

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1998
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 001-12421

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

Delaware

87-0565309

(State or Other Jurisdiction
of Incorporation or Organization)

(I.R.S. Employer
Identification No.)

75 West Center Street, Provo, Utah

84601

(Address of Principal Executive Offices)

(Zip Code)

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _____

As of July 15, 1998, 15,090,652 shares of the Company's Class A Common Stock, \$.001 par value per share, and 70,280,759 shares of the Company's Class B Common Stock, \$.001 par value per share, were outstanding.

NU SKIN ENTERPRISES, INC.

1998 FORM 10-Q QUARTERLY REPORT - SECOND QUARTER

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 1998	December 31, 1997
<hr/>		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 156,226	\$ 174,300
Accounts receivable	10,192	11,074
Related parties receivable	20,193	23,008
Inventories, net	80,615	69,491
Prepaid expenses and other	48,764	38,716
	-----	-----
	315,990	316,589
Property and equipment, net	35,917	27,146
Other assets, net	109,715	61,269
	-----	-----
Total assets	\$ 461,622	\$ 405,004
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 12,023	\$ 23,259
Accrued expenses	127,627	140,615
Related parties payable	26,098	10,038
Current portion of long-term debt	10,304	--
Notes payable to stockholders, current portion	--	19,457
	-----	-----
	176,052	193,369
	-----	-----
Long-term debt, less current portion	129,600	--
Notes payable to stockholders, less current portion	--	116,743
Minority interest	--	(15,753)
Commitments and contingencies		
Stockholders' equity		
Preferred stock - 25,000,000 shares authorized, \$.001 par value, none and 1,941,331 shares issued and outstanding	--	2
Class A common stock - 500,000,000 shares authorized, \$.001 par value, 15,086,136 and 11,758,011 shares issued and outstanding	15	12
Class B common stock - 100,000,000 shares authorized, \$.001 par value, 70,280,759 shares issued and outstanding	70	70
Additional paid-in capital	93,949	115,053
Retained earnings	111,647	33,541
Deferred compensation	(7,566)	(9,455)
Accumulated other comprehensive income	(42,145)	(28,578)
	-----	-----
	155,970	110,645
	-----	-----
Total liabilities and stockholders' equity	\$ 461,622	\$ 405,004
	=====	=====

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

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

	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
Revenue	\$209,051	\$245,934	\$436,914	\$470,119
Cost of sales	44,602	50,637	90,291	95,864
Cost of sales - amortization of inventory step-up (Note 2)	12,960	--	12,960	--
Gross profit	151,489	195,297	333,663	374,255
Operating expenses				
Distributor incentives	75,271	92,732	158,398	175,680
Selling, general and administrative	46,630	51,428	94,701	104,688
Distributor stock expense	--	4,477	--	8,954
Total operating expenses	121,901	148,637	253,099	289,322
Operating income	29,588	46,660	80,564	84,933
Other income (expense), net	5,309	1,421	7,494	4,958
Income before provision for income taxes and minority interest	34,897	48,081	88,058	89,891
Provision for income taxes	12,912	13,687	29,317	25,718
Minority interest	--	4,394	3,081	8,437
Net income	\$ 21,985	\$ 30,000	\$ 55,660	\$ 55,736
Net income per share (Note 4):				
Basic	\$.26	\$.36	\$.67	\$.67
Diluted	\$.25	\$.34	\$.64	\$.64
Weighted average common shares outstanding :				
Basic	83,842	83,420	82,928	83,420
Diluted	87,303	87,368	86,812	87,362
Pro forma data:		\$ 48,081	\$ 88,058	\$ 89,891
Income before pro forma provision for income taxes and minority interest				
Pro forma provision for income taxes (Note 3)		18,271	32,475	34,150
Pro forma minority interest		2,724	1,947	5,231
Pro forma net income		\$ 27,086	\$ 53,636	\$ 50,510
Pro forma net income per share (Note 4):				
Basic		\$.32	\$.65	\$.61
Diluted		\$.31	\$.62	\$.58

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

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

	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
	-----	-----
Cash flows from operating activities:		
Net income	\$ 55,660	\$ 55,736
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,066	3,655
Amortization of deferred compensation	1,889	11,762
Amortization of inventory step-up	12,960	--
Income applicable to minority interest	3,081	8,437
Changes in operating assets and liabilities:		
Accounts receivable	882	(162)
Related parties receivable	2,815	(5,684)
Inventories, net	(2,484)	(12,502)
Prepaid expenses and other	(10,048)	(15,624)
Other assets	(9,170)	(3,171)
Accounts payable	(11,236)	(909)
Accrued expenses	(15,988)	(8,520)
Related parties payable	16,060	(9,997)
	-----	-----
Net cash provided by operating activities	50,487	23,021
	-----	-----
Cash flows from investing activities:		
Purchase of property and equipment	(12,127)	(5,950)
Payments for lease deposits	(1,634)	(167)
Receipt of refundable lease deposits	786	129
	-----	-----
Net cash used in investing activities	(12,975)	(5,988)
	-----	-----
Cash flows from financing activities:		
Payments on long-term debt	(41,634)	--
Proceeds from long-term debt	181,538	--
Payment to stockholders for notes payable	(180,000)	(71,487)
Proceeds from capital contributions	--	29,845
Dividends paid	--	(29,341)
	-----	-----
Net cash used in financing activities	(40,096)	(70,983)
	-----	-----
Effect of exchange rate changes on cash	(15,490)	3,038
	-----	-----
Net decrease in cash and cash equivalents	(18,074)	(50,912)
Cash and cash equivalents, beginning of period	174,300	214,823
	-----	-----
Cash and cash equivalents, end of period	\$ 156,226	\$ 163,911
	=====	=====

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

1. THE COMPANY

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

The Company was incorporated on September 4, 1996 as a holding company and acquired certain of the Subsidiaries (the "Initial Subsidiaries") through a reorganization (the "Reorganization") which occurred November 20, 1996. Prior to the Reorganization, each of the Initial Subsidiaries elected to be treated as an S corporation. In connection with the Reorganization, the Initial Subsidiaries' S corporation status was terminated on November 19, 1996, and the Company declared a distribution to the stockholders that included all of the Initial Subsidiaries' previously earned and undistributed taxable S corporation earnings totaling \$86.5 million (the "S Distribution Notes").

On November 27, 1996 the Company completed its initial public offerings of 4,750,000 shares of Class A Common Stock and received net proceeds of \$98.8 million (the "Underwritten Offerings").

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of the Company's financial information as of June 30, 1998 and December 31, 1997 and for the three and six-month periods ended June 30, 1998 and 1997. The results of operations of any interim period are not necessarily indicative of the results of operations to be expected for the fiscal year. For further information, refer to the consolidated financial statements and accompanying footnotes included in the Company's annual report on Form 10-K for the year ended December 31, 1997.

2. ACQUISITION OF NU SKIN INTERNATIONAL, INC. ("NSI") AND CERTAIN AFFILIATES

On March 27, 1998, the Company completed the acquisition (the "NSI Acquisition") of the capital stock of NSI, NSI affiliates in Europe, South America, Australia and New Zealand and certain other NSI affiliates (the "Acquired Entities") for \$70 million in preferred stock and long-term notes payable to the stockholders of the Acquired Entities ("NSI Stockholders") totaling approximately \$10.1 million. In addition, contingent upon NSI and the Company meeting specific earnings growth targets, the Company will pay up to \$25 million in cash per year over the next four years to the NSI Stockholders. Also, as part of the NSI Acquisition, the Company assumed approximately \$169.9 million in S Distribution Notes. As of June 30, 1998, the S Distribution Notes and long-term notes payable to the NSI Stockholders had been paid in full. The contingent consideration paid, if any, will be accounted for as an adjustment to the purchase price and allocated to the Acquired Entities' assets and liabilities.

The NSI Acquisition was accounted for by the purchase method of accounting, except for that portion of the Acquired Entities under common control of a group of stockholders, which portion was accounted for in a manner similar to a pooling of interests. The common control group is comprised of the NSI Stockholders who are immediate family members. The minority interest, which is

comprised of the NSI Stockholders who are not immediate family members, was acquired during the NSI Acquisition.

In connection with the NSI Acquisition, the Company recorded inventory step-up of \$21.6 million and intangible assets of \$32.4 million. The Company recorded amortization of inventory step-up totaling \$13.0 million, and amortization of intangible assets totaling \$0.5 million, respectively, for the three-month period ended June 30, 1998.

On May 5, 1998, the stockholders of the Company approved the automatic conversion of the preferred stock issued in the NSI Acquisition into 2,986,663 shares of Class A Common Stock.

3. INCOME TAXES

As a result of the NSI Acquisition described in Note 2, the Acquired Entities are no longer treated as S corporations for U.S. Federal income tax purposes. The combined statements of income include a pro forma presentation for income taxes, including the effect on minority interest, which would have been recorded if the Acquired Entities had been taxed as C corporations rather than as S corporations for the six-month period ended June 30, 1998 and for the three and six-month periods ended June 30, 1997.

4. NET INCOME PER SHARE

Net income per share is computed based on the weighted average number of common shares and common share equivalents outstanding during the periods presented. Additionally, diluted earnings per share data gives effect to all dilutive potential common shares that were outstanding during the periods presented, including the convertible preferred stock issued in the NSI Acquisition as if such shares had been converted to Class A Common Stock.

5. FINANCIAL INSTRUMENTS

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

At June 30, 1998 and December 31, 1997, the Company held foreign currency forward contracts with notional amounts totaling approximately \$29.9 million and \$51.0 million, respectively, to hedge foreign currency items. The realized and unrealized net gains on these contracts were \$1.5 million and \$3.4 million for the three and six-month periods ended June 30, 1998. These contracts have maturities through December 1998.

At June 30, 1998 and 1997, the intercompany loan from Nu Skin Japan to Nu Skin Hong Kong totaled approximately \$54.9 million and \$43.9 million, respectively. The Company recorded unrealized exchange gains totaling \$1.9 million and \$2.8 million, resulting from the intercompany loan for the three and six-month periods ended June 30, 1998, respectively. At June 30, 1998, the intercompany loan from Nu Skin Japan to the Company totaled approximately \$67.0 million. The Company recorded unrealized exchange gains totaling \$2.0 million, resulting from the intercompany

loan for the three and six-month periods ended June 30, 1998. There was no loan at June 30, 1997 from Nu Skin Japan to the Company.

6. NEW ACCOUNTING STANDARDS

Reporting Comprehensive Income

During the first quarter of 1998 the Company adopted Statement of Financial Accounting Standards No. 130 ("SFAS 130"), Reporting Comprehensive Income. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources, and it includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

The components of comprehensive income, net of related tax, for the three and six-month periods ended June 30, 1998 and 1997, were as follows:

	Three Months Ended June 30, 1998	Three Months Ended June 30, 1997	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
Net income	\$ 21,985	\$ 30,000	\$ 55,660	\$ 55,736
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(9,114)	(2,772)	(13,567)	197
Comprehensive income	\$ 12,871	\$ 27,228	\$ 42,093	\$ 55,933

Accumulated other comprehensive income is comprised solely of foreign currency translation adjustments.

Accounting for the Costs of Computer Software Developed or Obtained for Internal Use

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1 ("SOP 98-1"), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. The statement is effective for fiscal years beginning after December 15, 1998. Earlier application is encouraged in fiscal years for which annual financial statements have not been issued. The statement defines which costs of computer software developed or obtained for internal use are capital and which costs are expensed. The Company adopted SOP 98-1 effective January 1998. The adoption of SOP 98-1 does not materially affect the Company's consolidated financial statements.

Reporting on the Costs of Start-Up Activities

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

Accounting for Derivative Instruments and Hedging Activities

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

7. LONG-TERM DEBT

On May 8, 1998, the Company and its Japanese subsidiary Nu Skin Japan Co., Ltd. entered into a \$180 million credit facility with a syndicate of financial institutions for which ABN-AMRO, N.V. acted as agent. This credit facility was used to satisfy Company liabilities which were assumed as part of the NSI Acquisition. The Company borrowed \$110 million and Nu Skin Japan Co., Ltd. borrowed the Japanese Yen equivalent of \$70 million denominated in local currency. The balance on the credit facility was \$139.9 at June 30, 1998.

The U.S. portion of the credit facility bears interest at either a base rate as specified in the credit facility or the London Inter-Bank Offer rate plus an applicable margin, in the borrower's discretion. The Japanese portion of the credit facility bears interest at either a base rate as specified in the credit facility or the Tokyo Inter-Bank Offer rate plus an applicable margin, in the borrower's discretion. The maturity date for the credit facility is three years from the borrowing date, with a possible extension of the maturity date upon approval of the then outstanding lenders. Interest expense on the credit facility totaled \$1.2 million for the three and six-month periods ended June 30, 1998.

8. SUBSEQUENT EVENT

On July 20, 1998, the Board of Directors authorized the Company to request the holders of the Class B Common Stock to convert up to 15 million shares of Class B Common Stock to Class A Common Stock. The Company anticipates that upon approval from the stockholders of the Company this conversion will occur during the third quarter of 1998.

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

1998 compared to 1997

Revenue decreased 15.0% and 7.1% to \$209.1 million and \$436.9 million from \$245.9 million and \$470.1 million for the three and six-month periods ended June 30, 1998, respectively, compared with the same periods in 1997. The decrease in revenue resulted primarily from significant devaluation of the yen and other Asian currencies, an increasing competitive environment in Taiwan and the economic downturn in South Korea and Thailand. Revenue in North and Southeast Asia were also positively impacted by a price increase throughout Asia that occurred in the second quarter 1997.

Revenue in North Asia, which consists of Japan and South Korea, decreased to \$148.0 million and \$305.0 million from \$167.8 million and \$324.4 million for the three and six-month periods ended June 30, 1998, respectively, compared with the same periods in 1997. Economic challenges, currency devaluation and unfavorable media and consumer group attention toward foreign companies in South Korea resulted in a significant decline in South Korean revenue for the three and six-month periods ended June 30, 1998 compared to the same periods in 1997. Revenue in Japan increased 0.5% and 14.8% for the three and six-month periods ended June 30, 1998 due to the continued growth of the personal care and IDN product lines as well as the increase in active distributors in that market. This increase in growth in U.S. dollars was negatively affected by a 15% devaluation of the yen from the second quarter of 1997 to the second quarter of 1998. In local currency, revenue in Japan increased by 12.6% and 14.8% for the three and six-month periods ended June 30, 1998, respectively, compared to the same periods in 1997.

Revenue in Southeast Asia, which consists of Taiwan, Thailand, Hong Kong, the Philippines, Australia and New Zealand, totaled \$39.5 million and \$85.6 million for the three and six-month periods ended June 30, 1998, a decrease of 38.8% and 28.8%, respectively, from revenue of \$64.5 million and \$120.2 million during the three and six-month periods ended June 30, 1997. The Company's operations in Taiwan have continued to suffer the impact of increased competition and relatively soft nutritional product revenue. In addition, the Company's operations in Thailand have been impacted negatively by Thailand's economic challenges and currency devaluation.

The declines in North and Southeast Asia were partially offset by aggregate revenue increases in the Company's other markets, which include the United Kingdom, Germany, Italy, the Netherlands, France, Belgium, Spain, Portugal, Ireland, Austria and sales to and license fees from the Company's North American private affiliates. Aggregate revenue in these markets increased to \$21.6 million and \$46.3 million from \$13.7 million and \$25.5 million, an increase of 57.7% and 81.6%, for the three and six-month periods ended June 30, 1998, respectively, compared to the same periods in 1997. These increases were primarily due to significantly increased sales to the Company's North American private affiliates resulting from the successful convention held in the first quarter of 1998 in the United States, which attracted over 13,000 distributors and strong revenue results from sales to and license fees from these affiliates.

Gross profit as a percentage of revenue was 72.5% and 79.4% for the three months ended June 30, 1998 and 1997, respectively, and was 76.4% and 79.6% for the six months ended June 30, 1998 and 1997, respectively. The amortization of the step-up of inventory from the NSI Acquisition increased cost of sales by \$13.0 million in the second quarter of 1998. Without this non-recurring charge, gross profit would have been 78.7% and 79.3% for the three and six-month periods ended June 30, 1998, respectively, a slight decrease from 1997 gross margins. The remaining balance of \$8.6 million of inventory step-up will be fully amortized in the third quarter of 1998. The Company purchases goods in U.S. dollars and recognizes revenue in local currency and is consequently subjected to exchange rate risks in its gross margins. The negative pressure on gross margins, due primarily to weakened currencies throughout the Company's Asian markets, was offset by gross margin improvement as a result of price increases throughout Asia which occurred during the second quarter of 1997. In addition, increased local manufacturing efforts have been designed to improve and stabilize gross margins.

Distributor incentives as a percentage of revenue decreased to 36.0% and 36.3% for the three and six-month periods ended June 30, 1998 from 37.7% and 37.4% for the three and six-month periods ended June 30, 1997, respectively. The primary reason for this decrease was increased revenue from sales to and license fees from North America which is not subject to incentives being paid by the Company.

Selling, general and administrative expenses as a percentage of revenue increased to 22.3% for the three month period ended June 30, 1998 from 20.9% for the three month period ended June 30, 1997. This increase was due to U.S. dollar based selling, general and administrative expenses, acquired from the NSI Acquisition. Selling, general and administrative expenses as a percentage of revenue decreased from 22.3% to 21.7% for the six month periods ended June 30, 1998 and 1997, respectively. In dollar terms, selling, general and administrative expenses decreased from \$51.4 million and \$104.7 million to \$46.6 million and \$94.7 million for the three and six-month periods ended June 30, 1998, respectively, compared with the same periods in 1997.

Distributor stock expense of \$4.5 million and \$9.0 million for the three and six-month periods ended June 30, 1997, respectively, reflects the one-time grant of the distributor stock options at an exercise price of 25% of the initial public offering price in connection with the Underwritten Offerings completed on November 27, 1996. This non-cash expense is non-recurring and was only recorded in the fourth quarter of 1996 and in each of the four quarters in 1997.

Operating income decreased 36.6% and 5.1% to \$29.6 million and \$80.6 million from \$46.7 million and \$84.9 million for the three and six-month periods ended June 30, 1998, respectively, compared with the same periods in 1997. Operating margin decreased to 14.2% from 19.0% for the three months ended June 30, 1998 compared with the same period in 1997. This operating income and margin decrease was caused primarily by the decrease in U.S. dollar revenue and by the non-recurring amortization of inventory step-up recorded in the second quarter of 1998. Operating margin remained nearly constant at approximately 18% for the six-month periods ended June 30, 1998 and 1997.

Other income increased by \$3.9 million and \$2.5 million for the three and six-month periods ended June 30, 1998, respectively, compared with the same periods in 1997. The increase was primarily caused by the strong hedging gains from forward contracts and intercompany loans, as the Japanese yen weakened during the quarter.

Provision for income taxes decreased to \$12.9 million from \$13.7 million for the three months ended June 30, 1998 compared with the same period in 1997 due to decreased income that was offset by the increase in the effective tax rate from 28.5% to 37.0% for the same periods. Provision for income taxes increased to \$29.3 million from \$25.7 million for the six months ended June 30, 1998 compared with the same period in 1997 due to a slight decrease in income that was offset by the increase in the effective tax rate to 33.3% from 28.6%. The pro forma provision for income taxes presents income taxes as if the Acquired Entities had been taxed as C corporations rather than as S corporations for the three months ended March 31, 1997 and for the six-month periods ended June 30, 1998 and 1997. On a pro forma basis, the effective tax rate for the three and six-month periods ended June 30, 1997 was 38.0% and was 36.9% for the six-months ended June 30, 1998.

Minority interest relates to the earnings of the Acquired Entities which are not under common control. The minority interest owed at March 26, 1998 was purchased as part of the NSI Acquisition. Accordingly, minority interest does not continue after the NSI Acquisition.

Net income decreased by \$8.0 million to \$22.0 million from \$30.0 million for the three months ended June 30, 1998 compared with the same period in 1997 due primarily to the amortization of inventory step-up offset by the increases in other income. Net income for the six-month periods ended June 30, 1998 and 1997 remained constant at \$55.7 million. Net income as a percentage of revenue decreased to 10.5% for the three months ended June 30, 1998 as compared to 12.2% for the same period in 1997 and increased from 11.9% to 12.7% for the six months ended June 30, 1998 compared to the same period in 1997.

Liquidity and Capital Resources

Historically, the Company's principal needs for funds have 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 to fund operating activities.

The Company generates significant cash flow from operations due to favorable gross margins and minimal capital requirements. Additionally, the Company does not extend credit to distributors, but requires payment prior to shipping products. This process eliminates the need for accounts receivable from

distributors. During the first quarter of each year, the Company pays significant accrued income taxes in many foreign jurisdictions including Japan. These large cash payments generally more than offset significant cash generated in the first quarter. During the six months ended June 30, 1998, the Company generated \$50.5 million from operations compared to \$23.5 million generated during the six months ended June 30, 1997. This increase in cash generated from operations is primarily due to reduced inventory levels and related party activity.

As of June 30, 1998, working capital was \$139.9 million compared to \$123.2 million as of December 31, 1997. This increase is largely due to the step-up in inventory relating to the NSI Acquisition. Cash and cash equivalents at June 30, 1998 were \$156.2 million compared to \$174.3 million at December 31, 1997.

Capital expenditures, primarily for equipment, computer systems and software, office furniture and leasehold improvements, were \$12.1 million and \$6.0 million for the six months ended June 30, 1998 and 1997, respectively. In addition, the Company anticipates additional capital expenditures in 1998 of \$15.0 million to further enhance its infrastructure, including computer systems and software, warehousing facilities and walk-in distributor centers in order to accommodate future growth. The Company is currently reviewing its own and its principal vendors' computer systems and software to evaluate and address the "Year 2000" issue. The Company believes that the capital required to modify its systems will not be material to the Company. The Company, however, cannot predict or evaluate foreign governments' preparation for the "Year 2000" issue and the resulting impact it may have on the economy or on the Company's business.

In March 1998, the Company completed its acquisition of the Acquired Entities for \$70 million in preferred stock and long-term notes payable to the NSI Stockholders totaling approximately \$10.1 million. In addition, contingent upon NSI and the Company meeting certain earnings growth targets, the Company may pay up to \$25 million in cash per year over the next four years. Also, as part of the NSI Acquisition, the Company assumed approximately \$169.9 million in S Distribution Notes due in equal monthly installments over the next seven years. As of June 30, 1998, the S Distribution Notes and long-term notes payable to the NSI Stockholders had been paid in full. The contingent consideration paid, if any, will be accounted for as an adjustment to the purchase price and allocated to the Acquired Entities' assets and liabilities.

