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At any time a claim is brought against any party hereto that would entitle such party to indemnification hereunder (the "Indemnified Party"), such Indemnified Party shall notify the other party (the "Indemnifying Party") of such claim in writing and shall be entitled to select counsel and defend against such claim at the Indemnifying Party's sole cost and expense. The Indemnifying Party shall promptly pay on demand all amounts owing hereunder to the Indemnified Party including expenses and costs of investigation, negotiation and defense, as such amounts are incurred by the Indemnified Party.

5. General Terms.  
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This Agreement shall be governed by and construed in accordance with the laws of the State of Utah without giving effect to any conflicts of law rules of such state. This Agreement may only be modified or amended in writing and only if such modification or amendment is signed by the parties hereto. In the event of a breach hereof by any party, the other party shall be entitled to recover its costs and expenses of enforcing this Agreement, including, without limitation, reasonable attorneys' fees and court costs. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other agreements or understandings of the parties with respect thereto.

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

NU SKIN ASIA PACIFIC, INC.

NU SKIN INTERNATIONAL, INC.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

List of Subsidiaries

NU SKIN JAPAN, INC. - a domesticated Delaware Corporation with dual residence in the United States and Japan operating in Japan under the name Nu Skin Japan Company, Limited

NU SKIN TAIWAN, INC.

NU SKIN KOREA, INC. - a domesticated Delaware corporation with dual residence in the United States and South Korea operating in South Korea under the name of Nu Skin Korea Company, Limited

NU SKIN HONG KONG, INC.

NU SKIN THAILAND PERSONAL CARE, INC.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in the Prospectus constituting part of this Registration Statement on Form S-1 of our report dated September 10, 1996 relating to the combined financial statements of Nu Skin Asia Pacific, Inc., which appears in such Prospectus. We also consent to the references to us under the headings "Experts" and "Selected Combined Financial Information" in such Prospectus. However, it should be noted that Price Waterhouse LLP has not prepared or certified such "Selected Combined Financial Information".

/s/ Price Waterhouse LLP

Price Waterhouse LLP  
Salt Lake City, Utah  
September 13, 1996



CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in the Prospectus constituting part of this Registration Statement on Form S-1 of our report dated September 10, 1996 relating to the balance sheet of Nu Skin Asia Pacific, Inc., which appears in such Prospectus.

/s/ Price Waterhouse LLP

Price Waterhouse LLP  
Salt Lake City, Utah  
September 13, 1996

[LETTERHEAD OF GRANT THORNTON HONG KONG]

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Nu Skin Hong Kong, Inc.

We have audited the accompanying balance sheet of Nu Skin Hong Kong, Inc. - Hong Kong Branch as of September 30, 1993, and the related statements of earnings, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the management of the branch. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards 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. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nu Skin Hong Kong, Inc. - Hong Kong Branch as of September 30, 1993, and the results of its operations and its cash flows for the year then ended, in conformity with United States generally accepted accounting principles.

/s/ Grant Thornton

Hong Kong

April 14, 1994 (except for Notes 2 and 8,  
as to which the date is August 30, 1996)

[LETTERHEAD OF GRANT THORNTON HONG KONG]

September 11, 1996

Board of Directors  
Nu Skin Hong Kong, Inc.  
Room 2503 Windsor House  
311 Gloucester Road  
Causeway Bay  
Hong Kong

Gentlemen

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We refer to our audit report, dated April 14, 1994 on the financial statements of Nu Skin Hong Kong, Inc. - Hong Kong Branch as of September 30, 1993 and for the year then ended, except for notes 2 and 8 to these financial statements as to which the date is August 30, 1996.

We consent to the use of the aforementioned report in the Registration Statement and Prospectus of Nu-Skin Asia, Inc.

Very truly yours

/s/ Grant Thornton  
GRANT THORNTON