In May 1998, the Company and its Japanese subsidiary Nu Skin Japan Co., Ltd. entered into a \$180 million credit facility with a syndicate of financial institutions for which ABN-AMRO, N.V. acted as agent. This credit facility was used to satisfy Company liabilities which were assumed as part of the NSI Acquisition. The Company borrowed \$110 million and Nu Skin Japan Co., Ltd. borrowed the Japanese Yen equivalent of \$70 million denominated in local currency. During the three months ended June 30, 1998, the Company paid \$41.6 million of the \$180.0 million credit facility. The U.S. portion of the credit facility bears interest at either a base rate as specified in the credit facility or the London Inter-Bank Offer rate plus an applicable margin, in the borrower's discretion. The Japanese portion of the credit facility bears interest at either a base rate as specified in the credit facility or the Tokyo Inter-Bank Offer rate plus an applicable margin, in the borrower's discretion. The maturity date for the credit facility is three years from the borrowing date, with a possible extension of the maturity date upon approval of the then outstanding lenders. The credit facility provides that the amounts borrowed are to be used for general corporate purposes. The credit facility also contains other terms and conditions and affirmative and negative financial covenants customary for credit facilities of this type.

Under its operating agreements with other Nu Skin affiliated companies, the Company incurs related party payables and receivables. The Company had related party payables of \$26.1 million and \$10.0 million at June 30, 1998 and December 31, 1997, respectively. In addition, the Company had related party receivables of \$20.2 million and \$23.0 million, respectively, at those dates. Related party balances outstanding in excess of 60 days bear interest at a rate of 2% above the U.S. prime rate. As of June 30, 1998, no material related party payables or receivables had been outstanding for more than 60 days.

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

Seasonality and Cyclicity

The direct selling industry is impacted by certain seasonal trends such as major cultural events and vacation patterns. For example, Japan, Taiwan, Hong Kong, South Korea and Thailand celebrate their respective local New Year in the Company's first quarter. Management believes that direct selling in Japan and Europe is also generally negatively impacted during August, when many individuals traditionally take vacations.

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 growth was followed by a short period of stable or declining revenue followed by renewed growth fueled by new product introductions, an increase in the number of active distributors and increased distributor productivity. In South Korea, the Company experienced a significant decline in its 1997 revenue from revenue in 1996 and is experiencing additional declines in 1998. Revenue in Thailand also decreased significantly after the commencement of operations in March 1997. Management believes that the revenue declines in South Korea and Thailand were partly due to normal business cycles in new markets but were primarily due to volatile economic conditions in those markets. See "--Outlook." In addition, the Company may experience variations on a quarterly basis in its results of operations, as new products are introduced and new markets are opened. No assurance can be given that the Company's revenue growth rate in new markets where Nu Skin operations have not commenced will follow this pattern.

Currency Fluctuation and Exchange Rate Information

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

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

Outlook

Management currently anticipates annual revenue and earnings growth overall in 1998. This growth is expected to result in part from improved margins resulting from the recent NSI Acquisition as well as from anticipated growth in Japan and Taiwan. Further, expansion into new markets, specifically Brazil, is expected to contribute to growth in revenue and earnings. Additionally, the Company intends to continue pursuing strategic initiatives to minimize the impact of fluctuating currencies and economies in Asia by diversifying its markets, moving more of its manufacturing to local markets, implementing enhancements to its sales compensation plan and seeking cost reductions from vendors. The Company's anticipated revenue and earnings growth, however, could be adversely affected by continued fluctuations in Asian currencies, particularly the yen, and the economic downturn in its Asian markets.

Revenue in the third quarter of 1998 is anticipated to be down sequentially and from the third quarter of 1997 primarily due to the impact of currency translation. In the fourth quarter of 1998, however, management anticipates that nearly all markets will record sequential revenue gains. These revenue gains are expected to be led by Japan where current plans include a major convention and the introduction of a new water purification product line as well as other nutritional and personal care products. Additionally, the Company has announced plans for operations in Brazil to commence in the fourth quarter. The Company also plans to re-introduce locally manufactured LifePak in Taiwan in the third quarter of 1998 that will be sold

at 20 percent less than the current product with no gross margin erosion. Management anticipates that this repositioning of LifePak will place the Company in a much more competitive posture in Taiwan's nutrition industry.

Reported operating margins are expected to be negatively impacted in the third quarter of 1998 due to the remaining charge of \$8.6 million for amortization of inventory step-up. This charge is a non-cash, non-recurring expense that will not continue beyond the third quarter of 1998. Operating margins in the fourth quarter of 1998 are expected to improve in relation to the anticipated revenue growth in the fourth quarter of 1998.

The Company has significant forward contracts and other hedging vehicles on foreign currencies, principally the Japanese yen. It is impossible to predict the impact on other income due to a strengthening or weakening of the Japanese yen. If the yen strengthens, the Company's reported revenue and operating profits will be positively impacted, but the impact on earnings will be offset, to a degree, by other income losses. If the yen weakens, the Company's reported revenue and operating profits will be negatively impacted, but the impact on earnings will be offset, to a degree, by other income gains.

Note Regarding Forward-Looking Statements

Certain statements made above in the Liquidity and Capital Resources section and the Outlook section are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). These forward-looking statements involve risks and uncertainties and are based on certain assumptions that may not be realized. Actual results and outcomes may differ materially from those discussed or anticipated. The forward-looking statements and associated risks described in this filing relate to (i) the anticipation of significant cash flow from operations, (ii) the Company's expectation that it will be able to rely entirely on cash flow from operations to fund its business objectives without incurring long-term debt to unrelated third parties, (iii) the Company's expectation that it will be able to successfully address any issues relating to the Year 2000 issue, and to the extent necessary, modify computer systems without incurring material capital expenditures, (iv) management's belief that the Company is liquid and able to meet its obligations both on a short and long-term basis, (v) the anticipation of growth in annual revenue and earnings overall in 1998 as a result of the NSI Acquisition, growth in Japan and Taiwan, expansion in Brazil and other new markets, (vi) management's belief that revenue in the third quarter will be down due to the impact of currency devaluation, (vii) management's belief that nearly all of its markets will record sequential revenue gains in the fourth quarter, (viii) expected revenue gains in Japan arising from the convention planned for the fourth quarter and the introduction of a new water filtration system, (ix) the planned expansion into Brazil, (x) the expectation that the re-introduction of a locally-manufactured LifePak in Taiwan will improve the Company's competitive position in Taiwan's nutrition industry without affecting margins, (xi) the Company's intentions to pursue strategic initiatives to minimize the impact of fluctuating foreign currencies and economies in Asia by diversifying its markets, moving more of its manufacturing to local markets, implementing enhancements to its sales compensation plan and seeking cost reductions from vendors, (xii) the Company's plan to implement forward contracts and other hedging strategies to manage foreign currency risks, and (xiii) the expected improvement in operating margins in the fourth quarter in relation to the anticipated revenue growth.

Important factors and risks that might cause actual results to differ from those anticipated include, but are not limited to: (a) lower than expected revenue, revenue growth and cash flow from operations because of adverse economic, business or political conditions, increased competition, adverse publicity in the Company's markets, particularly Japan and Taiwan, or the Company's inability, for any reason, to open new markets such as Brazil, introduce new products, implement its marketing and local sourcing initiatives and other strategic plans as well as the potential negative effect of distributor actions such as decreased selling efforts or increased turnover; (b) variations in operating results including revenue, gross profit and earnings caused by continued fluctuations in foreign currency values; (c) the Company's inability to favorably implement forward contracts and other hedging strategies to manage foreign currency risk; (d) difficulties in integrating the NSI operations with the Company's operations; (e) the inability of the Company to successfully establish manufacturing facilities in foreign markets at lower costs while maintaining the quality and marketing position of its products; (f) unanticipated problems or circumstances, including any regulatory and other legal issues, that may prevent or delay the Company from expanding into new markets, particularly Brazil, or introducing new products; (g) the inability of

the Company to gain market acceptance of new products, including the Company's proposed home water filtration product in Japan, which

represents a new market segment, and the locally manufactured LifePak in Taiwan; (h) increased expenditures required to address the Year 2000 issue if the Company's technology requirements change or unforeseen problems are discovered; (i) risks that the Company's and its vendors' plans to remedy "Year 2000" issues may be inadequate which could result in disruptions of the Company's business; (j) increased government regulation of direct selling activities and products in existing and future markets such as the PRC's recent restrictions on direct selling; (k) management's inability to effectively manage the Company's growth; (l) the Company's inability to renegotiate or adjust vendor relationships favorable to the Company; (m) risks inherent in the importation, regulation and sale of personal care and nutritional products in the Company's markets including product liability issues; (n) the Company's reliance on and the concentration of outside manufacturers; (o) taxation and transfer pricing issues, including the Company's inability to fully use its foreign tax credits; and (p) seasonal and cyclical trends. For a more detailed discussion of risks and uncertainties related to the Company's business, please refer to the Company's Form 10-K for the year ended December 31, 1997, and any amendments thereto, and other documents filed by the Company with the Securities and Exchange Commission.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Nu Skin International, Inc. ("NSI"), a recently acquired subsidiary of the Company, is a party to an action entitled Natalie Capone on behalf of Herself and All Others Similarly Situated v. Nu Skin Canada, Inc., Nu Skin International, Inc., Blake Roney, et. al. which was filed with the United States District Court for the District of Utah, Central Division (the "Court") in March 1993. This litigation was previously reported in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1998. Ms. Capone filed a class action complaint against NSI and certain affiliated parties (the "Defendants"). The complaint alleges violations of the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, common law fraud and violations of the Utah Consumer Sales Practices Act. The plaintiff also sought injunctive relief, disgorgement by Defendants, and restitution to plaintiff of all earnings, profits, compensation and benefits obtained by Defendants. In June 1997 the Court denied NSI's motion for summary judgement but also denied the plaintiff's motion to certify a similarly situated class of distributors. In May 1998, the Court, upon reconsideration, granted the plaintiff's motion to certify a similarly situated class of distributors based on more limited claims under the Securities Act of 1933 and the Utah Anti-pyramid statute. The case continues in discovery. The Company's potential liability associated with this case is limited to the impact an adverse decision may have upon the business of its privately-owned affiliates in the U.S. and Canada and is also limited by certain indemnities provided to the Company in connection with the NSI Acquisition.

ITEM 2. CHANGES IN SECURITIES

Conversion of Preferred Stock

On May 5, 1998, the stockholders of the Company approved the automatic conversion of the preferred stock issued in the NSI Acquisition into 2,986,663 shares of Class A Common Stock. The issuance of shares of Class A Common Stock upon conversion of the preferred stock was made in reliance upon the exemptions provided by Section 3(a)(9) and Section 4(2) of the Securities Act of 1933.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

The Company's Annual Meeting of Stockholders was held on May 5, 1998. At the Annual Meeting, Blake M. Roney, Steven J. Lund, Sandra N. Tillotson, Keith R. Halls, Brooke B. Roney, Max L. Pinegar, E.J.

"Jake" Garn, Paula Hawkins and Daniel W. Campbell were elected to serve as directors of the Company until the next annual meeting of stockholders or until their successors are duly elected. Each director was elected by a plurality of votes in accordance with the Delaware General Corporation Law. There was no solicitation in opposition to management's director nominees. The following chart reflects the vote tabulation with respect to each director nominee. The figures reported reflect votes cast by holders of the Company's Class A Common Stock and Class B Common Stock. Each share of Class A Common Stock entitles its holder to one vote, and each share of Class B Common Stock entitles its holder to ten votes.

Name of Director Nominee	Votes For	Votes Withheld
-----	-----	-----
Blake M. Roney	702,807,587	30,305
Steven J. Lund	702,807,587	28,394
Sandra N. Tillotson	702,807,587	28,394
Keith R. Halls	702,807,587	28,394
Brooke B. Roney	702,807,587	28,394
Max L. Pinegar	694,136,020	8,699,961
E.J. "Jake" Garn	702,807,587	28,394
Paula Hawkins	702,807,587	28,394
Daniel W. Campbell	702,807,587	28,394

The stockholders also approved an amendment to the Company's Certificate of Incorporation that changed the name of the Company to Nu Skin Enterprises, Inc. with 710,737,545 votes voted in favor of the amendment, 1,859 votes cast against, and 2,988,616 abstentions. The stockholders also approved the automatic conversion of the preferred stock issued in the NSI Acquisition into 2,986,663 shares of Class A Common Stock with 706,153,182 votes being cast for, 42,054 votes being cast against, and 2,979,295 votes abstaining. In addition, the stockholders ratified the appointment of PricewaterhouseCoopers LLP as the Company's independent public accountants, with 710,748,431 votes being cast for, 5,131 votes being cast against, as well as 2,974,428 votes abstaining.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Regulation S-K

Number	Description
3.1	Amendment to the Company's Certificate of Incorporation
10.1	Credit Agreement - dated May 8, 1998 with ABN AMRO, N.V., as agent
10.2	Form of Note - dated May 8, 1998 with ABN AMRO, N.V., as agent
10.3	Subsidiary Guaranty - dated May 8, 1998 with ABN AMRO, N.V., as agent
10.4	Pledge Agreement - dated May 8, 1998 with ABN AMRO, N.V., as agent
10.5	NSE Guaranty - dated May 8, 1998 with ABN AMRO, N.V., as agent
27.1	Financial Data Schedule - Six Months Ended June 30, 1998
27.2	Financial Data Schedule - Year Ended December 31, 1997 - Restated
27.3	Financial Data Schedule - Nine Months Ended June 30, 1997 - Restated
27.4	Financial Data Schedule - Six Months Ended June 30, 1997 - Restated
27.5	Financial Data Schedule - Three Months Ended March 31, 1997 - Restated
27.6	Financial Data Schedule - Year Ended December 31, 1996 - Restated

(b) Reports on Form 8-K. The Company filed an amendment to a Current Report on Form 8-K/A dated April 28, 1998 providing financial statements, pro forma financial information and exhibits reflecting the NSI Acquisition.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 12th day of August, 1998.

NU SKIN ENTERPRISES, INC.

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

EXHIBIT INDEX

- 3.1 Amendment to the Company's Certificate of Incorporation

- 10.1 Credit Agreement - dated May 8, 1998 with ABN AMRO, N.V., as agent
- 10.2 Form of Note - dated May 8, 1998 with ABN AMRO, N.V., as agent
- 10.3 Subsidiary Guaranty - dated May 8, 1998 with ABN AMRO, N.V., as agent
- 10.4 Pledge Agreement - dated May 8, 1998 with ABN AMRO, N.V., as agent
- 10.5 NSE Guaranty - dated May 8, 1998 with ABN AMRO, N.V., as agent

- 27.1 Financial Data Schedule - Six Months Ended June 30, 1998
- 27.2 Financial Data Schedule - Year Ended December 31, 1997 - Restated
- 27.3 Financial Data Schedule - Nine Months Ended June 30, 1997 - Restated
- 27.4 Financial Data Schedule - Six Months Ended June 30, 1997 - Restated
- 27.5 Financial Data Schedule - Three Months Ended March 31, 1997 - Restated
- 27.6 Financial Data Schedule - Year Ended December 31, 1996 - Restated

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION

Nu Skin Asia Pacific, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, Does Hereby Certify:

First: That the Board of Directors of Nu Skin Asia Pacific, Inc. duly adopted a resolution setting forth a proposed amendment of the Certificate of Incorporation of the corporation, declaring the proposed amendment to be advisable and in the best interest of the corporation and its stockholders, and directing that the proposed amendment be considered at the next annual meeting of the stockholders of the corporation. The resolution setting forth the proposed amendment is as follows:

Resolved, that Paragraph 1. of the Certificate of Incorporation of the Corporation is hereby amended, subject to stockholder approval, to read in its entirety as follows:

"1. The name of the corporation is Nu Skin Enterprises, Inc. (the "Corporation")."

Second: That thereafter, pursuant to resolution of its Board of Directors and upon the vote of its stockholders at the 1998 Annual Meeting of Stockholders, the necessary number of shares as required by statute were voted in favor of the amendment.

Third: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said corporation has caused this Certificate to be signed by Steven J. Lund, President and Chief Executive Officer, and attested by Keith R. Halls, Secretary, this ____ day of May 1998.

NU SKIN ASIA PACIFIC, INC.

By:
Steven J. Lund
President and Chief Executive Officer

ATTEST:

Keith R. Halls
Secretary

CREDIT AGREEMENT

among

NU SKIN ENTERPRISES, INC.

and

NU SKIN JAPAN CO., LTD.

and

THE LENDERS NAMED HEREIN

and

ABN AMRO BANK N.V.,
as Agent for Lenders

and

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION
and
NATIONSBANK, N.A.,
as Co-Agents

May 8, 1998

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- * 4.01(g) Litigation
- * 4.01(o) Subsidiaries
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- * 5.02(d) Potential Acquisitions
- * 5.02(e) Existing Investments

EXHIBITS

- * A Notice of U.S. Borrowing (2.01(b))
- * B Notice of U.S. Borrowing Conversion (2.01(d))
- * C Notice of U.S. Borrowing Interest Period Selection (2.01(e))
- * D Notice of Japanese Borrowing (2.02(b))
- * E Notice of Japanese Borrowing Interest Period Selection (2.02(d))
- * F Extension Request (2.03)
- * G Form of Note (2.07(b))
- * H Subsidiary Guaranty (2.13(a))
- * I Pledge Agreement (2.13(a))
- * J NSE Guaranty (2.13(a))
- * K Assignment Agreement (8.05(c))
- * L Solvency Certificate (Schedule 3.01)

* Schedules and exhibits omitted. The omitted schedules and exhibits from this filing will be provided upon request

CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of May 8, 1998, is entered into by and among:

(1) NU SKIN ENTERPRISES, INC., a Delaware corporation formerly named Nu Skin Asia Pacific, Inc. ("NSE");

(2) NU SKIN JAPAN CO., LTD., a Japanese corporation ("NSJ");

(3) Each of the financial institutions from time to time listed in Schedule I hereto, as amended from time to time (such financial institutions to be referred to herein collectively as "Lenders");

(4) ABN AMRO BANK N.V., as agent for Lenders (in such capacity, "Agent"); and

(5) BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION and NATIONSBANK, N.A., as co-agents (collectively, in such capacity, the "Co-Agents").

RECITALS

A. NSE and NSJ (collectively, "Borrowers") have requested Lenders to provide certain credit facilities to Borrowers.

B. Lenders are willing to provide such credit facilities upon the terms and subject to the conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the above Recitals and the mutual covenants herein contained, the parties hereto hereby agree as follows:

SECTION I. INTERPRETATION

1.01. Definitions. Unless otherwise indicated in this Agreement or any other Credit Document, each term set forth below, when used in this Agreement or any other Credit Document, shall have the respective meaning given to that term below or in the provision of this Agreement or other document, instrument or agreement referenced below.

"ABN AMRO" shall mean ABN AMRO Bank N.V.

"Acquired Entities" shall mean NSI and the other Persons acquired by NSE pursuant to the NSI Acquisition Agreement.

"Affiliate" shall mean, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as a trustee, guardian or other fiduciary, five percent (5%) or more of any class of Equity Securities of such Person or (b) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person; provided, however, that in no case shall Agent or any Lender be deemed to be an Affiliate of either Borrower or any of its Subsidiaries for purposes of this Agreement. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"Agent" shall have the meaning given to that term in clause (4) of the introductory paragraph hereof.

"Agent's Fee Letter" shall mean the letter agreement dated as of March 13, 1998 among Borrowers and Agent.

"Agreement" shall mean this Credit Agreement.

"Applicable Lending Office" shall mean:

(a) With respect to any U.S. Lender and the U.S. Borrowing, (i) in the case of any Base Rate Portion, such Lender's U.S. Lending Office, and (ii) in the case of any LIBOR Portion, such Lender's Euro-Dollar Lending Office; and

(b) With respect to any Japanese Lender and the Japanese Borrowing, such Lender's Japanese Lending Office.

"Applicable Margin" shall mean, with respect to any Portion of any Borrowing at any time, the per annum margin which is determined pursuant to the Pricing Grid and added to the Base Rate, LIBO Rate or TIBO Rate, as the case may be, for such Portion; provided, however, that each Applicable Margin determined pursuant to the Pricing Grid shall be increased by two percent (2.00%) per annum on the date an Event of Default occurs and shall continue at such increased rate unless and until such Event of Default is cured or waived in accordance with this Agreement. The Applicable Margins shall be determined as provided in the Pricing Grid and may change for each Pricing Period.

"Assignee Lender" shall have the meaning given to that term in Subparagraph 8.05(c).

"Assignment" shall have the meaning given to that term in Subparagraph 8.05(c).

"Assignment Agreement" shall have the meaning given to that term in Subparagraph 8.05(c).

"Assignment Effective Date" shall have, with respect to each Assignment Agreement, the meaning set forth therein.

"Assignor Lender" shall have the meaning given to that term in Subparagraph 8.05(c).

"Base Rate" shall mean, on any day, the greater of (a) the Prime Rate in effect on such date and (b) the Federal Funds Rate for such day plus one-half percent (0.50%).

"Base Rate Portion" shall mean, at any time, a Portion of the U.S. Borrowing or a U.S. Loan, as the case may be, which then bears interest at a rate specified in clause (i) of Subparagraph 2.01(c).

"Borrowers" shall have the meaning given to that term in Recital A.

"Borrowing" shall mean the U.S. Borrowing or the Japanese Borrowing.

"Business Day" shall mean any day on which commercial banks are not authorized or required to close in San Francisco, California, New York, New York or Salt Lake City, Utah and (a) if such Business Day is related to a LIBOR Portion of the U.S. Borrowing, dealings in Dollar deposits are carried out in the London interbank market and commercial banks are open for business in London or (b) if such Business Day is related to the Japanese Borrowing, dealings in Yen deposits are carried out in the Tokyo interbank market and commercial banks are open for business in Tokyo.

"Capital" shall mean, with respect to either Borrower at any time, the sum, determined on a consolidated basis in accordance with GAAP, of the Indebtedness and net worth of such Borrower and its Subsidiaries at such time.

"Capital Adequacy Requirement" shall have the meaning given to that term in Subparagraph 2.10(d).

"Capital Asset" shall mean, with respect to any Person, any tangible fixed or capital asset owned or leased (in the case of a Capital Lease) by such Person, or any expense incurred by such Person that is required by GAAP to be reported as a non-current asset on such Person's balance sheet.

"Capital Expenditures" shall mean, with respect to any Person and any period, all amounts expended by such Person during such period for the acquisition of Capital Assets (including all amounts paid or accrued on Capital Leases and other Indebtedness incurred or assumed to acquire Capital Assets).

"Capital Leases" shall mean any and all lease obligations that, in accordance with GAAP, are required to be capitalized on the books of a lessee.

"Change of Control" shall mean

(a) With respect to NSE, (i) the acquisition after the date hereof by any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934 (as amended, the "Exchange Act")) of (A) beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Exchange Act) of forty percent (40%) or more of the outstanding Equity Securities of NSE entitled to vote for members of the board of directors (excluding any such acquisition (1) by Persons who are shareholders of NSE on the date of this Agreement, (2) resulting from the conversion by the current holders of NSE preferred shares of such shares into NSE common shares and (3) resulting from the conversion by the current holders of NSE Class B common shares of such shares into NSE Class A common shares), or (B) all or substantially all of the assets of NSE; or (ii) during any period of twelve (12) consecutive calendar months, individuals who are directors of NSE on the first day of such period ("Initial Directors") and any directors of NSE who are specifically approved by two-thirds of the Initial Directors and previously-approved Directors shall cease to constitute a majority of the Board of Directors of Borrower before the end of such period;

(b) With respect to (i) NSJ, Nu Skin Hong Kong, Inc., Nu Skin Taiwan, Inc. or Nu Skin Korea, Inc. or (ii) any Domestic Subsidiary of NSE that is a Material Subsidiary, NSE shall cease to own directly or indirectly one hundred percent (100%) of the Equity Securities of such Subsidiary; or

(c) With respect to any Foreign Subsidiary of NSE that is a Material Subsidiary, NSE shall cease to own directly or indirectly fifty-one percent (51%) or more of the Equity Securities of such Subsidiary.

"Change of Law" shall have the meaning given to that term in Subparagraph 2.10(b).

"Closing Date" shall mean the U.S. Closing Date or the Japanese Closing Date.

"Co-Agents" shall have the meaning given to that term in clause (5) of the introductory paragraph hereof.

"Collateral" shall mean all property in which Agent or any Lender has a Lien to secure the Obligations.

"Commitment Fees" shall mean collectively the U.S. Commitment Fees and the Japanese Commitment Fees.

"Commitments" shall mean, collectively, the U.S. Commitments and the Japanese Commitments.

"Commitment Termination Date" shall mean May 29, 1998.

"Compliance Certificate" shall have the meaning given to that term in Subparagraph 5.01(a).

"Contingent Obligation" shall mean, with respect to any Person, (a) any Guaranty Obligation of that Person; and (b) any direct or indirect obligation or liability, contingent or otherwise, of that Person (i) in respect of any Surety Instrument issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or payments, (ii) as a partner or joint venturer in any partnership or joint venture, (iii) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered, or (iv) in respect to any Rate Contract that is not entered into in connection with a bona fide hedging operation that provides offsetting benefits to such Person. The amount of any Contingent Obligation shall (subject, in the case of Guaranty Obligations, to the last sentence of the definition of "Guaranty Obligation") be deemed equal to the maximum reasonably anticipated liability in respect thereof, and shall, with respect to item (b)(iv) of this definition be marked to market on a current basis.

"Contractual Obligation" of any Person shall mean, any indenture, note, lease, loan agreement, security, deed of trust, mortgage, security agreement, guaranty, instrument, contract, agreement or other form of contractual obligation or undertaking to which such Person is a party or by which such Person or any of its property is bound.

"Credit Documents" shall mean and include this Agreement, the Notes, the Security Documents and the Agent's Fee Letter; all other documents, instruments and agreements delivered to Agent or any Lender pursuant to Section III; and all other documents, instruments and agreements delivered by either Borrower or any of its Subsidiaries to Agent or any Lender in connection with this Agreement on or after the date of this Agreement.

"Credit Event" shall mean the making of any Loan; the conversion of any Portion of the U.S. Borrowing into a LIBOR Portion; the selection of a new Interest Period for any LIBOR Portion of the U.S. Borrowing; or the selection of a new Interest Period exceeding one (1) month for the Japanese Borrowing.

"Debt/EBITDA Ratio" shall mean, with respect to either Borrower for any period, the ratio, determined on a consolidated basis in accordance with GAAP, of:

(a) The total Indebtedness of such Borrower and its Subsidiaries on the last day of such period (excluding, in the case of NSJ, Indebtedness of NSJ and its Subsidiaries to NSE and NSE's other Subsidiaries);

to

(b) The EBITDA of such Borrower and its Subsidiaries for such period.

"Default" shall mean an Event of Default or any event or circumstance not yet constituting an Event of Default which, with the giving of any notice or the lapse of any period of time or both, would become an Event of Default.

"Defaulting Lender" shall mean a Lender which has failed to fund its portion of any Borrowing which it is required to fund under this Agreement and has continued in such failure for three (3) Business Days after written notice from Agent.

"Dollar Equivalent" shall mean, as to any amount denominated in Yen as of any date of determination, the equivalent amount in Dollars as determined by Agent on the basis of the Telegraphic Transfer Mid Rate quoted by Bank of Tokyo Mitsubishi at or about 10:00 a.m. (Tokyo time) on such date.

"Dollars" and "\$" shall mean the lawful currency of the United States of America and, in relation to any payment under this Agreement, same day or immediately available funds.

"Domestic Lending Office" shall mean, with respect to any U.S. Lender and the U.S. Borrowing, (a) initially, its office designated as such in Part B of Schedule I (or, in the case of any U.S. Lender which becomes a U.S. Lender by an assignment pursuant to Subparagraph 8.05(c), its office designated as such in the applicable Assignment Agreement) and (b) subsequently, such other office or offices as such U.S. Lender may designate to Agent as the office at which such Lender's Base Rate Portion will thereafter be maintained and for the account of which all payments of principal of, and interest on, such Lender's Base Rate Portion will thereafter be made.

"Domestic Subsidiary" shall mean, at any time, each Subsidiary of NSE (a) which is created or organized in the United States or under the law of the United States or any state thereof or any territory thereof, (b) which was included as a member of NSE's affiliated group in NSE's most recent consolidated United States federal income tax return, or (c) the earnings of which were includible in the taxable income of NSE or any other Domestic Subsidiary (to the extent of NSE's and/or such other Domestic Subsidiary's ownership interest of such Subsidiary) in NSE's most recent consolidated United States federal income tax return.

"EBITDA" shall mean, with respect to either Borrower for any period, the sum, determined on a consolidated basis in accordance with GAAP, of the following:

(a) The net income or net loss of such Borrower and its Subsidiaries for such period before provision for income taxes;

plus

(b) The sum (to the extent deducted in calculating net income or loss in clause (a) above) of (i) all Interest Expenses of such Borrower and its Subsidiaries accruing during such period and (ii) all depreciation and amortization expenses of such Borrower and its Subsidiaries accruing during such period.

"Eligible Assignee" shall mean a commercial bank having a combined capital and surplus of at least \$100,000,000 that is acting through a branch or agency located in (a) the United States, in the case of a potential Assignee Lender that is to become a U.S. Lender or (b) Japan, in the case of a potential Assignee Lender that is to become a Japanese Lender.

"Employee Benefit Plan" shall mean any employee benefit plan within the meaning of section 3(3) of ERISA maintained or contributed to by NSE or any ERISA Affiliate, other than a Multiemployer Plan.

"Environmental Laws" shall mean the all Governmental Rules relating to the protection of human health and the environment, including all Governmental Rules pertaining to the reporting, licensing, permitting, transportation, storage, disposal, investigation or remediation of emissions, discharges, releases, or threatened releases of Hazardous Materials into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation or handling of Hazardous Materials.

"Equity Securities" of any Person shall mean (a) all common stock, preferred stock, participations, shares, partnership interests or other equity interests in and of such Person (regardless of how designated and whether or not voting or non-voting) and (b) all warrants, options and other rights to acquire any of the foregoing.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may from time to time be amended or supplemented, including any rules or regulations issued in connection therewith.

"ERISA Affiliate" shall mean any Person which is treated as a single employer with NSE under Section 414 of the IRC.

"Euro-Dollar Lending Office" shall mean, with respect to any U.S. Lender and the U.S. Borrowing, (a) initially, such Lender's office designated as such in Part B of Schedule I (or, in the case of any U.S. Lender which becomes a U.S. Lender by an assignment pursuant to Subparagraph 8.05(c), its office designated as such in the applicable Assignment Agreement) and (b) subsequently, such other office or offices as such Lender may designate to Agent as the office at which such Lender's LIBOR Portions will thereafter be maintained and for the account of which all payments of principal of, and interest on, such Lender's LIBOR Portions will thereafter be made.

"Event of Default" shall have the meaning given to that term in Paragraph 6.01.

"Extension Request" shall have the meaning given to that term in Paragraph 2.03.

"Facility" shall mean the U.S. Facility or Japanese Facility.

"Federal Funds Rate" shall mean, for any day, the rate per annum set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor publication, "H.15 (519)") for such day opposite the caption "Federal Funds (Effective)". If on any relevant day, such rate is not yet published in H.15 (519), the rate for such day shall be the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor publication, the "Composite 3:30 p.m. Quotations") for such day under the caption "Federal Funds Effective Rate". If on any relevant day, such rate is not yet published in either H.15 (519) or the Composite 3:30 p.m. Quotations, the rate for such day shall be the arithmetic means, as determined by Agent, of the rates quoted to Agent for such day by three (3) Federal funds brokers of recognized standing selected by Agent for overnight federal funds transactions.

"Federal Reserve Board" shall mean the Board of Governors of the Federal Reserve System.

"Financial Statements" shall mean, with respect to any accounting period for any Person, statements of income, shareholders' equity and cash flows of such Person for such period, and a balance sheet of such Person as of the end of such period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year if such period is less than a full fiscal year or, if such period is a full fiscal year, corresponding figures from the preceding annual audit, all prepared in reasonable detail and in accordance with GAAP.

"Fixed Charge Coverage Ratio" shall mean, with respect to either Borrower for any period, the ratio, determined on a consolidated basis in accordance with GAAP, of:

(a) EBITDA of such Borrower and its Subsidiaries for such period;

to

(b) The sum of (i) all Interest Expenses of such Borrower and its Subsidiaries for such period, plus (ii) the current portion of the long-term Indebtedness of such Borrower and its Subsidiaries for such period (excluding, in the case of NSJ, long-term Indebtedness of NSJ and its Subsidiaries to NSE and NSE's other Subsidiaries), plus, in the case of NSE and its Subsidiaries only, (iii) all dividends paid by NSE and its Subsidiaries (other than dividends paid to NSE) during such period and (iv) the amount of the NSI Contingent Payments paid by NSE during such period.

"Foreign Plan" shall mean any employee benefit plan maintained by NSE, NSJ or any of their Subsidiaries which is mandated or governed by any Governmental Rule of any Governmental Authority other than the United States.

"Foreign Subsidiary" shall mean each Subsidiary of NSE which is not a Domestic Subsidiary.

"GAAP" shall mean generally accepted accounting principles and practices as in effect in the United States of America from time to time, consistently applied.

"Governmental Authority" shall mean any domestic or foreign national, state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation, the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Comptroller of the Currency, any central bank or any comparable authority.

"Governmental Charges" shall mean, with respect to any Person, all levies, assessments, fees, claims or other charges imposed by any Governmental Authority upon such Person or any of its property or otherwise payable by such Person.

"Governmental Rule" shall mean any law, rule, regulation, ordinance, order, code interpretation, judgment, decree, directive, guidelines, policy or similar form of decision of any Governmental Authority.

"Guaranty" shall mean the Subsidiary Guaranty or NSE Guaranty.

"Guaranty Obligation" shall mean, with respect to any Person, any direct or indirect liability of that Person with respect to any indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person, whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligations or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, or (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof. The amount of any Guaranty Obligation shall be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof.

"Hazardous Materials" shall mean all pollutants, contaminants and other materials, substances and wastes which are hazardous, toxic, caustic, harmful or dangerous to human health or the environment, including petroleum and petroleum and petroleum products and byproducts, radioactive materials, asbestos and polychlorinated biphenyls.

"Indebtedness" of any Person shall mean, without duplication:

(a) All obligations of such Person evidenced by notes, bonds, debentures or other similar instruments and all other obligations of such Person for borrowed money (including obligations to repurchase receivables and other assets sold with recourse);

(b) All obligations of such Person for the deferred purchase price of property or services (including obligations under letters of credit and other credit facilities which secure or finance such purchase price, obligations under "synthetic" leases and, in the case of NSE, the obligation of NSE to make the NSI Contingent Payments);

(c) All obligations of such Person under conditional sale or other title retention agreements with respect to property acquired by such Person (to the extent of the value of such property if the rights and remedies of the seller or lender under such agreement in the event of default are limited solely to repossession or sale of such property);

(d) All obligations of such Person as lessee under or with respect to Capital Leases;

(e) All obligations of such Person, contingent or otherwise, under or with respect to Surety Instruments;

(f) All obligations of such Person, contingent or otherwise, under or with respect to Rate Contracts;

(g) All Guaranty Obligations of such Person with respect to the obligations of other Persons of the types described in clauses (a) - (f) above and all other Contingent Obligations of such Person; and

(h) All obligations of other Persons of the types described in clauses (a) - (f) above to the extent secured by (or for which any holder of such obligations has an existing right, contingent or otherwise, to be secured by) any Lien in any property (including accounts and contract rights) of such Person, even though such Person has not assumed or become liable for the payment of such obligations.

"Initial Closing Date" shall mean the earlier of the U.S. Closing Date and the Japanese Closing Date. (If the U.S. Closing Date and the Japanese Closing Date are the same date, the Initial Closing Date and the Second Closing Date shall be the same date.)

"Interest Expenses" shall mean, with respect to any Person for any period, the sum, determined on a consolidated basis in accordance with GAAP, of (a) all interest paid, accrued or scheduled for payment on the Indebtedness of such Person during such period (including interest attributable to Capital Leases) plus (b) all fees in respect of outstanding letters of credit paid, accrued or scheduled for payment by such Person during such period.

"Interest Period" shall mean:

(a) With respect to any LIBOR Portion, the time period selected by NSE pursuant to Subparagraph 2.01(b) or Subparagraph 2.01(d) which commences on the U.S. Closing Date or the effective date of any conversion and ends on the last day of such time period, and thereafter, each subsequent time period selected by NSE pursuant to Subparagraph 2.01(e) which commences on the last day of the immediately preceding time period and ends on the last day of that time period; and

(b) With respect to the Japanese Borrowing, the time period selected by NSJ pursuant to Subparagraph 2.02(b) which commences on the Japanese Closing Date and ends on the last day of such time period, and thereafter, each subsequent time period selected by NSJ pursuant to Subparagraph 2.02(d) which commences on the last day of the immediately preceding time period and ends on the last day of that time period.

"Investment" of any Person shall mean any loan or advance of funds by such Person to any other Person (other than advances to employees of such Person for moving and travel expenses, drawing accounts and similar expenditures in the ordinary course of business), any purchase or other acquisition of any Equity Securities or Indebtedness of any other Person, any capital contribution by such Person to or any other investment by such Person in any other Person (including any Guaranty Obligations of such Person and any indebtedness of such Person of the type described in clause (h) of the definition of "Indebtedness" on behalf of any other Person); provided, however, that Investments shall not include (a) accounts receivable or other indebtedness owed by customers of such Person which are current assets and arose from sales of inventory in the ordinary course of such Person's business or (b) prepaid expenses of such Person incurred and prepaid in the ordinary course of business.

"IRC" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Japanese Borrowing" shall mean the borrowing consisting of the Japanese Loans made by the Japanese Lenders on the Japanese Closing Date. Any reference to the Japanese Borrowing shall include the Japanese Loans.

"Japanese Closing Date" shall mean the date designated by NSJ in the Notice of Japanese Borrowing as the date on which the Japanese Borrowing is to occur.

"Japanese Commitment" shall mean, with respect to each Lender, the Yen Equivalent on the day four (4) Business Days prior to the Japanese Closing Date of the Dollar amount set forth under the caption "Japanese Commitment" opposite such Lender's name on Part A of Schedule I, or, if changed, such Dollar amount as may be set forth for such Lender in the Register.

"Japanese Commitment Fees" shall have the meaning given to that term in Subparagraph 2.04(b).

"Japanese Facility" shall mean the Japanese Yen facility provided to NSJ pursuant to Paragraph 2.02.

"Japanese Lender" shall mean (a) prior to the Japanese Closing Date, a Lender having a Japanese Commitment and (b) thereafter, a Lender having a Japanese Loan.

"Japanese Lending Office" shall mean, with respect to any Japanese Lender and the Japanese Borrowing, (a) initially, such Lender's office designated as such in Part B of Schedule I (or, in the case of any Japanese Lender which becomes a Japanese Lender by an assignment pursuant to Subparagraph 8.05(c), its office designated as such in the applicable Assignment Agreement) and (b) subsequently, such other office or offices as such Lender may designate to Agent as the office at which such Lender's Japanese Loan will thereafter be maintained and for the account of which all payments of principal of, and interest on, such Lender's Japanese Loan will thereafter be made.

"Japanese Loan" shall have the meaning given to that term in Subparagraph 2.02(a).

"Lenders" shall have the meaning given to that term in clause (3) of the introductory paragraph hereof.

"Leverage Ratio" shall mean, with respect to either Borrower at any time, the ratio, determined on a consolidated basis in accordance with GAAP, of:

(a) The total Indebtedness of such Borrower and its Subsidiaries at such time (excluding, in the case of NSJ, Indebtedness of NSJ and its Subsidiaries to NSE and NSE's other Subsidiaries);

to

(b) The total Capital of such Borrower and its Subsidiaries at such time.

"LIBO Rate" shall mean, with respect to any Interest Period for any LIBOR Portion of the U.S. Borrowing, a rate per annum equal to the quotient (rounded upward if necessary to the nearest 1/100 of one percent) of (a) the arithmetic mean (rounded upward if necessary to the nearest 1/16 of one percent) of the rates per annum appearing on Telerate Page 3750 (or any successor publication) on the second Business Day prior to the first day of such Interest Period at or about

11:00 A.M. (London time) (for delivery on the first day of such Interest Period) for a term comparable to such Interest Period, divided by (b) one minus the Reserve Requirement for such Portion in effect from time to time. If for any reason rates are not available as provided in clause (a) of the preceding sentence, the rate to be used in clause (a) shall be, at the Agent's discretion, (i) the rate per annum at which Dollar deposits are offered to Agent in the London interbank market or (ii) the rate at which Dollar deposits are offered to Agent in, or by Agent to major banks in, any offshore interbank market selected by Agent, in each case on the second Business Day prior to the commencement of such Interest Period at or about 10:00 A.M. (New York time) (for delivery on the first day of such Interest Period) for a term comparable to such Interest Period and in an amount approximately equal to the amount of the Portion to be made or funded by Agent as part of the U.S. Borrowing. The LIBO Rate shall be adjusted automatically as to all LIBOR Portions of the U.S. Borrowing then outstanding as of the effective date of any change in the Reserve Requirement.

"LIBOR Portion" shall mean, at any time, a Portion of the U.S. Borrowing or a U.S. Loan, as the case may be, which then bears interest at a rate specified in clause (ii) of Subparagraph 2.01(c).

"Lien" shall mean, with respect to any property, any security interest, mortgage, pledge, lien, charge or other encumbrance in, of, or on such property or the income therefrom, including, without limitation, the interest of a vendor or lessor under a conditional sale agreement, Capital Lease or other title retention agreement, or any agreement to provide any of the foregoing, and the filing of any financing statement or similar instrument under the Uniform Commercial Code or comparable law of any jurisdiction.

"Loan" shall mean a U.S. Loan or Japanese Loan.

"Loan Account" shall have the meaning given to that term in Subparagraph 2.07(a).

"Margin Stock" shall have the meaning given to that term in Regulation U issued by the Federal Reserve Board, as amended from time to time, and any successor regulation thereto.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, assets, operations or financial or other condition of either Borrower and its Subsidiaries, taken as a whole; (b) the ability of either Borrower to pay or perform the Obligations in accordance with the terms of this Agreement and the other Credit Documents; (c) the rights and remedies of Agent or any Lender under this Agreement, the other Credit Documents or any related document, instrument or agreement; or (d) the value of the Collateral, Agent's or any Lender's security interest in the Collateral or the perfection or priority of such security interests.

"Material Domestic Subsidiary" shall mean each Domestic Subsidiary of NSE that also is a Material Subsidiary.

"Material Foreign Subsidiary" shall mean each Foreign Subsidiary of NSE that also is a Material Subsidiary.

"Material Subsidiaries" shall mean, at any time, (a) NSJ; NSI; Nu Skin Hong Kong, Inc., a Utah corporation; Nu Skin Taiwan, Inc., a Utah corporation; and Nu Skin Korea, Inc., a South Korean corporation; and (b) each other Subsidiary of NSE which had revenues during the immediately preceding fiscal year equal to or greater than three percent (3.0%) of the consolidated total revenues of NSE and all of its Subsidiaries during such year.

"maturity" shall mean, with respect to any Loan, interest, fee or other amount payable by either Borrower under this Agreement or the other Credit Documents, the date such Loan, interest, fee or other amount becomes due, whether upon the stated maturity or due date, upon acceleration or otherwise.

"Maturity Date" shall mean March 31, 2001 (or, if extended pursuant to Paragraph 2.03, the date to which so extended).

"Multiemployer Plan" shall mean any multiemployer plan within the meaning of section 3(37) of ERISA maintained or contributed to by NSE or any ERISA Affiliate.

"Net Proceeds" shall mean, with respect to any sale or issuance of any Equity Security by any Person, the aggregate consideration received by such Person from such sale or issuance less the sum of the actual amount of the reasonable fees and commissions payable to Persons other than such Person or any Affiliate of such Person, the reasonable legal expenses and the other reasonable costs and expenses directly related to such sale or issuance that are to be paid by such Person.

"Note" shall have the meaning given to that term in Subparagraph 2.07(b).

"Notice of Borrowing" shall mean the Notice of U.S. Borrowing or Notice of Japanese Borrowing.

"Notice of Interest Period Selection" shall mean a Notice of U.S. Borrowing Interest Period Selection or Japanese Borrowing Interest Period Selection

"Notice of Japanese Borrowing" shall have the meaning given to that term in Subparagraph 2.02(b).

"Notice of Japanese Borrowing Interest Period Selection" shall have the meaning given to that term in Subparagraph 2.02(d).

"Notice of U.S. Borrowing" shall have the meaning given to that term in Subparagraph 2.01(b).

"Notice of U.S. Borrowing Conversion" shall have the meaning given to that term in Subparagraph 2.01(d).

"Notice of U.S. Borrowing Interest Period Selection" shall have the meaning given to that term in Subparagraph 2.01(e).

"NSE" shall have the meaning given to that term in clause (1) of the introductory paragraph hereof.

"NSE Guaranty" shall have the meaning given to that term in Subparagraph 2.13(a).

"NSI" shall mean Nu Skin International, Inc., a Utah corporation.

"NSI Acquisition" shall mean the acquisition by NSE of all of the issued and outstanding common stock of the Acquired Entities pursuant to the NSI Acquisition Agreement.

"NSI Acquisition Agreement" shall mean the Stock Acquisition Agreement dated as of February 27, 1998 among NSE and the stockholders of the Acquired Entities.

"NSI Acquisition Documents" shall mean the NSI Acquisition Agreement; the Contribution and Distribution Agreement dated as of December 31, 1997 between NSI and NSUSA; the Tax Sharing and Indemnification Agreement dated as of December 31, 1997 among NSI, NSUSA and the shareholders of NSI and NSUSA; the Assumption of Liabilities and Indemnification Agreement dated as of December 31, 1997 between NSI and NSUSA; and all other documents, instruments and agreements delivered to or by NSI in connection with the NSI Acquisition.

"NSI Contingent Payments" shall mean the portion of the consideration for the NSI Acquisition payable by NSE to the stockholders of the Acquired Entities pursuant to Section 2.04 of the NSI Acquisition Agreement that is contingent upon certain performance tests for NSE and NSI.

"NSJ" shall have the meaning given to that term in clause (2) of the introductory paragraph hereof.

"NSUSA" shall mean Nu Skin USA, Inc., a Delaware corporation.

"Obligations" shall mean and include all loans, advances, debts, liabilities, and obligations, howsoever arising, owed by either Borrower individually or both Borrowers jointly and severally to Agent or any Lender of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising pursuant to the terms of this Agreement or any of the other Credit Documents, including all interest, fees, charges, expenses, attorneys' fees and accountants' fees chargeable to Borrowers or payable by Borrowers thereunder.

"Original Dollar Equivalent" shall mean, as to the Japanese Borrowing, any Japanese Loan or any principal portion thereof, the Dollar Equivalent on the Japanese Closing Date of the Yen amount of such Borrowing, Loan or portion.

"Overnight Rate" shall mean, for any amount payable in Yen on any day, the per annum interest rate at which overnight deposits in Yen in an amount approximately equal to such amount would be offered for such day by ABN AMRO's Japanese Lending Office to major banks in the Tokyo interbank market.

"Participant" shall have the meaning given to that term in Subparagraph 8.05(b).

"PBGC" shall mean the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permitted Indebtedness" shall have the meaning given to that term in Subparagraph 5.02(a).

"Permitted Liens" shall have the meaning given to that term in Subparagraph 5.02(b).

"Person" shall mean and include an individual, a partnership, a corporation (including a business trust), a joint stock company, an unincorporated association, a limited liability company, a joint venture, a trust or other entity or a Governmental Authority.

"Pledge Agreement" shall have the meaning given to that term in Subparagraph 2.13(a).

"Portion" shall mean a portion of the principal amount of a Borrowing or a Loan. Each Borrowing shall consist of one or more Portions, and each Loan comprising such Borrowing shall consist of the same number of Portions, with each such Loan Portion corresponding pro rata to a Borrowing Portion. Any reference to a Portion of either Borrowing shall include the corresponding Portion of each Loan comprising such Borrowing.

"Pricing Grid" shall mean Schedule II.

"Pricing Period" shall mean (a) the period commencing on the date of this Agreement and ending on September 30, 1998 and (b) each consecutive calendar quarter thereafter which commences on the day following the last day of the immediately preceding calendar quarter and ends on the last day of that calendar quarter.

"Prime Rate" shall mean the per annum rate publicly announced by ABN AMRO from time to time at its Chicago office. The Prime Rate is determined by ABN AMRO from time to time as a means of pricing credit extensions to some customers and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by ABN AMRO at any given time for any particular class of customers or credit extensions. Any change in the Base Rate resulting from a change in the Prime Rate shall become effective on the Business Day on which each change in the Prime Rate occurs.

"Proportionate Share" shall mean:

(a) With respect to any U.S. Lender and the U.S. Borrowing at any time, the ratio (expressed as a percentage rounded to the eighth digit to the right of the decimal point) of (i) such Lender's U.S. Commitment to the Total U.S. Commitment at any time on or prior to the U.S. Closing Date or (ii) the principal amount of such Lender's U.S. Loan to the aggregate principal amount of the U.S. Borrowing at any time after the U.S. Closing Date;

(b) With respect to any Japanese Lender and Japanese Borrowing at any time, the ratio (expressed as a percentage rounded to the eighth digit to the right of the decimal point) of (i) such Lender's Japanese Commitment to the Total Japanese Commitment at any time on or prior to the Japanese Closing Date or (ii) the principal amount of such Lender's Japanese Loan to the aggregate principal amount of the Japanese Borrowing at any time after the Japanese Closing Date; and

(c) With respect to any Lender at any time without reference to a particular Borrowing, the ratio (expressed as a percentage rounded to the eighth digit to the right of the decimal point) of (i) the sum of such Lender's U.S. Commitment and the Dollar Equivalent of such Lender's Japanese Commitment to the sum of the Total U.S. Commitment and the Dollar Equivalent of the Total Japanese Commitment at any time on or prior to the Initial Closing Date, (ii) the weighted average of the sums determined for such Lender pursuant to clauses (a) and (b) above during the period between the Initial Closing Date and the Second Closing Date or (iii) the sum of the principal amount of such Lender's U.S. Loan and the Original Dollar Equivalent of the principal amount of such Lender's Japanese Loan to the sum of the aggregate principal amount of the U.S. Borrowing and the Original Dollar Equivalent of the aggregate principal amount of the Japanese Borrowing at any time after the Second Closing Date.

"Rate Contracts" shall mean swap agreements (as that term is defined in Section 101 of the Federal Bankruptcy Reform Act of 1978, as amended) and any other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates.

"Register" shall have the meaning given to that term in Subparagraph 8.05(d).

"Reportable Event" shall have the meaning given to that term in ERISA and applicable regulations thereunder.

"Required Lenders" shall mean, at any time, Lenders whose Proportionate Shares equal or exceed fifty-one percent (51%).

"Requirement of Law" applicable to any Person shall mean (a) the Articles or Certificate of Incorporation and By-laws, Partnership Agreement or other organizational or governing documents of such Person, (b) any Governmental Rule applicable to such Person, (c) any license, permit, approval or other authorization granted by any Governmental Authority to or for the benefit of such Person or (d) any judgment, decision or determination of any Governmental Authority or arbitrator, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Reserve Requirement" shall mean (a) with respect to any day in an Interest Period for a LIBOR Portion of the U.S. Borrowing, the aggregate of the reserve requirement rates (expressed as a decimal) in effect on such day for eurodollar funding (currently referred to as "Eurocurrency liabilities" in Regulation D of the Federal Reserve Board) maintained by a member bank of the Federal Reserve System or (b) with respect to any day in an Interest Period for any Portion of the Japanese Borrowing, the aggregate of the reserve requirement rates, if any (expressed as a decimal), in effect on such day for Yen funding in Tokyo maintained by commercial banks in Tokyo. As used herein, the term "reserve requirement" shall include, without limitation, any basic, supplemental or emergency reserve requirements imposed on any Lender by any Governmental Authority.

"Scheduled Payment Date" shall mean March 31, 1999, March 31, 2000 and the Maturity Date (or, if the Maturity Date is extended pursuant to Paragraph 2.03, March 31, 1999, March 31, 2000, March 31, 2001, March 31, 2002 and the Maturity Date, as so extended).

"Second Closing Date" shall mean the later of the U.S. Closing Date and the Japanese Closing Date. (If the U.S. Closing Date and the Japanese Closing Date are the same date, the Initial Closing Date and the Second Closing Date shall be the same date.)

"Security Documents" shall mean and include the Pledge Agreement, the Guaranties and all other instruments, agreements, certificates, opinions and documents (including Uniform Commercial Code financing statements and fixture filings and landlord waivers) delivered to Agent or any Lender in connection with any Collateral or to secure the Obligations.

"Solvent" shall mean, with respect to any Person on any date, that on such date (a) the fair value of the property of such Person is greater than the fair value of the liabilities (including contingent, subordinated, matured and unliquidated liabilities) of such Person, (b) the present fair saleable value of the assets of such Person is greater than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature and (d) such Person is not engaged or about to engage in business or transactions for which such Person's property would constitute an unreasonably small capital.

"Subsidiary" of any Person shall mean (a) any corporation of which more than 50% of the issued and outstanding Equity Securities having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or

more of such Person's other Subsidiaries, (b) any partnership, joint venture, limited liability company or other association of which more than 50% of the equity interest having the power to vote, direct or control the management of such partnership, joint venture or other association is at the time owned and controlled by such Person, by such Person and one or more of the other Subsidiaries or by one or more of such Person's other Subsidiaries or (c) any other Person included in the Financial Statements of such Person on a consolidated basis. (All references in this Agreement and the other Credit Documents to Subsidiaries of NSE shall, unless otherwise indicated, include NSJ and its Subsidiaries.)

"Subsidiary Guaranty" shall have the meaning given to that term in Subparagraph 2.13(a).

"Surety Instruments" shall mean all letters of credit (including standby and commercial), banker's acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"Tangible Net Worth" shall mean, with respect to NSE or NSJ at any time, the remainder at such time, determined on a consolidated basis in accordance with GAAP, of (a) the total assets of such Borrower and its Subsidiaries at such time, minus (b) the sum (without limitation and without duplication of deductions) of (i) the total liabilities of such Borrower and its Subsidiaries at such time, (ii) all reserves of such Borrower and its Subsidiaries at such time for anticipated losses and expenses (to the extent not deducted in calculating total assets in clause (a) above) and (iii) all intangible assets of such Borrower and its Subsidiaries at such time (to the extent included in calculating total assets in clause (a) above), including goodwill (including any amounts, however designated on the balance sheet, representing the cost of acquisition of businesses and investments in excess of underlying tangible assets), trademarks, trademark rights, trade name rights, copyrights, patents, patent rights, licenses, unamortized debt discount, marketing expenses, organizational expenses, non-compete agreements and deferred research and development.

"Taxes" shall have the meaning given to such term in Subparagraph 2.11(a).

"TIBO Rate" shall mean, with respect to any Interest Period for any Portion of the Japanese Borrowing, a rate per annum equal to the quotient (rounded upward if necessary to the nearest 1/100 of one percent) of (a) the rate per annum appearing on the Reuter Screen TIBM Page (All Banks Average) (or any successor publication) on the second Business Day prior to the first day of such Interest Period at or about 11:00 A.M. (Tokyo time) (for delivery on the first day of such Interest Period) in an amount substantially equal to the corresponding Portion of Agent's Japanese Loan and for a term comparable to such Interest Period, divided by (b) one minus the Reserve Requirement for such Portion in effect from time to time. If for any reason rates are not available as provided in clause (a) of the preceding sentence, the rate to be used in clause (a) shall be, at the Agent's discretion, (i) the rate per annum at which Yen deposits are offered to Agent in the Tokyo interbank market or (ii) the rate at which Yen deposits are offered to Agent in, or by Agent to major banks in, any offshore interbank market selected by Agent, in each case on the second Business Day prior to the commencement of such Interest Period at or about 11:00 A.M. (Tokyo time) (for delivery on the first day of such Interest Period) for a term comparable to such Interest Period and in an amount approximately equal to the amount of the Portion to be made or funded by Agent as part of the Japanese Borrowing. The TIBO Rate shall be adjusted automatically as to all Portions of the Japanese Borrowing then outstanding as of the effective date of any change in the Reserve Requirement.

"Total Commitment" shall mean One-Hundred Eighty Million Dollars (\$180,000,000).

"Total Japanese Commitment" shall mean the Yen Equivalent on the day four (4) Business Days prior to the Japanese Closing Date of Seventy Million Dollars (\$70,000,000).

"Total U.S. Commitment" shall mean One-Hundred Ten Million Dollars (\$110,000,000).

"Type" shall mean, with respect to any Loan, Borrowing or Portion at any time, the classification of such Loan, Borrowing or Portion by the type of interest rate it then bears, whether an interest rate based upon the Base Rate, the LIBO Rate or the TIBO Rate.

"U.S. Borrowing" shall mean the borrowing consisting of the U.S. Loans made by the U.S. Lenders on the U.S. Closing Date. Any reference to the U.S. Borrowing shall include the U.S. Loans.

"U.S. Closing Date" shall mean the date designated by NSE in the Notice of U.S. Borrowing as the date on which the U.S. Borrowing is to occur.

"U.S. Commitment" shall mean, with respect to each Lender, the Dollar amount set forth under the caption "U.S. Commitment" opposite such Lender's name on Part A of Schedule I, or, if changed, such Dollar amount as may be set forth for such Lender in the Register.

"U.S. Commitment Fees" shall have the meaning given to that term in Subparagraph 2.04(b).

"U.S. Facility" shall mean the U.S. Dollar facility provided to NSE pursuant to Paragraph 2.01.

"U.S. Lender" shall mean (a) prior to the U.S. Closing Date, a Lender having a U.S. Commitment and (b) thereafter, a Lender having a U.S. Loan.

"U.S. Loan" shall have the meaning given to that term in Subparagraph 2.01(a).

"Yen" and "(Y)" shall mean the lawful currency of Japan and, in relation to any payment under this Agreement, same day or immediately available funds.

"Yen Equivalent" shall mean, as to any amount denominated in Dollars as of any date of determination, the equivalent amount in Yen as determined by Agent on the basis of the Telegraphic Transfer Mid Rate quoted by Bank of Tokyo Mitsubishi at or about 10:00 a.m. (Tokyo time) on such date.

1.02. . Unless otherwise indicated in this Agreement or any other Credit Document, all accounting terms used in this Agreement or any other Credit Document shall be construed, and all accounting and financial computations hereunder or thereunder shall be computed, in accordance with GAAP. If GAAP changes during the term of this Agreement such that any covenants contained herein would then be calculated in a different manner or with different components, Borrowers, Lenders and Agent agree to negotiate in good faith to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Borrower's financial condition to substantially the same criteria as were effective prior to such change in GAAP; provided, however, that, until Borrowers, Lenders and Agent so amend this Agreement, all such covenants shall be calculated in accordance with GAAP as in effect immediately prior to such change.

1.03. Headings. Headings in this Agreement and each of the other Credit Documents are for convenience of reference only and are not part of the substance hereof or thereof.

1.04. Plural Terms. All terms defined in this Agreement or any other Credit Document in the singular form shall have comparable meanings when used in the plural form and vice versa.

1.05. Governing Law. Unless otherwise expressly provided in any Credit Document, this Agreement and each of the other Credit Documents shall be governed by and construed in accordance with the laws of the State of California without reference to conflicts of law rules.

1.06. . This Agreement and the other Credit Documents are executed and shall be construed in the English language. All instruments, agreements, certificates, opinions and other documents to be furnished or communications to be given or made under this Agreement or any other Credit Document shall be in the English language, except that NSJ may deliver the Japanese language version of (a) any NSJ corporate document initially prepared in the ordinary course of its business in the Japanese language or (b) any certificate or other document prepared by a Japanese Governmental Authority in the Japanese language, provided that, in each such case, the Japanese language version of such document is delivered along with an English language translation thereof which shall be binding upon Borrowers.

1.07. Construction. This Agreement is the result of negotiations among, and has been reviewed by, Borrowers, each Lender, Agent and their respective counsel. Accordingly, this Agreement shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against either Borrower, any Lender or Agent.

1.08. Entire Agreement. This Agreement and each of the other Credit Documents, taken together, constitute and contain the entire agreement of Borrowers, Lenders and Agent and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof (excluding the Agent's Fee Letter but including the commitment letter dated as of March 13, 1998 among Borrowers and ABN AMRO).

1.09. Calculation of Interest and Fees. All calculations of interest and fees under this Agreement and the other Credit Documents for any period (a) shall include the first day of such period and exclude the last day of such period and (b) shall be calculated on the basis of a year of 360 days for actual days elapsed, except that during any period any Loan or Portion bears interest based upon the Prime Rate, such interest shall be calculated on the basis of a year of 365 or 366 days, as appropriate, for actual days elapsed.

1.10. References.

(a) References in this Agreement to "Recitals," "Sections," "Paragraphs," "Subparagraphs," "Exhibits" and "Schedules" are to recitals, sections, paragraphs, subparagraphs, exhibits and schedules therein and thereto unless otherwise indicated.

(b) References in this Agreement or any other Credit Document to any document, instrument or agreement (i) shall include all exhibits, schedules and other attachments thereto, (ii) shall include all documents, instruments or agreements issued or executed in replacement thereof if such replacement is permitted hereby, and (iii) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time if such amendment, modification or supplement is permitted hereby.

(c) References in this Agreement or any other Credit Document to any Governmental Rule (i) shall include any successor Governmental Rule, (ii) shall include all rules and regulations promulgated under such Governmental Rule (or any successor Governmental Rule), and (iii) shall mean such Governmental Rule (or successor Governmental Rule) and such rules and regulations, as amended, modified, codified or reenacted from time to time and in effect at any given time.

(d) References in this Agreement or any other Credit Document to any Person in a particular capacity (i) shall include any permitted successors to and assigns of such Person in that capacity and (ii) shall exclude such Person individually or in any other capacity.

1.11. Other Interpretive Provisions. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement or any other Credit Document shall refer to this Agreement or such other Credit Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Credit Document, as the case may be. The words "include" and "including" and words of similar import when used in this Agreement or any other Credit Document shall not be construed to be limiting or exclusive. In the event of any inconsistency between the terms of this Agreement and the terms of any other Credit Document, the terms of this Agreement shall govern.

SECTION II. CREDIT FACILITIES.

2.01. U.S. Facility.

(a) Availability. Subject to the terms and conditions of this Agreement, each U.S. Lender severally agrees to advance to NSE in a single advance on or prior to the Commitment Termination Date a term loan in Dollars under this Paragraph 2.01 (individually, a "U.S. Loan"); provided, however, that:

(i) The principal amount of the U.S. Loan made by each U.S. Lender shall not exceed its U.S. Commitment on such date; and

(ii) The aggregate principal amount of the U.S. Borrowing shall not exceed the Total U.S. Commitment.

The U.S. Loans shall be made on a pro rata basis by U.S. Lenders in accordance with their respective U.S. Commitments. NSE may not reborrow the principal amount of a U.S. Loan after repayment or prepayment thereof.

(b) Notice of Borrowing. NSE shall request the U.S. Borrowing by delivering to Agent an irrevocable written notice in the form of Exhibit A, appropriately completed (a "Notice of U.S. Borrowing"), which specifies, among other things:

(i) The principal amount of the U.S. Borrowing, which shall be in the minimum amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(ii) (A) The Portion of the U.S. Borrowing which is to be a Base Rate Portion and (B) the Portion(s) of the U.S. Borrowing which is (are) to be a LIBOR Portion(s);

(iii) If any Portion of the U.S. Borrowing is initially to be a LIBOR Portion, the initial Interest Period selected by NSE for each such Portion in accordance with Subparagraph 2.02(e); and

(iv) The U.S. Closing Date, which shall be a Business Day not later than the Commitment Termination Date;

NSE shall give the Notice of U.S. Borrowing to Agent at least three (3) Business Days before the U.S. Closing Date if any Portion of the U.S. Borrowing is initially to be a LIBOR Portion and at least one (1) Business Day before the U.S. Closing Date if the only Portion of the U.S. Borrowing is initially to be a Base Rate Portion. The Notice of U.S. Borrowing shall be delivered by first-class mail or facsimile to Agent at the office or facsimile number and during the hours specified in Paragraph 8.01; provided, however, that NSE shall promptly deliver to Agent the original of the Notice of U.S. Borrowing if initially delivered by facsimile. Agent shall promptly notify each U.S. Lender of the contents of the Notice of U.S. Borrowing.

(c) Interest Rates. NSE shall pay interest on the unpaid principal amount of each U.S. Loan from the date of such U.S. Loan until the maturity thereof, at the following rates per annum:

(i) During such periods as any Portion of such U.S. Loan is a Base Rate Portion, at a rate per annum on such Portion equal to the Base Rate plus the Applicable Margin therefor, such rate to change from time to time as the Applicable Margin or Base Rate shall change; and

(ii) During such periods as any Portion of such U.S. Loan is a LIBOR Portion, at a rate per annum on such Portion equal at all times during each Interest Period for such Portion to the LIBO Rate for such Interest Period plus the Applicable Margin therefor, such rate to change from time to time as the Applicable Margin shall change.

Each Base Rate Portion of the U.S. Borrowing shall be in a minimum amount of \$5,000,000 or an integral multiple of \$500,000 in excess thereof and each LIBOR Portion of the U.S. Borrowing shall be in a minimum amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof. The number of LIBOR Portions in the U.S. Borrowing shall not exceed four (4) at any time.

(d) Conversion of Portions. NSE may convert any Portion of the U.S. Borrowing from one Type of Portion to another Type; provided, however, that any conversion of a LIBOR Portion into a Base Rate Portion shall be made on, and only on, the last day of an Interest Period for such LIBOR Portion. NSE shall request such a conversion by an irrevocable written notice to Agent in the form of Exhibit B, appropriately completed (a "Notice of U.S. Borrowing Conversion"), which specifies, among other things:

(i) The Portion of the U.S. Borrowing which is to be converted;

(ii) The amount and Type of each Portion of the U.S. Borrowing into which it is to be converted;

(iii) If any Portion of the U.S. Borrowing is to be converted into a LIBOR Portion, the initial Interest Period selected by NSE for such Portion in accordance with Subparagraph 2.01(e); and

(iv) The date of the requested conversion, which shall be a Business Day.

NSE shall give each Notice of U.S. Borrowing Conversion to Agent at least three (3) Business Days before the date of the requested conversion. Each Notice of U.S. Borrowing Conversion shall be delivered by first-class mail or facsimile to Agent at the office or to the facsimile number and during the hours specified in Paragraph 8.01; provided, however, that NSE shall promptly deliver to Agent the original of any Notice of U.S. Borrowing Conversion initially delivered by facsimile. Agent shall promptly notify each U.S. Lender of the contents of each Notice of U.S. Borrowing Conversion.

(e) LIBOR Portion Interest Periods.

(i) The initial and each subsequent Interest Period selected by NSE for a LIBOR Portion of the U.S. Borrowing shall be one (1), two (2), three (3) or six (6) months; provided, however, that (A) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such next Business Day falls in another calendar month, in which case such Interest Period shall end on the immediately preceding Business Day; (B) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; (C) no Interest Period shall end after a Scheduled Payment Date unless, after giving effect to such Interest Period, the aggregate principal amount of the Base Rate Portion and all LIBOR Portions having Interest Periods ending on or prior to such Scheduled Payment Date equals or exceeds the principal payment due on such Scheduled Payment Date; and (D) no Interest Period shall end after the Maturity Date.

(ii) NSE shall notify Agent by an irrevocable written notice in the form of Exhibit C, appropriately completed (a "Notice of U.S. Borrowing Interest Period Selection"), at least three (3) Business Days prior to the last day of each Interest Period for each LIBOR Portion of the U.S. Borrowing of the Interest Period selected by NSE for the next succeeding Interest Period for such Portion. Each Notice of U.S. Borrowing Interest Period Selection shall be given to Agent by first-class mail or facsimile to the office or the facsimile number and during the hours specified in Paragraph 8.01; provided, however, that NSE shall promptly deliver to Agent the original of any Notice of U.S. Borrowing Interest Period Selection initially delivered by facsimile. If NSE fails to notify Agent of the next Interest Period for any LIBOR Portion of the U.S. Borrowing in accordance with this Subparagraph 2.01(e), such Portion shall automatically convert to a Base Rate Portion on the last day of the current Interest Period therefor.

(f) Scheduled Payments. Unless the Maturity Date is extended pursuant to Paragraph 2.03, NSE shall repay the principal amount of the U.S. Borrowing in three (3) annual installments on the following dates and in the following amounts:

March 31, 1999	27.77778% of the original principal amount of the U.S. Borrowing;
March 31, 2000	27.77778% of the original principal amount of the U.S. Borrowing;
Maturity Date	44.44444% of the original principal amount of the U.S. Borrowing;

Provided, however, that the principal payment due on the Maturity Date shall be in the amount necessary to pay all remaining unpaid principal on the U.S. Borrowing. NSE shall pay accrued interest on the unpaid principal amount of each U.S. Loan in arrears (i) in the case of a Base Rate Portion, on the last day in each March, June, September and December (commencing with the first such day after the U.S. Closing Date), (ii) in the case of a LIBOR Portion, on the last day of each Interest Period (and if any such Interest Period is equal to or longer than three (3) months, every three (3) months); and (iii) in the case of all U.S. Loans, upon prepayment (to the extent thereof) and at maturity.

(g) Purpose. NSE shall use the proceeds of the U.S. Borrowing for general corporate purposes.

2.02. Japanese Facility.

(a) Availability. Subject to the terms and conditions of this Agreement, each Japanese Lender severally agrees to advance to NSJ in a single advance on or prior to the Commitment Termination Date a term loan in Yen under this Paragraph 2.02 (individually, a "Japanese Loan"); provided, however, that:

(i) The principal amount of the Japanese Loan made by each Japanese Lender shall not exceed its Japanese Commitment on such date; and

(ii) The aggregate principal amount of the Japanese Borrowing shall not exceed the Total Japanese Commitment.

The Japanese Loans shall be made on a pro rata basis by Japanese Lenders in accordance with their respective Japanese Commitments. NSJ may not reborrow the principal amount of a Japanese Loan after repayment or prepayment thereof.

(b) Notice of Borrowing. NSJ shall request the Japanese Borrowing by delivering to Agent an irrevocable written notice in the form of Exhibit D, appropriately completed (a "Notice of Japanese Borrowing"), which specifies, among other things:

(i) The principal amount of the Japanese Borrowing, which shall be in the minimum amount of (Y)1,000,000,000 or an integral multiple of (Y)1,000,000,000 in excess thereof;

(ii) The Portions into which the Japanese Borrowing is to be divided if the Japanese Borrowing is initially to consist of more than one Portion;

(iii) The initial Interest Period selected by NSJ for each Portion of the Japanese Borrowing in accordance with Subparagraph 2.02(d); and

(iv) The Japanese Closing Date, which shall be a Business Day not later than the Commitment Termination Date.

NSJ shall give the Notice of Japanese Borrowing to Agent at least four (4) Business Days before the Japanese Closing Date. The Notice of Japanese Borrowing shall be delivered by first-class mail or facsimile to Agent at the office or facsimile number and during the hours specified in Paragraph 8.01; provided, however, that NSJ shall promptly deliver to Agent the original of the Notice of Japanese Borrowing if initially delivered by facsimile. Agent shall promptly notify each Japanese Lender of the contents of the Notice of Japanese Borrowing.

(c) Interest Rates. NSJ shall pay interest on the unpaid principal amount of each Portion of each Japanese Loan from the date of such Japanese Loan until the maturity thereof, at a rate per annum on such Portion equal at all times during each Interest Period for such Portion to the TIBO Rate for such Interest Period plus the Applicable Margin therefor, such rate to change from time to time as the Applicable Margin shall change. Each Portion of the Japanese Borrowing shall be in the minimum amount of (Y)1,000,000,000 or an integral multiple of (Y)1,000,000,000 in excess thereof. The number of Portions in the Japanese Borrowing shall not exceed four (4) at any time.

(d) Japanese Borrowing Interest Periods.

(i) The initial and each subsequent Interest Period selected by NSJ for a Portion of the Japanese Borrowing shall be one (1), two (2), three (3) or six (6) months; provided, however, that (A) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such next Business Day falls in another calendar month, in which case such Interest Period shall end on the immediately preceding Business Day; (B) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; (C) no Interest Period shall end after a Scheduled Payment Date unless, after giving effect to such Interest Period, the aggregate principal amount of and all Portions having Interest Periods ending on or prior to such Scheduled Payment Date equals or exceeds the principal payment due on such Scheduled Payment Date; and (D) no Interest Period shall end after the Maturity Date.

(ii) NSJ shall notify Agent by an irrevocable written notice in the form of Exhibit E, appropriately completed (a "Notice of Japanese Borrowing Interest Period Selection"), at least four (4) Business Days prior to the last day of each Interest Period for each Portion of the Japanese Borrowing of the Interest Period selected by NSJ for the next succeeding Interest Period for such Portion. Each Notice of Japanese Borrowing Interest Period Selection shall be given to Agent by first-class mail or facsimile to the office or the facsimile number and during the hours specified in Paragraph 8.01; provided, however, that NSJ shall promptly deliver to Agent the original of any Notice of Japanese Borrowing Interest Period Selection initially delivered by facsimile. If NSJ fails to notify Agent of the next Interest Period for any Portion of the Japanese Borrowing in accordance with this Subparagraph 2.02(d), such Portion shall automatically have an Interest Period of one (1) month following the current Interest Period.

(e) Scheduled Payments. Unless the Maturity Date is extended pursuant to Paragraph 2.03, NSJ shall repay the principal amount of the Japanese Borrowing in three (3) annual installments on the following dates and in the following amounts:

March 31, 1999	27.77778% of the original principal amount of the Japanese Borrowing;
March 31, 2000	27.77778% of the original principal amount of the Japanese Borrowing;
Maturity Date	44.44444% of the original principal amount of the Japanese Borrowing;

Provided, however, that the principal payment due on the Maturity Date shall be in the amount necessary to pay all remaining unpaid principal on the Japanese Borrowing. NSJ shall pay accrued interest on the unpaid principal amount of each Japanese Loan in arrears on the last day of each Interest Period (and if any such Interest Period is equal to or longer than three (3) months, every three (3) months), upon prepayment (to the extent thereof) and at maturity.

(f) Purpose. NSJ shall use the proceeds of the Japanese Borrowing for its general corporate needs.

2.03. Maturity Date Extension.

(a) Extension Requests. On or before the last Business Day which is sixty (60) days prior to the Maturity Date, Borrowers may request Lenders to extend the Maturity Date for an additional two-year period. Borrowers shall request such an extension by appropriately completing, executing and delivering to Agent a written request in the form of Exhibit F (an "Extension Request"). The Extension Request shall be given to Agent by first-class mail or facsimile to the office or the facsimile number and during the hours specified in Paragraph 8.01; provided, however, that Borrowers shall promptly deliver to Agent the original of the Extension Request if initially delivered by facsimile. Agent shall promptly deliver to each Lender three (3) copies of any Extension Request received by Agent.

(b) Lender Approval. Borrowers understand that this Paragraph 2.03 is included in this Agreement for Borrowers' convenience in requesting an extension and acknowledge that neither Agent nor any Lender has promised (either expressly or implicitly), or has any obligation or commitment, to extend the Maturity Date at any time. If a Lender, in its sole and absolute discretion, consents to an Extension Request, such Lender shall evidence such consent by executing and returning two (2) copies of the Extension Request to Agent not later than the last Business Day which is thirty-five (35) days prior to the Maturity Date. Any failure by any Lender so to execute and return an Extension Request shall be deemed a denial thereof.

(c) Notice of Lender Action. If Borrowers deliver an Extension Request to Agent pursuant to Subparagraph 2.03(a), then not later than the last Business Day which is thirty (30) days prior to the Maturity Date, Agent shall notify Borrowers and Lenders in writing of (i) the Lenders that have consented to such Extension Request by returning to Agent executed copies of such Extension Request and (ii) the Lenders that have not. Agent shall deliver to Borrowers with any such notice, a copy of each executed Extension Request returned to Agent by a Lender.

(d) Effect of Lender Action.

(i) If all Lenders consent to an Extension Request pursuant to Subparagraph 2.03(b), this Agreement shall be deemed amended as provided in clause (iv) below and each Lender shall remain a Lender under this Agreement (as so amended).

(ii) If none of the Lenders consent to an Extension Request, the Maturity Date shall remain unchanged.

(iii) If some but not all of the Lenders consent to an Extension Request,

(A) Each Borrower shall pay to each applicable non-consenting Lender, on the current Maturity Date, all amounts payable to such Lender on such date, and

(B) Subject to such payments, (1) each non-consenting Lender shall cease to be a Lender hereunder after such date, (2) this Agreement shall be deemed amended as provided in clause (iv) below and (3) each consenting Lender shall continue to be a Lender under this Agreement (as so amended) after such date;

Provided, however, that

(y) If any consenting U.S. Lender shall so request, a non-consenting U.S. Lender shall assign to such consenting U.S. Lender pursuant to Subparagraph 8.05(c), effective on the current Maturity Date, such non-consenting U.S. Lender's U.S. Loan, subject to the payment to such non-consenting U.S. Lender on such date (I) by such consenting U.S. Lender of a purchase price for such Loan equal to the outstanding principal amount thereof on such date and (II) by NSE of all other amounts payable by NSE to such non-consenting U.S. Lender on such date; and

(z) If any consenting Japanese Lender shall so request, a non-consenting Japanese Lender shall assign to such consenting Japanese Lender pursuant to Subparagraph 8.05(c), effective on the current Maturity Date, such non-consenting Japanese Lender's Japanese Loan, subject to the payment to such non-consenting Japanese Lender on such date (I) by such consenting Japanese Lender of a purchase price for such Loan equal to the outstanding principal amount thereof on such date and (II) by NSJ of all other amounts payable by NSJ to such non-consenting U.S. Lender on such date.

(iv) If all or some of the Lenders consent to an Extension Request pursuant to Subparagraph 2.03(b), this Agreement shall be deemed amended on the current Maturity Date as follows:

(A) The definition of "Maturity Date" set forth in Paragraph 1.01 shall be amended to read in its entirety as follows:

"Maturity Date" shall mean March 31, 2003.

(B) The payment schedule set forth in Subparagraph 2.01(f) shall be amended to read in its entirety as follows:

March 31, 1999	27.77778% of the original principal amount of the U.S. Borrowing;
March 31, 2000	27.77778% of the original principal amount of the U.S. Borrowing;
March 31, 2001	22.22222% of the original principal amount of the U.S. Borrowing;
March 31, 2002	11.11111% of the original principal amount of the U.S. Borrowing;
Maturity Date	11.11111% of the original principal amount of the U.S. Borrowing;

(C) The payment schedule set forth in Subparagraph 2.02(e) shall be amended to read in its entirety as follows:

March 31, 1999	27.77778% of the original principal amount of the Japanese Borrowing;
March 31, 2000	27.77778% of the original principal amount of the Japanese Borrowing;
March 31, 2001	22.22222% of the original principal amount of the Japanese Borrowing;
March 31, 2002	11.11111% of the original principal amount of the Japanese Borrowing;
Maturity Date	11.11111% of the original principal amount of the Japanese Borrowing;

2.04. Fees.

(a) Agent's Fee. Borrowers shall pay to Agent, for its own account, agent's fees and other compensation in the amounts and at the times set forth in the Agent's Fee Letter.

(b) Commitment Fees.

(i) NSE shall pay to Agent, for the ratable benefit of U.S. Lenders as provided in clause (iii) of Subparagraph 2.09(a), commitment fees (the "U.S. Commitment Fees") of one-fourth of one percent (0.25%) per annum on the unused Total U.S. Commitment for the period beginning on the date of this Agreement and ending on the earlier of the U.S. Closing Date and the Commitment Termination Date. NSE shall pay the U.S. Commitment Fees in arrears on the earlier of the U.S. Closing Date and the Commitment Termination Date.

(ii) NSJ shall pay to Agent, for the ratable benefit of Japanese Lenders as provided in clause (iv) of Subparagraph 2.09(a), commitment fees (the "Japanese Commitment Fees") of one-fourth of one percent (0.25%) per annum on the unused Total Japanese Commitment for the period beginning on the date of this Agreement and ending on the earlier of the Japanese Closing Date and the Commitment Termination Date. NSJ shall pay the Japanese Commitment Fees in arrears on the earlier of the Japanese Closing Date and the Commitment Termination Date.

2.05. Prepayments.

(a) Terms of all Prepayments. Upon the prepayment of any Portion of either Borrowing (whether such prepayment is an optional prepayment under Subparagraph 2.05(b) or a mandatory prepayment required by any provision of this Agreement or the other Credit Documents, including a prepayment upon acceleration), the Borrower making such prepayment shall pay to the applicable Lenders (i) all accrued interest to the date of such prepayment on the amount prepaid and (ii) if such prepayment is the prepayment of a LIBOR Portion of the U.S. Borrowing or the prepayment of any Portion of the Japanese Borrowing on a day other than the last day of an Interest Period for such Portion, all amounts payable to such Lenders pursuant to Paragraph 2.12.

(b) Optional Prepayments. At its option, NSE may, upon one (1) Business Day notice to Agent in the case of a Base Rate Portion of the U.S. Borrowing or three (3) Business Days notice to Agent in the case of a LIBOR Portion of the U.S. Borrowing, prepay the U.S. Borrowing in part, in an aggregate principal amount of \$5,000,000 or more, or in whole. At its option, NSJ may, upon four(4) Business Days notice to Agent, prepay the Japanese Borrowing in part, in an aggregate principal amount of (Y)1,000,000,000 or more, or in whole.

(c) Application of Prepayments. All prepayments which are applied to reduce the principal amount of either Borrowing shall reduce the aggregate principal amount payable by the applicable Borrower on the then remaining Scheduled Payment Dates in inverse order commencing with the Maturity Date. Without modifying the order of application of prepayments set forth in the preceding sentence, all such prepayments of the U.S. Borrowing shall, to the extent possible, be first applied to prepay the Base Rate Portion, if any, and then if any funds remain, to prepay LIBOR Portions.

2.06. Other Payment Terms.

(a) Place and Manner.

(i) NSE shall make all payments due to each U.S. Lender or Agent related to U.S. Loans by payments to Agent at Agent's New York office located at the address specified in Paragraph 8.01, with each such payment due to a U.S. Lender to be for the account of such Lender and such Lender's applicable Domestic Lending Office or Euro-Dollar Lending Office.

(ii) NSJ shall make all payments due to each Japanese Lender or Agent related to Japanese Loans by payments to Agent at Agent's Tokyo office located at the address specified in Paragraph 8.01, with each such payment due to a Japanese Lender to be for the account of such Lender and such Lender's Japanese Lending Office.

(iii) Borrowers shall, unless otherwise directed by Agent, make all other payments due to each Lender or Agent hereunder by payments to Agent's New York office located at the address specified in Paragraph 8.01, with each such payment due to a Lender to be for the account of such Lender and such Lender's Applicable Lending Office.

(iv) Borrower shall make all payments hereunder in the lawful currency required by Subparagraph 2.06(c) and in same day or immediately available funds and without deduction or offset not later than 11:00 a.m. (New York time, in the case of any payment to be made to Agent's New York office, or Tokyo time, in the case of any payment to be made to Agent's Tokyo office) and on the date due. Agent shall promptly disburse to each Lender each payment received by Agent for the account of such Lender.

(b) Date. Whenever any payment due hereunder shall fall due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of interest or fees, as the case may be.

(c) Currency of Payment.

(i) NSE shall pay principal of, interest on and all other amounts related to U.S. Loans in Dollars, and NSJ shall pay principal of, interest on and all other amounts related to Japanese Loans in Yen. Borrowers shall pay all other amounts payable under this Agreement and the other Credit Documents in Dollars. If, for any reason, NSJ is prohibited by any Governmental Rule from making any required Yen payment hereunder in Yen, NSJ shall make such payment in Dollars in the Dollar Equivalent of such Yen amount.

(ii) If any amounts required to be paid by Borrowers under this Agreement, any other Credit Document or any order, judgment or award given or rendered in relation hereto or thereto has to be converted from the currency (the "first currency") in which the same is payable hereunder or thereunder into another currency (the "second currency") for the purpose of (A) making or filing a claim or proof against Borrowers with any Governmental Authority, (B) obtaining an order or judgment in any court or other tribunal or (C) enforcing any order or judgment given or made in relation hereto, Borrowers shall, to the fullest extent permitted by law, indemnify and hold harmless each of the Persons to whom such amounts are payable from and against any loss suffered as a result of any discrepancy between (1) the rate of exchange used for such purpose to convert the amounts in question from the first currency into the second currency and (2) the rate or rates of exchange at which such Person may, using reasonable efforts in the ordinary course of business, purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. The foregoing indemnity shall constitute a separate obligation of Borrowers distinct from their other obligations hereunder and shall survive the giving or making of any judgment or order in relation to all or any of such obligations. The obligations of Borrowers under this Subparagraph 2.06(c) shall survive the payment and performance of the Obligations and the termination of this Agreement.

(d) Late Payments. If any amount required to be paid by either Borrower under this Agreement or the other Credit Documents (including, without limitation, principal or interest payable on any Loan, any fees or any other amount) remains unpaid after such amount is due, such Borrower shall pay interest on the aggregate, outstanding balance of such amount from the date due until such amount is paid in full at a per annum rate equal to (i) in the case any amount payable in Dollars, the Base Rate plus two percent (2.00%), such rate to change from time to time as the Base Rate shall change, and (ii) in the case of any amount payable in Yen, the Overnight Rate for such amount plus three percent (3.00%), such rate to change from time to time as the Overnight Rate shall change.

(e) Application of Payments. All payments hereunder shall be applied first to unpaid fees, costs and expenses then due and payable under this Agreement or the other Credit Documents, second to accrued interest then due and payable under this Agreement or the other Credit Documents and finally to reduce the principal amount of outstanding Loans.

(f) Failure to Pay Agent. Unless Agent shall have received notice from a Borrower at least one (1) Business Day prior to the date on which any payment is due to Lenders hereunder that such Borrower will not make such payment in full, Agent shall be entitled to assume that such Borrower has made or will make such payment in full to Agent on such date and Agent may, in reliance upon such assumption, cause to be paid to the applicable Lenders on such due date an amount equal to

the amount then due such Lenders. If and to the extent such Borrower shall not have so made such payment in full to Agent, each such Lender shall repay to Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to Agent, at a per annum rate equal to (i) the Federal Funds Rate for the first three (3) days and the Base Rate thereafter for any amount in Dollars or (ii) the Overnight Rate for the first three (3) days and the Overnight Rate plus one percent (1%) thereafter for any amount in Yen. A certificate of Agent submitted to any Lender with respect to any amount owing by such Lender under this Subparagraph 2.06(e) shall constitute prima facie evidence of such amount.

2.07. Loan Accounts; Notes.

(a) Loan Accounts. The obligation of each Borrower to repay the Loans made to it by each Lender and to pay interest thereon at the rates provided herein shall be evidenced by an account or accounts maintained by such Lender on its books (individually, a "Loan Account"), except that any Lender may request that its U.S. Loans be evidenced by a note or notes pursuant to Subparagraph 2.07(b). Each Lender shall record in its Loan Accounts (i) the date and amount of each Loan made by such Lender, (ii) the interest rates applicable to each such Loan and each Portion thereof and the effective dates of all changes thereto, (iii) the Interest Period for each LIBOR Portion and each Portion of a Japanese Loan, (iv) the date and amount of each principal and interest payment on each Loan and Portion and (v) such other information as such Lender may determine is necessary for the computation of principal and interest payable to it by each Borrower hereunder; provided, however, that any failure by a Lender to make, or any error by any Lender in making, any such notation shall not affect Borrowers' Obligations hereunder. The Loan Accounts shall constitute prima facie evidence of the matters noted therein.

(b) Notes. If any Lender so requests, such Lender's U.S. Loans shall be evidenced by a promissory note in the form of Exhibit G (individually, a "Note"), each of which shall be (i) payable to the order of such Lender, (ii) in the amount of such Lender's U.S. Loan, (iii) dated the U.S. Closing Date, and (iv) otherwise appropriately completed.

2.08. Loan Funding.

(a) Lender Funding and Disbursements to Borrowers.

(i) Each U.S. Lender shall, before 11:00 a.m. (New York time) on the U.S. Closing Date, make available to Agent at Agent's New York office specified in Paragraph 8.01, in immediately available funds, such Lender's Proportionate Share of the U.S. Borrowing. After Agent's receipt of such funds and upon satisfaction of the applicable conditions set forth in Section III, Agent shall promptly disburse such funds to NSE no later than 1:00 p.m. (New York time) in immediately available funds. Agent shall disburse the proceeds of the U.S. Borrowing as directed by NSE in the Notice of U.S. Borrowing.

(ii) Each Japanese Lender shall, before 10:00 a.m. (Tokyo time) on the Japanese Closing Date, make available to Agent at Agent's Tokyo office specified in Paragraph 8.01, in immediately available funds, such Lender's Proportionate Share of the Japanese Borrowing. After Agent's receipt of such funds and upon satisfaction of the applicable conditions set forth in Section III, Agent shall promptly disburse such funds to NSJ no later than 1:00 p.m. (Tokyo time) in immediately available funds. Agent shall disburse the proceeds of the Japanese Borrowing as directed by NSJ in the Notice of Japanese Borrowing.

(b) Lender Failure to Fund. Unless Agent shall have received notice from a Lender prior to the date of either Borrowing that such Lender will not make available to Agent such Lender's Proportionate Share of such Borrowing, Agent shall be entitled to assume that such Lender has made or will make such portion available to Agent on the date of such Borrowing in accordance with Subparagraph 2.08(a), and Agent may on such date, in reliance upon such assumption, disburse or otherwise credit to Borrower a corresponding amount. If any Lender does not make the amount of its Proportionate Share of either Borrowing available to Agent on or prior to the date of such Borrowing, such Lender shall pay to Agent, on demand, interest which shall accrue on such amount from the date of such Borrowing until such amount is paid to Agent at rates equal to (i) the Federal Funds Rate for the first three (3) days and the Base Rate thereafter for any amount in Dollars or (ii) the Overnight Rate plus one percent (1%) for any amount in Yen. A certificate of Agent submitted to any Lender with respect to any amount owing by such Lender under this Subparagraph 2.08(b) shall constitute prima facie evidence of such amount. If the amount of any Lender's Proportionate Share of either Borrowing is not paid to Agent by such Lender within three (3) Business Days after the date of such Borrowing, the applicable Borrower shall repay such amount to Agent, on demand, together with interest thereon, for each day from the date such amount was disbursed to such Borrower until the date such amount is repaid to Agent, at the interest rate applicable at the time to the Loans comprising such Borrowing.

(c) Lenders' Obligations Several. The failure of any Lender to make the Loan to be made by it as part of either Borrowing shall not relieve any other Lender of its obligation hereunder to make its Loan as part of such Borrowing, but no Lender shall be obligated in any way to make any Loan which another Lender has failed or refused to make or otherwise be in any way responsible for the failure or refusal of any other Lender to make any Loan required to be made by such other Lender.

2.09. Pro Rata Treatment.

(a) Borrowings, Commitment Reductions, Etc. Except as otherwise provided herein:

(i) The U.S. Borrowing shall be made by U.S. Lenders pro rata according to their applicable respective U.S. Commitments, and the Japanese Borrowing shall be made by Japanese Lenders pro rata according to their applicable respective Japanese Commitments;

(ii) Each payment of interest on Loans in either Borrowing shall be shared among Lenders which made or funded the Loans in such Borrowing pro rata according to (A) the respective unpaid principal amounts of such Loans so made or funded by such Lenders and (B) the dates on which such Lenders so made or funded such Loans;

(iii) Each payment of U.S. Commitment Fees shall be shared among U.S. Lenders (except for Defaulting Lenders) pro rata according to (A) their respective Proportionate Shares of the U.S. Facility and (B) in the case of each U.S. Lender which becomes a U.S. Lender hereunder after the date hereof and before the U.S. Closing Date, the date upon which such U.S. Lender so became a U.S. Lender;

(iv) Each payment of Japanese Commitment Fees shall be shared among Japanese Lenders (except for Defaulting Lenders) pro rata according to (A) their respective Proportionate Shares of the Japanese Facility and (B) in the case of each Japanese Lender which becomes a Japanese Lender hereunder after the date hereof and before the Japanese Closing Date, the date upon which such Japanese Lender so became a Japanese Lender;

(v) Each payment of interest (other than interest on Loans) shall be shared among Lenders and Agent owed the amount upon which such interest accrues pro rata according to (A) the respective amounts so owed such Lenders and Agent and (B) the dates on which such amounts became owing to such Lenders and Agent; and

(vi) All other payments under this Agreement and the other Credit Documents shall be for the benefit of the Person or Persons specified.

(b) Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise) on account of the Loan owed to it as part of either Borrowing in excess of its ratable share of payments on account of all Loans in such Borrowing obtained by all applicable Lenders entitled to such payments, such Lender shall forthwith purchase from such other Lenders such participations in their Loans as shall be necessary to cause such purchasing Lender to share the excess payment

ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase shall be rescinded and each other applicable Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such other Lender's ratable share (according to the proportion of (i) the amount of such other Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Subparagraph 2.09(b) may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of setoff) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation.

2.10. Change of Circumstances.

(a) Inability to Determine Rates. If, on or before the first day of any Interest Period for any LIBOR Portion of the U.S. Borrowing or any Portion of the Japanese Borrowing, (i) any U.S. Lender or Japanese Lender, as the case may be, shall advise Agent that the LIBO Rate or TIBO Rate, as the case may be, for such Interest Period cannot be adequately and reasonably determined due to the unavailability of funds in or other circumstances affecting the London interbank market or the Tokyo interbank market, as the case may be, or (ii) any U.S. Lender or Japanese Lender, as the case may be, shall advise Agent that the rate of interest for such Portion does not adequately and fairly reflect the cost to such Lender of making or maintaining such Portion, Agent shall immediately give notice of such condition to the applicable Borrower and the other U.S. Lenders or Japanese Lenders, as the case may be. After the giving of any such notice and until Agent shall otherwise notify the applicable Borrower that the circumstances giving rise to such condition no longer exist, such Borrower's right to obtain, continue or convert to Portions of the affected Type shall be suspended. Any LIBOR Portions outstanding at the commencement of any such suspension affecting the LIBO Rate shall be converted at the end of the then current Interest Period for such Portions into Base Rate Portions unless such suspension has then ended. All Portions of the Japanese Borrowing outstanding at the commencement of any such suspension affecting the TIBO Rate shall bear interest at the Overnight Rate plus one percent (1.0%), such rate to change from time to time as the Overnight Rate shall change, until such suspension has ended.

(b) Illegality. If, after the date of this Agreement, the adoption of any Governmental Rule, any change in any Governmental Rule or the application or requirements thereof (whether such change occurs in accordance with the terms of such Governmental Rule as enacted, as a result of amendment or otherwise), any change in the interpretation or administration of any Governmental Rule by any Governmental Authority, or compliance by any Lender with any request or directive (whether or not having the force of law) of any Governmental Authority (a "Change of Law") shall make it unlawful or impossible for any U.S. Lender to make or maintain any LIBOR Portion or any Japanese Lender to make or maintain its Japanese Loan, such Lender shall immediately notify Agent and the applicable Borrower of such Change of Law. Upon receipt of such notice, (i) such Borrower's right to obtain, continue or convert to Portions of the affected Type shall be suspended until such time as Agent shall notify such Borrower and the applicable Lenders that the circumstances giving rise to such suspension no longer exist, and (ii) such Borrower shall, if so requested by such Lender, immediately repay such Portions if such Lender shall notify such Borrower that such Lender may not lawfully continue to fund and maintain such Portions. Any conversion or prepayment of Portions made pursuant to the preceding sentence prior to the last day of an Interest Period for such Portions shall be deemed a prepayment thereof for purposes of Paragraph 2.12.

(c) Increased Costs. If, after the date of this Agreement, any Change of Law:

(i) Shall subject any U.S. Lender or Japanese Lender to any tax, duty or other charge with respect to any LIBOR Portion or its Japanese Loan, as the case may be, or shall change the basis of taxation of payments by either Borrower to any such Lender on such a LIBOR Portion or its Japanese Loan, as the case may be, or in respect to such a LIBOR Portion or its Japanese Loan, as the case may be, under this Agreement (except for changes in the rate of taxation on the overall net income of such Lender imposed by its jurisdiction of incorporation or the jurisdiction of its Applicable Lending Office); or

(ii) Shall impose, modify or hold applicable any reserve (excluding any Reserve Requirement or other reserve to the extent included in the calculation of the LIBO Rate or TIBO Rate for any Loans or Portions), special deposit or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances or loans by, or any other acquisition of funds by any Lender for any LIBOR Portion or its Japanese Loan; or

(iii) Shall impose on any Lender any other condition related to any LIBOR Portion or its Japanese Loan or such Lender's Commitments;

And the effect of any of the foregoing is to increase the cost to such Lender of making, continuing or maintaining any such LIBOR Portion, its Japanese Loan or its Commitments or to reduce any amount receivable by such Lender hereunder; then the Borrowers shall from time to time, within ten (10) Business Days after demand by such Lender, pay to such Lender additional amounts sufficient to reimburse such Lender for such increased costs or to compensate such Lender for such reduced amounts; provided, however, that Borrowers shall have no obligation to make any payment to any demanding party under this Subparagraph 2.10(c) on account of any such increased costs or reduced amounts unless Borrowers receive notice of such increased costs or reduced amounts from the demanding party within six (6) months after they are incurred or realized. A certificate setting forth in reasonable detail the amount of such increased costs or reduced amounts, submitted by such Lender to Borrowers shall constitute prima facie evidence of such costs or amounts. The obligations of Borrowers under this Subparagraph 2.10(c) shall survive the payment and performance of the Obligations and the termination of this Agreement.

(d) Capital Requirements. If, after the date of this Agreement, any Lender determines that (i) any Change of Law affects the amount of capital required or expected to be maintained by such Lender or any Person controlling such Lender (a "Capital Adequacy Requirement") and (ii) the amount of capital maintained by such Lender or such Person which is attributable to or based upon the Loans, the Commitments or this Agreement must be increased as a result of such Capital Adequacy Requirement (taking into account such Lender's or such Person's policies with respect to capital adequacy), Borrowers shall pay to such Lender or such Person, within ten (10) Business Days after demand of such Lender, such amounts as such Lender or such Person shall determine are necessary to compensate such Lender or such Person for the increased costs to such Lender or such Person of such increased capital; provided, however, that Borrowers shall have no obligation to make any payment to any demanding party under this Subparagraph 2.10(d) on account of any such increased costs unless Borrowers receive notice of such increased costs from the demanding party within twelve (12) months after they are incurred or realized. A certificate setting forth in reasonable detail the amount of such increased costs, submitted by any Lender to Borrowers shall constitute prima facie evidence of such costs. The obligations of Borrowers under this Subparagraph 2.10(d) shall survive the payment and performance of the Obligations and the termination of this Agreement.

(e) Mitigation. Any Lender which becomes aware of (i) any Change of Law which will make it unlawful or impossible for such Lender to make or maintain any LIBOR Portion or its Japanese Loan or (ii) any Change of Law or other event or condition which will obligate Borrowers to pay any amount pursuant to Subparagraph 2.10(c) or Subparagraph 2.10(d) shall notify Borrowers and Agent thereof as promptly as practical. If any Lender has given notice of any such Change of Law or other event or condition and thereafter becomes aware that such Change of Law or other event or condition has ceased to exist, such Lender shall notify Borrowers and Agent thereof as promptly as practical. Each Lender affected by any Change of Law which makes it unlawful or impossible for such Lender to make or maintain any LIBOR Portion or its Japanese Loan or to which Borrowers are obligated to pay any amount pursuant to Subparagraph 2.10(c) or Subparagraph 2.10(d) shall use reasonable commercial efforts (including changing the jurisdiction of its Applicable Lending Offices) to avoid the effect of such Change of Law or to avoid or materially reduce any amounts which Borrowers are obligated to pay pursuant to Subparagraph 2.10(c) or Subparagraph 2.10(d) if, in the reasonable opinion of such Lender, such efforts would not be disadvantageous to such Lender or contrary to such Lender's normal banking practices.

2.11. Taxes on Payments.

(a) Payments Free of Taxes. All payments made by Borrowers under this Agreement and the other Credit Documents shall be made free and clear of, and without deduction or withholding for or on account of, all present and future income, stamp, documentary and other taxes and duties, and all other levies, imposts, charges, fees, deductions and withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (except net income taxes and franchise taxes in lieu of net income taxes imposed on Agent or any Lender by its jurisdiction of incorporation or the jurisdiction in

which its Applicable Lending Office is located) (all such non-excluded taxes, duties, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). If any Taxes are required to be withheld from any amounts payable to Agent or any Lender hereunder or under the other Credit Documents, the amounts so payable to Agent or such Lender shall be increased to the extent necessary to yield to Agent or such Lender (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement and the other Credit Documents. Whenever any Taxes are payable by Borrowers, as promptly as possible thereafter, Borrowers shall send to Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by Borrowers showing payment thereof. If Borrowers fail to pay any Taxes when due to the appropriate taxing authority or fails to remit to Agent the required receipts or other required documentary evidence, Borrowers shall indemnify Agent and Lenders for any taxes (including interest or penalties) that may become payable by Agent or any Lender as a result of any such failure. The obligations of Borrowers under this Subparagraph 2.11(a) shall survive the payment and performance of the Obligations and the termination of this Agreement.

(b) Withholding Exemption Certificates. On or prior to the applicable Closing Date, each U.S. Lender which is not organized under the laws of the United States of America or a state thereof and each Japanese Lender which is not organized under the laws of Japan shall deliver to NSE and NSJ, respectively, and Agent such certificates and other evidence as such Borrower or Agent may reasonably request to establish that such Lender is entitled to receive payments under this Agreement on account of the U.S. Borrowing or Japanese Borrowing, as the case may be, without deduction or withholding of any United States federal income taxes or Japanese income taxes, respectively. Each such Lender further agrees (i) promptly to notify the applicable Borrower and Agent of any change of circumstances (including any change in any treaty, law or regulation) which would prevent such Lender from receiving payments hereunder without any deduction or withholding of such taxes and (ii) on or before the date that any certificate or other form delivered by such Lender under this Subparagraph 2.11(b) expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent such certificate or form previously delivered by such Lender, to deliver to the applicable Borrower and Agent a new certificate or form, certifying that such Lender is entitled to receive payments under this Agreement without deduction or such taxes. If any Lender fails to provide to Borrowers or Agent pursuant to this Subparagraph 2.11(b) (or, in the case of an Assignee Lender, Subparagraph 8.05(c)) any certificates or other evidence required by such provision to establish that such Lender is, at the time it becomes a Lender hereunder, entitled to receive payments under this Agreement on account of the U.S. Borrowing or Japanese Borrowing, as the case may be, without deduction or withholding of any United States federal income taxes or Japanese income taxes, respectively, such Lender shall not be entitled to any indemnification under Subparagraph 2.11(a) for any Taxes imposed on such Lender primarily as a result of such failure.

(c) Mitigation. If Agent or any Lender claims any additional amounts to be payable to it pursuant to this Paragraph 2.11, such Person shall use reasonable commercial efforts to file any certificate or document requested in writing by the applicable Borrower reflecting a reduced rate of withholding or to change the jurisdiction of its Applicable Lending Office if the making of such a filing or such change in the jurisdiction of its Applicable Lending Office would avoid the need for or materially reduce the amount of any such additional amounts which may thereafter accrue and if, in the reasonable opinion of such Person, in the case of a change in the jurisdiction of its Applicable Lending Office, such change would not be disadvantageous to such Person or contrary to such Person's normal banking practices.

(d) Tax Returns. Nothing contained in this Paragraph 2.11 shall require Agent or any Lender to make available any of its tax returns (or any other information relating to its taxes which it deems to be confidential).

2.12. Funding Loss Indemnification. If either Borrower shall (a) repay, prepay or convert any LIBOR Portion of the U.S. Borrowing or any Portion of the Japanese Borrowing on any day other than the last day of an Interest Period therefor (whether a scheduled payment, an optional prepayment or conversion, a mandatory prepayment or conversion, a payment upon acceleration or otherwise), (b) fail to borrow any LIBOR Portion of the U.S. Borrowing or any Portion of the Japanese Borrowing after delivering the Notices of Borrowing therefor to Agent (whether as a result of the failure to satisfy any applicable conditions or otherwise) or (c) fail to convert any Portion of the U.S. Borrowing into a LIBOR Portion in accordance with a Notice of U.S. Borrowing Conversion delivered to Agent (whether as a result of the failure to satisfy any applicable conditions or otherwise), such Borrower shall, within ten (10) Business Days after demand of such Lender, reimburse such Lender for and hold such Lender harmless from all reasonable costs and losses incurred by such Lender as a result of such repayment, prepayment, conversion or failure; provided, however, that Borrowers shall have no obligation to make any payment to any demanding party under this Paragraph 2.12 on account of any such costs or losses unless Borrowers receive notice of such costs or losses from the demanding party within six (6) months after they are incurred or realized. Borrowers understand that such costs and losses may include, without limitation, losses incurred by a Lender as a result of funding and other contracts entered into by such Lender to fund a LIBOR Portion of the U.S. Borrowing or any Portion of the Japanese Borrowing. Each Lender demanding payment under this Paragraph 2.12 shall deliver to Borrowers, with a copy to Agent, a certificate setting forth the amount of costs and losses for which demand is made, which certificate shall set forth in reasonable detail the calculation of the amount demanded. Such a certificate so delivered to Borrowers shall constitute prima facie evidence of such costs and losses. The obligations of Borrowers under this Paragraph 2.12 shall survive the payment and performance of the Obligations and the termination of this Agreement.

2.13. Security.

(a) Guaranties, Etc.

(i) The Obligations of NSE shall be secured by a Guaranty in the form of Exhibit H (the "Subsidiary Guaranty"), duly executed by all Material Domestic Subsidiaries of NSE and, in the case of any such Subsidiaries that are organized under the laws of jurisdictions outside the United States and domesticated under the laws of Delaware (or any other state of the United States), by the Delaware (or other state) counterparts of such Subsidiaries.

(A) If, at any time after the date of this Agreement, any Material Domestic Subsidiary of NSE that is a party to the Subsidiary Guaranty shall become a Material Foreign Subsidiary of NSE, Agent shall release such Subsidiary from its obligations under the Subsidiary Guaranty, subject to the completion by NSE and such Subsidiary of such actions as may be necessary to grant to Agent, to the extent provided in clause (ii) below, a perfected security interest in the Equity Securities of such Subsidiary owned by NSE.

(B) If, at any time after the date of this Agreement, any Subsidiary of NSE that is not a party to the Subsidiary Guaranty shall become a Material Domestic Subsidiary of NSE, NSE shall deliver to Agent (1) a Subsidiary Joinder in the form of Attachment 1 to the Subsidiary Guaranty, appropriately completed and duly executed by such Subsidiary, and (2) such other instruments, agreements, certificates, opinions and documents as Agent may reasonably request to secure, maintain, protect and evidence the obligations of such Subsidiary under the Subsidiary Guaranty.

(ii) If, at any time after the date of this Agreement, any direct Subsidiary of NSE shall become a Material Foreign Subsidiary of NSE, NSE shall deliver to Agent (A) a Pledge Agreement in the form of Exhibit I, appropriately completed and duly executed by NSE (the "Pledge Agreement"), and (B) such other instruments, agreements, certificates, opinions and documents (including Uniform Commercial Code financing statements) as Agent may reasonably request to grant, perfect, maintain, protect and evidence security interests in favor of Agent, for the benefit of Agent and Lenders as security for the Obligations of NSE, in any and all Equity Securities of such Subsidiary, to the extent (1) such security interests do not increase the gross income of NSE pursuant to Sections 951 or 956(c) of the IRC and (2) requiring such security interests is not unreasonable.

(A) If, at any time after the grant to Agent of a security interest in the Equity Securities of any Material Foreign Subsidiary of NSE pursuant to this Paragraph 2.13, such security interest increases the gross income of NSE pursuant to Sections 951 or 956(c) of the IRC, Agent shall release such security interest, subject to the compliance by NSE with clause (i)(B) above to make such Subsidiary a party to the Subsidiary Guaranty, unless such compliance also would cause the gross income of NSE to increase pursuant to Sections 951 or 956(c) of the IRC.

(B) If, at any time after the execution and delivery to Agent of the Pledge Agreement, any Subsidiary of NSE shall become a Material Foreign Subsidiary of NSE, NSE shall deliver to Agent such instruments, agreements, certificates, opinions and documents (including Uniform Commercial Code financing statements) as Agent may reasonably request to grant, perfect, maintain, protect and evidence security interests in favor of Agent, for the benefit of Agent and Lenders as security for the Obligations of NSE, in any and all Equity Securities of such Subsidiary, to the extent (1) such security interests do not increase the gross income of NSE pursuant to Sections 951 or 956(c) of the IRC and (2) requiring such security interests is not unreasonable.

(iii) The Obligations of NSJ shall be secured by a Guaranty in the form of Exhibit J, duly executed by NSE (the "NSE Guaranty").

(b) Further Assurances. Borrowers shall deliver, and shall cause their Subsidiaries to deliver, to Agent such other pledge agreements, guaranties, guaranty supplements and other instruments, agreements, certificates, opinions and documents (including Uniform Commercial Code financing statements) as Agent may reasonably request to implement the provisions of Subparagraph 2.13(a) and otherwise to establish, maintain, protect and evidence the rights provided to Agent, for the benefit of Agents and Lenders, pursuant to the Security Documents. Without limiting the foregoing, NSE shall cause Nu Skin Korea, Inc. to seek any Governmental Approval required in order to permit Nu Skin Korea, Inc. to remit payments under the Subsidiary Guaranty outside the Republic of Korea.

(c) Borrowers shall fully cooperate with Agent and Lenders and perform all additional acts reasonably requested by Agent or any Lender to effect the purposes of this Paragraph 2.13. (Agent and the Lenders recognize that (A) NSE's Foreign Subsidiaries may be organized under the laws of jurisdictions that impose restrictions on the imposition of Liens in such Subsidiaries' Equity Securities and (B) it may be costly or impossible to comply with such restrictions in some cases. Agent and the Lenders agree that, in determining whether requiring NSE to grant a security interest in the Equity Securities of one of its Foreign Subsidiaries is reasonable, they will in good faith consider (1) whether any applicable restrictions prohibit such a security interest, (2) whether, if not so prohibited, the financial and other costs to NSE of granting such a security interest are material or unduly burdensome to NSE, and (3) whether such costs to NSE outweigh the benefits to Agent and the Lenders of such a security interest.)

2.14. Replacement of Lenders. If any Lender shall (a) become a Defaulting Lender more than one (1) time in a period of twelve (12) consecutive months, (b) continue as a Defaulting Lender for more than five (5) Business Days at any time, (c) suspend its obligation to make or maintain LIBOR Portions of the U.S. Borrowing or any Portion of the Japanese Borrowing pursuant to Subparagraph 2.10(b) for a reason which is not applicable to any other Lender or (d) demand any payment under Subparagraph 2.10(c), 2.10(d) or 2.11(a) for a reason which is not applicable to any other Lender, then Agent may (or upon the written request of Borrowers, shall) replace such Lender (the "affected Lender"), or cause such affected Lender to be replaced, with another lender (the "replacement Lender") satisfying the requirements of an Assignee Lender under Subparagraph 8.05(c), by having the affected Lender sell and assign all of its rights and obligations under this Agreement and the other Credit Documents to the replacement Lender pursuant to Subparagraph 8.05(c); provided, however, that if Borrowers seek to exercise such right, they must do so within sixty (60) days after either Borrower first knows or should have known of the occurrence of the event or events giving rise to such right, and neither Agent nor any Lender shall have any obligation to identify or locate a replacement Lender for Borrowers. Upon receipt by any affected Lender of a written notice from Agent stating that Agent is exercising the replacement right set forth in this Paragraph 2.14, such affected Lender shall sell and assign all of its rights and obligations under this Agreement and the other Credit Documents to the replacement Lender pursuant to an Assignment Agreement and Subparagraph 8.05(c) for a purchase price equal to the sum of the principal amount of the affected Lender's Loans so sold and assigned, all accrued and unpaid interest thereon and its ratable share of all fees to which it is entitled.

SECTION III. CONDITIONS PRECEDENT.

3.01. Initial Closing Date Conditions Precedent. The obligations of the applicable Lenders to make the Loans to be made on the Initial Closing Date are subject to receipt by Agent, on or prior to the Initial Closing Date, of each item listed in Schedule 3.01, each in form and substance satisfactory to Agent and each Lender, and with sufficient copies for, Agent and each Lender.

3.02. Second Closing Date Conditions Precedent. The obligations of the applicable Lenders to make the Loans to be made on the Second Closing Date are subject to (a) the satisfaction of the conditions precedent set forth in Paragraph 3.01 and (b) the receipt by Agent, on or prior to the Second Closing Date, of (i) the Commitment Fees and (ii) if such Loans are U.S. Loans, each Note requested by such a Lender, each duly executed by the applicable Borrower.

3.03. Conditions Precedent to Each Credit Event. The occurrence of each Credit Event (including the Borrowings) is subject to the further conditions that:

(a) Borrowers shall have delivered to Agent the Notice of Borrowing, Notice of U.S. Borrowing Conversion or Notice of Interest Period Selection, as the case may be, for such Credit Event in accordance with this Agreement; and

(b) On the date such Credit Event is to occur and after giving effect to such Credit Event, the following shall be true and correct:

(i) The representations and warranties of Borrowers and their Subsidiaries set forth in Paragraph 4.01 and in the other Credit Documents are true and correct in all material respects as if made on such date (except for representations and warranties expressly made as of a specified date, which shall be true as of such date); and

(ii) No Default has occurred and is continuing or will result from such Credit Event.

The submission by either Borrower to Agent of each Notice of Borrowing, each Notice of U.S. Borrowing Conversion (other than a notice for a conversion to a Base Rate Portion) and each Notice of Interest Period Selection (other than a notice selecting an Interest Period of one (1) month for any Portion of the Japanese Borrowing) shall be deemed to be a representation and warranty by such Borrower that each of the statements set forth above in this Subparagraph 3.03(b) is true and correct as of the date of such notice.

3.04. Covenant to Deliver. Borrowers agree (not as a condition but as a covenant) to deliver to Agent each item required to be delivered to Agent as a condition to the occurrence of any Credit Event if such Credit Event occurs. Borrowers expressly agree that the occurrence of any such Credit Event prior to the receipt by Agent of any such item shall not constitute a waiver by Agent or any Lender of Borrowers' obligation to deliver such item.

SECTION IV. REPRESENTATIONS AND WARRANTIES.

4.01. Borrowers' Representations and Warranties. In order to induce Agent and Lenders to enter into this Agreement, Borrowers hereby represent and warrant to Agent and Lenders as follows:

(a) Due Incorporation, Qualification, etc. Each of Borrowers and their Material Subsidiaries (i) is a corporation duly organized, validly existing and, in any jurisdiction in which such legal concept is applicable, in good standing under the laws of its jurisdiction of organization; (ii) has the power and authority to own, lease and operate its properties and carry on its business as now conducted; and (iii) is duly qualified and licensed to do business as a foreign corporation or branch in each jurisdiction where the failure to be so qualified or licensed is reasonably likely to have a Material Adverse Effect.

(b) Authority. The execution, delivery and performance by each of Borrowers and their Subsidiaries of each Credit Document executed, or to be executed, by such Person and the consummation of the transactions contemplated thereby (i) are within the power of such Person and (ii) have been duly authorized by all necessary actions on the part of such Person.

(c) Enforceability. Each Credit Document executed, or to be executed, by each of Borrowers and their Subsidiaries has been, or will be, duly executed and delivered by such Person and constitutes, or will constitute, a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(d) Non-Contravention. The execution and delivery by each of Borrowers and their Subsidiaries of the Credit Documents executed by such Person and the performance and consummation of the transactions contemplated thereby do not (i) violate any Requirement of Law applicable to such Person; (ii) violate any provision of, or result in the breach or the acceleration of, or entitle any other Person to accelerate (whether after the giving of notice or lapse of time or both), any Contractual Obligation of such Person; or (iii) result in the creation or imposition of any Lien (or the obligation to create or impose any Lien) upon any property, asset or revenue of such Person (except such Liens as may be created in favor of Agent pursuant to this Agreement or the other Credit Documents).

(e) Approvals. Except as set forth in Schedule 4.01(e), no consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Authority or other Person (including the shareholders of any Person) is required in connection with the execution and delivery of the Credit Documents executed by Borrowers and their Subsidiaries or the performance or consummation of the transactions contemplated thereby, except for those which have been made or obtained and are in full force and effect.

(f) No Violation or Default. Neither either Borrower nor any of its Material Subsidiaries is in violation of or in default with respect to (i) any Requirement of Law applicable to such Person or (ii) any Contractual Obligation of such Person (nor is there any waiver in effect which, if not in effect, would result in such a violation or default), where, in each case, such violation or default is reasonably likely to have a Material Adverse Effect. Without limiting the generality of the foregoing, neither either Borrower nor any of its Subsidiaries (A) has violated any Environmental Laws, (B) has any liability under any Environmental Laws or (C) has received notice or other communication of an investigation or is under investigation by any Governmental Authority having authority to enforce Environmental Laws, where such violation, liability or investigation is reasonably likely to have a Material Adverse Effect. No Default has occurred and is continuing.

(g) Litigation. Except as set forth in Schedule 4.01(g), no actions (including derivative actions), suits, proceedings or investigations are pending or, to the knowledge of either Borrower, threatened against either Borrower or any of its Subsidiaries at law or in equity in any court or before any other Governmental Authority which (i) is reasonably likely (alone or in the aggregate) to have a Material Adverse Effect or (ii) seeks to enjoin, either directly or indirectly, the execution, delivery or performance by either Borrower or any of its Subsidiaries of the Credit Documents, the NSI Acquisition Documents or the transactions contemplated thereby.

(h) Title; Possession Under Leases. Each Borrower and its Material Subsidiaries own and have good and marketable title, or a valid leasehold interest in, all their respective properties and assets as reflected in the most recent Financial Statements delivered to Agent (except those assets and properties disposed of in the ordinary course of business or otherwise in compliance with this Agreement since the date of such Financial Statements) and all respective assets and properties acquired by such Borrower and its Material Subsidiaries since such date (except those disposed of in the ordinary course of business or otherwise in compliance with this Agreement). Such assets and properties are subject to no Lien, except for Permitted Liens. Each Borrower and its Subsidiaries have complied with all material obligations under all material leases to which they are parties and enjoy peaceful and undisturbed possession under such leases.

(i) Financial Statements. The Financial Statements of each Borrower and its Subsidiaries which have been delivered to Agent, (i) are in accordance with the books and records of such Borrower and its Subsidiaries, which have been maintained in accordance with good business practice; (ii) have been prepared in conformity with GAAP; and (iii) fairly present in all material respects the financial conditions and results of operations of such Borrower and its Subsidiaries as of the date thereof and for the period covered thereby. Neither either Borrower nor any of its Subsidiaries has any Contingent Obligations, liability for taxes or other outstanding obligations which are material in the aggregate, except as disclosed in the audited Financial Statements of such Borrower dated December 31, 1997, furnished by such Borrower to Agent prior to the date hereof, or in the Financial Statements delivered to Agent pursuant to clause (i) or (ii) of Subparagraph 5.01(a).

(j) Employee Benefit Plans.

(i) Based on the latest valuation of each Employee Benefit Plan that either NSE or any ERISA Affiliate maintains or contributes to, or has any obligation under (which occurred within twelve months of the date of this representation), the aggregate benefit liabilities of such plan within the meaning of ss. 4001 of ERISA did not exceed the aggregate value of the assets of such plan. Neither NSE nor any ERISA Affiliate has any liability with respect to any post-retirement benefit under any Employee Benefit Plan which is a welfare plan (as defined in section 3(1) of ERISA), other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, which liability for health plan contribution coverage is not reasonably likely to have a Material Adverse Effect.

(ii) Each Employee Benefit Plan complies, in both form and operation, in all material respects, with its terms, ERISA and the IRC, and no condition exists or event has occurred with respect to any such plan which would result in the incurrence by either NSE or any ERISA Affiliate of any material liability, fine or penalty. Each Employee Benefit Plan, related trust agreement, arrangement and commitment of NSE or any ERISA Affiliate is legally valid and binding and in full force and effect. No Employee Benefit Plan is being audited or investigated by any government agency or is subject to any pending or threatened claim or suit. Neither NSE nor any ERISA Affiliate nor any fiduciary of any Employee Benefit Plan has engaged in a prohibited transaction under section 406 of ERISA or section 4975 of the IRC.

(iii) Neither NSE nor any ERISA Affiliate contributes to or has any material contingent obligations to any Multiemployer Plan. Neither NSE nor any ERISA Affiliate has incurred any material liability (including secondary liability) to any Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan under Section 4201 of ERISA or as a result of a sale of assets described in Section 4204 of ERISA. Neither NSE nor any ERISA Affiliate has been notified that any Multiemployer Plan is in reorganization or insolvent under and within the meaning of Section 4241 or Section 4245 of ERISA or that any Multiemployer Plan intends to terminate or has been terminated under Section 4041A of ERISA.

(iv) All employer and employee contributions required by any applicable Governmental Rule in connection with all Foreign Plans have been made, or, if applicable, accrued, in accordance with the country-specific accounting practices. The fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations, as of the date hereof, with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to determine employer contributions to such Foreign Plan, which actuarial assumptions are commercially reasonable. Each Foreign Plan required to be registered has been registered and has been maintained in good standing with applicable Governmental Authorities. Each Foreign Plan reasonably complies in all material respects with all applicable Governmental Rules.

(k) Other Regulations. No Borrower or any Subsidiary thereof is subject to regulation under the Investment Company Act of 1940, the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act or any state public utilities code.

(l) Patent and Other Rights. Each Borrower and its Subsidiaries own, license or otherwise have the full right to use, under validly existing agreements, all material patents, licenses, trademarks, trade names, trade secrets, service marks, copyrights and all rights with respect thereto, which are required to conduct their businesses as now conducted.

(m) Governmental Charges. Each Borrower and its Subsidiaries have filed or caused to be filed all tax returns which are required to be filed by them. Each Borrower and its Subsidiaries have paid, or made provision for the payment of, all taxes and other Governmental Charges which have or may have become due pursuant to said returns or otherwise and all other indebtedness, except such Governmental Charges or indebtedness, if any, which are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP) have been provided or which are not reasonably likely to have a Material Adverse Effect if unpaid.

(n) Margin Stock. Neither Borrower owns any Margin Stock which, in the aggregate, would constitute a substantial part of the assets of such Borrower, and no proceeds of any Loan will be used to purchase or carry, directly or indirectly, any Margin Stock or to extend credit, directly or indirectly, to any Person for the purpose of purchasing or carrying any Margin Stock.

(o) Subsidiaries, Etc. Schedule 4.01(o) (as supplemented by NSE from time to time in a written notice to Agent) sets forth each of NSE's Subsidiaries, its jurisdiction of organization, whether it is a Domestic Subsidiary or a Foreign Subsidiary, the classes of its Equity Securities, the number of shares of each such class issued and outstanding, the percentages of shares of each such class owned directly or indirectly by NSE and whether NSE owns such shares directly or, if not, the Subsidiary of NSE that owns such shares. Except for such Subsidiaries, neither Borrower has any Subsidiaries. The only Material Subsidiaries of NSE on the date of this Agreement are NSJ; NSI; Nu Skin Hong Kong, Inc., a Utah corporation; Nu Skin Taiwan, Inc., a Utah corporation; and Nu Skin Korea, Inc., a South Korean corporation. NSJ and Nu Skin Korea, Inc. also are domesticated under the Delaware General Corporate Laws, and their respective Delaware counterparts have only nominal assets.

(p) Solvency, Etc. Each of the Borrowers and their Material Subsidiaries is Solvent and, after the execution and delivery of the Credit Documents and NSI Acquisition Documents and the consummation of the transactions contemplated thereby, will be Solvent.

(q) NSI Acquisition. NSE consummated the NSI Acquisition on March 30, 1998. The consideration paid by NSE to acquire the Acquired Entities consisted solely of (i) Equity Securities issued by NSE, (ii) NSE's undertaking to pay the NSI Contingent Payments and (iii) promissory notes issued by NSE in an aggregate principal amount equal to the difference between \$180,000,000 and the aggregate principal amount of certain promissory notes issued by the Acquired Entities to the former stockholders of the Acquired Entities, which promissory notes of NSE will not exceed \$25,000,000 in aggregate principal amount.

(r) No Material Adverse Effect. No event has occurred and no condition exists which is reasonably likely to have a Material Adverse Effect.

(s) Accuracy of Information Furnished. The Credit Documents and the other certificates, statements and information (excluding projections) furnished to Agent or any Lender by or on behalf of Borrowers and their Subsidiaries in connection with the Credit Documents and the transactions contemplated thereby, taken as a whole, do not contain and will not contain any untrue statement of a material fact and do not omit and will not omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All projections have been based upon reasonable assumptions and represent, as of their respective dates of presentations, Borrowers' best estimates of the future performance of Borrowers and their Subsidiaries.

4.02. Reaffirmation. Each Borrower shall be deemed to have reaffirmed, for the benefit of Lenders and Agent, each representation and warranty contained in Paragraph 4.01 on and as of the date of each Credit Event (except for representations and warranties expressly made as of a specified date, which shall be true as of such date).

SECTION V. COVENANTS.

5.01. Affirmative Covenants. Until the termination of this Agreement and the satisfaction in full by Borrowers of all Obligations, Borrowers will comply, and will cause compliance, with the following affirmative covenants, unless Required Lenders shall otherwise consent in writing:

(a) Financial Statements, Reports, etc. Each Borrower shall furnish to Agent the following, each in such form and such detail as Agent or the Required Lenders shall reasonably request:

(i) As soon as available and in no event later than sixty (60) days after the last day of each fiscal quarter of NSE, a copy of the Financial Statements of NSE and its Subsidiaries (prepared on a consolidated and consolidating basis) for such quarter and for the fiscal year to date, certified by the chief financial officer or treasurer of NSE to present fairly in all material respects the financial condition, results of operations and other information reflected therein and to have been prepared in accordance with GAAP (subject to normal year-end audit adjustments);

(ii) As soon as available and in no event later than one hundred, twenty (120) days after the close of each fiscal year of NSE, (A) copies of the audited Financial Statements of NSE and its Subsidiaries (prepared on a consolidated and consolidating basis) for such year, audited by independent certified public accountants of recognized national standing reasonably acceptable to Agent, (B) copies of the unqualified opinions (or qualified opinions reasonably acceptable to Agent) and, to the extent delivered, management letters delivered by such accountants in connection with all such Financial Statements and (C) if available from such accountants, certificates of such accountants to Agent stating that in making the examination necessary for their opinion they have reviewed this Agreement and have obtained no knowledge of any Default which has occurred and is continuing, or if, in the opinion of such accountants, a Default has occurred and is continuing, a statement as to the nature thereof;

(iii) Contemporaneously with the quarterly and year-end Financial Statements required by the foregoing clauses (i) and (ii), a compliance certificate of the chief financial officer or treasurer of each Borrower (a "Compliance Certificate") which (A) states that no Default has occurred and is continuing, or, if any such Default has occurred and is continuing, a statement as to the nature thereof and what action Borrowers propose to take with respect thereto and (B) sets forth, for the quarter or year covered by such Financial Statements or as of the last day of such quarter or year (as the case may be), the calculation of the financial ratios and tests provided in Paragraph 5.03 for such Borrower;

(iv) As soon as available and in no event later than sixty (60) days after the last day of the last fiscal quarter in each fiscal year of NSE, a certificate of the chief financial officer or treasurer of NSE which sets forth the calculation of NSE's Debt/EBITDA Ratio for such year;

(v) As soon as possible and in no event later than five (5) Business Days after any officer of such Borrower knows of the occurrence or existence of (A) any Reportable Event under any Employee Benefit Plan or Multiemployer Plan; (B) any actual or threatened litigation, suits, claims or disputes against either Borrower or any of its Subsidiaries involving potential monetary damages payable by either Borrower or its Subsidiaries of \$10,000,000 or more (alone or in the aggregate); (C) any other event or condition which is reasonably likely to have a Material Adverse Effect; or (D) any Default; the statement of the chief financial officer or treasurer of such Borrower setting forth details of such

event, condition or Default and the action which such Borrower proposes to take with respect thereto;

(vi) As soon as available and in no event later than five (5) Business Days after they are sent, made available or filed, copies of (A) all registration statements and reports filed by NSE or any of its Subsidiaries with the United States Securities and Exchange Commission (including, without limitation, all 10-Q, 10-K and 8-Q reports); (B) all reports, proxy statements and financial statements sent or made available by NSE or any of its Subsidiaries to its security holders; and (C) all press releases and other similar public announcements concerning any material developments in the business of either Borrower or any of its Subsidiaries made available by either Borrower or any of its Subsidiaries to the public generally;

(vii) As soon as available and in no event later than thirty (30) days after the first day of each fiscal year of each Borrower, the consolidated plan and forecast of such Borrower and its Subsidiaries for such fiscal year, including quarterly cash flow projections and quarterly projections of such Borrower's compliance with each of the covenants set forth in Paragraph 5.03;

(viii) As soon as possible and in no event later than (A) sixty (60) days after the last day of each fiscal quarter, written notice of any new Subsidiary acquired or established by NSE during such quarter, any new Equity Securities of any existing Subsidiary acquired by NSE during such quarter or any other change in the information set forth in Schedule 4.01(o) during such quarter and (B) one hundred, twenty (120) days after the last day of each fiscal year, written notice of any Subsidiary of NSE that has become a Material Subsidiary during such year; and

(ix) Such other instruments, agreements, certificates, opinions, statements, documents and information relating to the operations or condition (financial or otherwise) of such Borrower or its Subsidiaries, and compliance by such Borrower with the terms of this Agreement and the other Credit Documents as Agent may from time to time reasonably request.

(b) Books and Records. Each Borrower and its Subsidiaries shall at all times keep proper books of record and account which shall be complete and correct in all material respects in accordance with GAAP.

(c) Inspections. Each Borrower and its Subsidiaries shall permit Agent and each Lender, or any agent or representative thereof, upon reasonable notice and during normal business hours, to visit and inspect any of the properties and offices of such Borrower and its Subsidiaries, to examine the books and records of such Borrower and its Subsidiaries and make copies thereof and to discuss the affairs, finances and business of such Borrower and its Subsidiaries with, and to be advised as to the same by, their officers, auditors and accountants, all at such times and intervals as Agent or any Lender may reasonably request (which visits and inspections shall be at the expense of Agent or such Lender unless a Default has occurred and is continuing).

(d) Insurance. Each Borrower and its Subsidiaries shall (i) carry and maintain insurance of the types and in the amounts customarily carried from time to time during the term of this Agreement by others engaged in substantially the same business as such Person and operating in the same geographic area as such Person, including fire, public liability, property damage and worker's compensation, (ii) carry and maintain each policy for such insurance with financially sound insurers and (iii) deliver to Agent from time to time, as Agent may request, schedules setting forth all insurance then in effect.

(e) Governmental Charges and Other Indebtedness. Each Borrower and its Subsidiaries shall promptly pay and discharge when due (i) all taxes and other Governmental Charges prior to the date upon which penalties accrue thereon, (ii) all indebtedness which, if unpaid, could become a Lien upon the property of such Borrower or its Subsidiaries and (iii) subject to any subordination provisions applicable thereto, all other Indebtedness, which in each case, if unpaid, is reasonably likely to have a Material Adverse Effect, except such Indebtedness as may in good faith be contested or disputed, or for which arrangements for deferred payment have been made, provided that in each such case appropriate reserves are maintained in accordance with GAAP.

(f) Use of Proceeds. NSE shall use the proceeds of the U.S. Loans only for the purposes set forth in Subparagraph 2.01(g), and NSJ shall use the proceeds of the Japanese Loans only for the purposes set forth in Subparagraph 2.02(f). Neither Borrower shall use any part of the proceeds of any Loan, directly or indirectly, for the purpose of purchasing or carrying any Margin Stock or for the purpose of purchasing or carrying or trading in any securities under such circumstances as to involve such Borrower, any Lender or Agent in a violation of Regulations T, U or X issued by the Federal Reserve Board.

(g) General Business Operations. Each of the Borrowers and their Subsidiaries shall (i) preserve and maintain its corporate existence and all of its rights, privileges and franchises reasonably necessary to the conduct of its business, (ii) conduct its business activities in compliance with all Requirements of Law and Contractual Obligations applicable to such Person and (iii) keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, except, in each case, where any failure is not reasonably likely to have a Material Adverse Effect. NSE shall maintain its chief executive office and principal place of business in the United States and shall not relocate its chief executive office or principal place of business outside of Utah except upon not less than sixty (60) days prior written notice to Agent.

(h) Pari Passu Ranking. Each Borrower shall take, or cause to be taken, all actions necessary to ensure that the Obligations of such Borrower are and continue to rank at least pari passu in right of payment with all other unsecured and unsubordinated Indebtedness of such Borrower.

(i) Year 2000 Compatibility. Borrowers shall, and shall cause their Material Subsidiaries to, take all acts reasonably necessary to ensure that all software, hardware, firmware, equipment, goods and systems utilized by or material to their business operations or financial condition will properly perform date sensitive functions before, during and after the year 2000. At the request of Agent, Borrowers shall provide to Agent such certifications or other evidence of compliance with this Subparagraph 5.01(i) as Agent may from time to time require.

5.02. Negative Covenants. Until the termination of this Agreement and the satisfaction in full by Borrowers of all Obligations, Borrowers will comply, and will cause compliance, with the following negative covenants, unless Required Lenders shall otherwise consent in writing:

(a) Indebtedness. NSE's Subsidiaries shall not create, incur, assume or permit to exist any Indebtedness except for the following ("Permitted Indebtedness"):

(i) The Obligations of NSJ and NSE's other Subsidiaries under the Credit Documents;

(ii) Indebtedness of NSJ and NSE's other Subsidiaries listed in Schedule 5.02(a) and existing on the date of this Agreement;

(iii) Indebtedness of NSJ and NSE's other Subsidiaries arising from the endorsement of instruments for collection in the ordinary course of their businesses;

(iv) Indebtedness of NSJ and NSE's other Subsidiaries for trade accounts payable, provided that (A) such accounts arise in the ordinary course of business and (B) no material part of any such account is more than ninety (90) days past due (unless subject to a bona fide dispute and for which adequate reserves have been established);

(v) Indebtedness of NSJ and NSE's other Subsidiaries under Rate Contracts, provided that all such Rate Contracts are entered into in connection with bona fide hedging operations and not for speculation;

(vi) Indebtedness of NSJ and NSE's other Subsidiaries under purchase money loans and Capital Leases incurred by them to finance their acquisition of real property, fixtures or equipment provided that (A) in each case, (y) such Indebtedness is incurred at the time of, or not later than thirty (30) days after, the acquisition of the property so financed and (z) such Indebtedness does not exceed the purchase price of the property so financed and (B) the aggregate amount of such Indebtedness outstanding at any time does not exceed \$5,000,000;

(vii) Indebtedness of NSJ and NSE's other Subsidiaries under initial or successive refinancings of any Indebtedness permitted by clause (ii) or (vi) above, provided that (A) the principal amount of any such refinancing does not exceed the principal amount of the Indebtedness being refinanced (except to the extent any excess is otherwise permitted by another clause of this Subparagraph 5.02(a)) and (B) the material terms and provisions of any such refinancing (including maturity, redemption, prepayment, default and subordination provisions) are no less favorable to Lenders than the Indebtedness being refinanced;

(viii) Indebtedness of NSJ and NSE's other Subsidiaries with respect to surety, appeal, indemnity, performance or other similar bonds in the ordinary course of business (including surety or similar bonds issued in connection with the stay of a proceeding of the type described in Subparagraph 6.01(h));

(ix) Indebtedness of NSJ and NSE's other Subsidiaries to and among each other and NSE;

(x) Indebtedness of any Subsidiary acquired by NSE or any of its Subsidiaries after the date of this Agreement pursuant to Subparagraph 5.02(d), provided that (A) such Indebtedness exists at the time such Subsidiary is so acquired and (B) such Indebtedness was not created in contemplation of such acquisition;

(xi) Indebtedness of NSJ and NSE's other Subsidiaries to one or more Lenders, provided that the aggregate principal amount of such Indebtedness does not exceed \$30,000,000 at any time and no guaranty or security is provided for such Indebtedness which is more extensive than the guaranties and security required to be provided by Paragraph 2.13;

(xii) Indebtedness of NSJ and NSE's other Subsidiaries to Affiliates (other than Borrowers and their Subsidiaries), provided that (A) the terms of such Indebtedness are at least as favorable to NSJ and NSE's other Subsidiaries as an arms-length transaction with unaffiliated Persons and (B) the aggregate principal amount of such Indebtedness does not exceed \$10,000,000 at any time; and

(xiii) Other Indebtedness of Borrowers and its Subsidiaries, provided that the aggregate principal amount of all such other Indebtedness does not exceed \$1,000,000 at any time.

(b) Liens. Neither Borrowers nor their Subsidiaries shall create, incur, assume or permit to exist any Lien on or with respect to any of their assets or property of any character, whether now owned or hereafter acquired, except for the following ("Permitted Liens"):

(i) Liens in favor of Agent or any Lender securing the Obligations;

(ii) Liens listed in Schedule 5.02(b) and existing on the date of this Agreement;

(iii) Liens for taxes or other Governmental Charges not at the time delinquent or thereafter payable without penalty or being contested in good faith, provided that adequate reserves for the payment thereof have been established in accordance with GAAP;

(iv) Liens of carriers, warehousemen, mechanics, materialmen, vendors, and landlords and other similar Liens imposed by law incurred in the ordinary course of business for sums not overdue more than 45 days or being contested in good faith, provided that adequate reserves for the payment thereof have been established in accordance with GAAP;

(v) Deposits under workers' compensation, unemployment insurance and social security laws or to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or to secure statutory obligations of surety or appeal bonds or to secure indemnity, performance or other similar bonds in the ordinary course of business;

(vi) Zoning restrictions, easements, rights-of-way, title irregularities and other similar encumbrances, which alone or in the aggregate are not substantial in amount and do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of Borrower or any of its Subsidiaries;

(vii) Banker's Liens and similar Liens (including set-off rights) in respect of bank deposits;

(viii) Liens on any property or assets acquired, or on the property or assets of any Persons acquired, by Borrower or any of its Subsidiaries after the date of this Agreement pursuant to Subparagraph 5.02(d), provided that (A) such Liens exist at the time such property or assets or such Persons are so acquired and (B) such Liens were not created in contemplation of such acquisitions;

(ix) Judgement Liens, provided that such Liens do not constitute an Event of Default under Subparagraph 6.01(h);

(x) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties and in connection with the importation of goods in the ordinary course of each Borrower's and its Subsidiaries' businesses;

(xi) Liens securing Indebtedness which constitutes Permitted Indebtedness under clause (vi) of Subparagraph 5.02(a) or Indebtedness of NSE under purchase money loans and Capital Leases incurred to finance its acquisition of real property, fixtures or equipment, provided that, in each case, such Lien (A) covers only those assets, the acquisition of which was financed by such Permitted Indebtedness, and (B) secures only such Permitted Indebtedness;

(xii) Liens incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by the Liens described in clause (ii) or (xi) above, provided that any extension, renewal or replacement Lien (A) is limited to the property covered by the existing Lien and (B) secures Indebtedness which is no greater in amount and has material terms no less favorable to Lenders than the Indebtedness secured by the existing Lien; and

(xiii) Other Liens, provided that the aggregate amount of Indebtedness secured by such other Liens does not exceed \$5,000,000 at any time;

Provided, however, that the foregoing exceptions shall not permit any Lien in any of the Collateral or in any other Equity Securities issued by any Subsidiary of NSE and owned by NSE or any of its other Subsidiaries, except for Liens in favor of Agent securing the Obligations.

(c) Asset Dispositions. Neither Borrowers nor their Subsidiaries shall sell, lease, transfer or otherwise dispose of any of their assets or property, whether now owned or hereafter acquired, except for the following:

(i) Sales of inventory by Borrowers and their Subsidiaries in the ordinary course of their businesses;

(ii) Sales of surplus, damaged, worn or obsolete assets by Borrowers and their Subsidiaries in the ordinary course of their businesses;

(iii) Sales or assignments of defaulted receivables to a collection agency in the ordinary course of business; and

(iv) Other sales, leases, transfers and disposals of assets and property, provided that (A) no Default has occurred and is continuing on the date of, or will result after giving effect to, any such sale, lease, transfer or disposal and (B) the aggregate book value of all such assets and property so sold, leased, transferred or otherwise disposed of in any fiscal year does not exceed \$10,000,000 per year;

Provided, however, that the foregoing exceptions shall not permit any sale, lease, transfer or other disposition of any Collateral or of any other Equity Securities issued by any Material Subsidiary of NSE and owned by NSE or any of its other Subsidiaries.

(d) Mergers, Acquisitions, Etc. Neither Borrowers nor their Subsidiaries shall consolidate with or merge into any other Person or permit any other Person to merge into them, acquire any Person as a new Subsidiary or acquire all or substantially all of the assets of any other Person, except for the following:

(i) Borrowers and their Subsidiaries may merge with each other, provided that (A) in any such merger involving either Borrower, such Borrower is the surviving corporation and (B) no Default has occurred and is continuing on the date of, or will result after giving effect to, any such merger;

(ii) Acquisitions described in Schedule 5.02(d), provided that:

(A) No Default has occurred and is continuing on the date of, or will result after giving effect to, any such acquisition; and

(B) The aggregate consideration paid by Borrowers and their Subsidiaries for all such acquisitions (excluding consideration consisting of the Equity Securities of Borrowers or their Subsidiaries) paid in any fiscal year does not exceed \$35,000,000 (provided that any portion of such amount limitation not used in any year may be carried forward in subsequent years to increase the amount of such limitation in such subsequent years until used); and

(iii) Other acquisitions of any Person as a new Subsidiary or of all or substantially all of the assets of any other Person, provided that:

(A) No Default has occurred and is continuing on the date of, or will result after giving effect to, any such acquisition; and

(B) The aggregate consideration paid by Borrowers and their Subsidiaries for all such acquisitions (excluding consideration consisting of the Equity Securities of Borrowers or their Subsidiaries) paid in any fiscal year does not exceed \$15,000,000 (provided that any portion of such amount limitation not used in any year may be carried forward in subsequent years to increase the amount of such limitation in such subsequent years until used).

(e) Investments. Neither Borrowers nor their Subsidiaries shall make any Investment except for the following:

(i) Investments permitted by the investment policy of NSE set forth in Schedule 5.02(e) or, if any changes to the investment policy of NSE are hereafter duly approved by the Board of Directors of NSE, in any subsequent investment policy which is the most recent investment policy delivered by NSE to Agent with a certificate of NSE's chief financial officer to the effect that such investment policy has been duly approved by NSE's Board of Directors and is then in effect;

(ii) Investments listed in Schedule 5.02(e) existing on the date of this Agreement;

(iii) Investments received by Borrowers and their Subsidiaries in connection with the bankruptcy or reorganization of customers and suppliers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(iv) Investments by Borrowers and their consolidated Subsidiaries in each other;

(v) Investments consisting of loans to employees and officers for travel, relocation and other similar expenses incurred in the ordinary course of business;

(vi) Investments of Borrower and its Subsidiaries in interest rate protection, currency swap and foreign exchange arrangements, provided that all such arrangements are entered into in connection with bona fide hedging operations and not for speculation;

(vii) Deposit accounts;

(viii) Investments permitted by Subparagraph 5.02(d);
and

(ix) Other Investments, provided that:

(A) No Default has occurred and is continuing on the date of, or will result after giving effect to, any such Investment; and

(B) The aggregate consideration paid by Borrowers and their Subsidiaries for (1) all such Investments in joint ventures in any fiscal year do not exceed \$5,000,000 or (2) all other such Investments in any fiscal year do not exceed \$5,000,000 (provided that, in the case of both the preceding clause (1) and clause (2), any portion of such amount limitation not used in any year may be carried forward in subsequent years to increase the amount of such limitation in such subsequent years until used).

(f) Dividends, Redemptions, Etc. Neither Borrowers nor their Subsidiaries shall pay any dividends or make any distributions on its Equity Securities; purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Securities; return any capital to any holder of its Equity Securities as such; make any distribution of assets, Equity Securities, obligations or securities to any holder of its Equity Securities as such; or set apart any sum for any such purpose; except as follows:

(i) Either Borrower or any of its Subsidiaries may pay dividends on its capital stock payable solely in such Person's own capital stock, provided that, in the case of any such dividend payable by a Foreign Subsidiary that is a Material Subsidiary to NSE or another Subsidiary, such dividend is delivered and pledged to Agent to the extent required by Subparagraph 2.13(b);

(ii) Any Subsidiary of either Borrower may pay dividends to or repurchase its capital stock from such Borrower; and

(iii) NSE may pay dividends on its capital stock payable in cash or repurchase its capital stock for cash, provided that, in each case, no Default has occurred and is continuing on the date of, or will result after giving effect to, any such payment or repurchase.

(g) Change in Business. Neither Borrowers nor their Subsidiaries shall engage, either directly or indirectly, in any business substantially different from their present business.

(h) Employee Benefit Plans.

(i) Neither NSE nor any ERISA Affiliate shall (A) adopt or institute any Employee Benefit Plan that is an employee pension benefit plan within the meaning of Section 3(2) of ERISA, (B) take any action which will result in the partial or complete withdrawal, within the meanings of sections 4203 and 4205 of ERISA, from a Multiemployer Plan, (C) engage or permit any Person to engage in any transaction prohibited by section 406 of ERISA or section 4975 of the IRC involving any Employee Benefit Plan or Multiemployer Plan which would subject NSE or any ERISA Affiliate to any tax, penalty or other liability including a liability to indemnify, (D) incur or allow to exist any accumulated funding deficiency (within the meaning of section 412 of the IRC or section 302 of ERISA), (E) fail to make full payment when due of all amounts due as contributions to any Employee Benefit Plan or Multiemployer Plan, (F) fail to comply with the requirements of section 4980B of the IRC or Part 6 of Title I(B) of ERISA, or (G) adopt any amendment to any Employee Benefit Plan which would require the posting of security pursuant to section 401(a)(29) of the IRC, where singly or cumulatively, the above would be reasonably likely to have a Material Adverse Effect.

(ii) Neither Borrowers nor their Subsidiaries shall (A) engage in any transaction prohibited by any Governmental Rule applicable to any Foreign Plan, (B) fail to make full payment when due of all amounts due as contributions to any Foreign Plan or (C) otherwise fail to comply with the requirements of any Governmental Rule applicable to any Foreign Plan, where singly or cumulatively, the above would be reasonably likely to have a Material Adverse Effect.

(i) Transactions With Affiliates. Neither Borrower nor any of its Subsidiaries shall enter into any Contractual Obligation with any Affiliate (other than one of the Borrowers or one of its Subsidiaries) or engage in any other transaction with any such Affiliate except upon terms at least as favorable to such Borrower or such Subsidiary as an arms-length transaction with unaffiliated Persons.

(j) Accounting Changes. Neither Borrowers nor their Subsidiaries shall change (i) their fiscal year (currently January 1 through December 31) or (ii) their accounting practices except as required by GAAP.

(k) NSI Contingent Payments. NSE shall not make NSI Contingent Payments that exceed in aggregate amount \$100,000,000.

5.03. Financial Covenants. Until the termination of this Agreement and the satisfaction in full by Borrowers of all Obligations, Borrowers will comply, and will cause compliance, with the following financial covenants, unless Required Lenders shall otherwise consent in writing:

(a) Leverage Ratio. Neither Borrower shall permit its Leverage Ratio to be greater than (i) 0.50 to 1.00 on June 30, 1998, (ii) 0.47 to 1.00 on September 30, 1998 or December 31, 1998 or (iii) 0.40 to 1.00 on the last day of any fiscal quarter thereafter.

(b) Fixed Charge Coverage Ratio. Neither Borrower shall permit its Fixed Charge Coverage Ratio to be less than 2.50 to 1.00 for any consecutive four-quarter period ending on the last day of any fiscal quarter.

(c) Debt/EBITDA Ratio. Neither Borrower shall permit its Debt/EBITDA Ratio to be greater than 1.50 to 1.00 for any consecutive four-quarter period ending on the last day of any fiscal quarter.

(d) Tangible Net Worth. Neither Borrower shall permit its Tangible Net Worth on any date of determination (such date to be referred to herein as a "determination date") which occurs after March 31, 1998 (such date to be referred to herein as the "base date") to be less than the sum on such determination date of the following:

(i) Eighty-five percent (85%) of such Borrower's Tangible Net Worth on the base date;

(ii) Eighty percent (80%) of the sum of such Borrower's consolidated quarterly net income (ignoring any quarterly losses and deducting, in the case of NSJ, dividends paid by NSJ to NSE) for each quarter after the base date through and including the quarter ending immediately prior to the determination date;

(iii) Seventy-five percent (75%) of the Net Proceeds of all Equity Securities issued by such Borrower and its Subsidiaries during the period commencing on the base date and ending on the determination date; and

(iv) Seventy-five percent (75%) of the principal amount of all debt securities of such Borrower and its Subsidiaries converted to Equity Securities during the period commencing on the base date and ending on the determination date.

(e) Capital Expenditures. Borrowers and their Subsidiaries shall not pay or incur Capital Expenditures which exceed in aggregate in any fiscal year \$35,000,000.

SECTION VI. DEFAULT.

6.01. Events of Default. The occurrence or existence of any one or more of the following shall constitute an "Event of Default" hereunder:

(a) Non-Payment. Either Borrower shall (i) fail to pay when due any principal of any Loan or (ii) fail to pay within two (2) Business Days after the same becomes due any interest, fee or other payment required under the terms of this Agreement or any of the other Credit Documents; or

(b) Specific Defaults. Either Borrower or any of its Subsidiary shall fail to observe or perform any covenant, obligation, condition or agreement set forth in Paragraph 5.02 or Paragraph 5.03; or

(c) Other Defaults. Either Borrower or any of its Subsidiaries shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Agreement or the other Credit Documents and such failure shall continue for fifteen (15) Business Days after the earlier of (i) either Borrower's written acknowledgement of such failure and (ii) Agent's or any Lender's written notice to Borrowers of such failure; or

(d) Representations and Warranties. Any representation, warranty, certificate, information or other statement (financial or otherwise) made or furnished by or on behalf of either Borrower to Agent or any Lender in or in connection with this Agreement or any of the other Credit Documents, or as an inducement to Agent or any Lender to enter into this Agreement, shall be false, incorrect, incomplete or misleading in any material respect when made (or deemed made) or furnished and either (i) Agent or any Lender has delivered to Borrowers written notice thereof and such representation, warranty, certificate, information or other statement cannot be remedied or (ii) such representation, warranty, certificate, information or other statement continues to be false, incorrect, incomplete or misleading in any material respect ten (10) Business Days after the earlier of (A) either Borrower's written acknowledgement that such representation, warranty, certificate, information or other statement was false, incorrect, incomplete or misleading in any material respect and (B) Agent's or any Lender's written notice to Borrowers that such representation, warranty, certificate, information or other statement was false, incorrect, incomplete or misleading in any material respect; or

(e) Cross-Default. (i) Either Borrower or any of its Subsidiaries shall fail to make any payment on account of any Indebtedness of such Person (other than the Obligations) when due (whether at scheduled maturity, by required prepayment, upon acceleration or otherwise) and such failure shall continue beyond any period of grace provided with respect thereto, if the amount of such Indebtedness exceeds \$1,000,000 or the effect of such failure is to cause, or permit the holder or holders thereof to cause, Indebtedness of Borrowers and their Subsidiaries (other than the Obligations) in an aggregate amount exceeding \$10,000,000 to become due (whether at scheduled maturity, by required prepayment, upon acceleration or otherwise) or (ii) either Borrower or any of its Subsidiaries shall otherwise fail to observe or perform any agreement, term or condition contained in any agreement or instrument relating to any Indebtedness of such Person (other than the Obligations), or any other event shall occur or condition shall exist, if the effect of such failure, event or condition is to cause, or permit the holder or holders thereof to cause, Indebtedness of Borrower and its Subsidiaries (other than the Obligations) in an aggregate amount exceeding \$10,000,000 to become due (and/or to be secured by cash collateral); or

(f) Insolvency, Voluntary Proceedings. Either Borrower or any of its Subsidiaries shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) be unable, or admit in writing its inability, to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its or any of its creditors, (iv) be dissolved or liquidated in full or in part, (v) become insolvent (as such term may be defined or interpreted under any applicable statute), (vi) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) take any action for the purpose of effecting any of the foregoing; or

(g) Involuntary Proceedings. Proceedings for the appointment of a receiver, trustee, liquidator or custodian of either Borrower or any of its Subsidiaries or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to either Borrower or any of its Subsidiaries or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within sixty (60) days of commencement; or

(h) Judgments. (i) One or more judgments, orders, decrees or arbitration awards requiring Borrowers and/or their Subsidiaries to pay an aggregate amount of \$10,000,000 or more (exclusive of amounts covered by insurance issued by an insurer not an Affiliate of Borrowers and otherwise satisfying the requirements set forth in Subparagraph 5.01(d)) shall be rendered against Borrowers and/or their Subsidiaries in connection with any single or related series of transactions, incidents or circumstances and the same shall not be satisfied, vacated or stayed for a period of sixty (60) consecutive days; (ii) any judgment, writ, assessment, warrant of attachment, tax lien or execution or similar process shall be issued or levied against a substantial part of the property of either Borrower or any of its Subsidiaries and the same shall not be released, stayed, vacated or otherwise dismissed within sixty (60) days after issue or levy; or (iii) any other judgments, orders, decrees, arbitration awards, writs, assessments, warrants of attachment, tax liens or executions or similar processes which, alone or in the aggregate, are reasonably likely to have a Material Adverse Effect are rendered, issued or levied; or

(i) Credit Documents. Any Credit Document or any material term thereof shall cease to be, or be asserted by Borrower or any of its Subsidiaries not to be, a legal, valid and binding obligation of Borrower or any of its Subsidiaries enforceable in accordance with its terms; or

(j) Employee Benefit Plans. Any Reportable Event which constitutes grounds for the termination of any Employee Benefit Plan by the PBGC or for the appointment of a trustee by the PBGC to administer any Employee Benefit Plan shall occur, or any Employee Benefit Plan shall be terminated within the meaning of Title IV of ERISA or a trustee shall be appointed by the PBGC to administer any Employee Benefit Plan; or

(k) Change of Control. Any Change of Control shall occur; or

(l) Material Adverse Effect. Any event(s) or condition(s) which is (are) reasonably likely to have a Material Adverse Effect shall occur or exist.

6.02. Remedies. At any time after the occurrence and during the continuance of any Event of Default (other than an Event of Default referred to in Subparagraph 6.01(f) or 6.01(g)), Agent may, with the consent of the Required Lenders, or shall, upon instructions from the Required Lenders, by written notice to Borrowers, (a) terminate the Commitments and the obligations of Lenders to make Loans and/or (b) declare all outstanding Obligations payable by Borrowers to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Notes to the contrary notwithstanding. Upon the occurrence or existence of any Event of Default described in Subparagraph 6.01(f) or 6.01(g), immediately and without notice, (1) the Commitments and the obligations of Lenders to make Loans shall automatically terminate and (2) all outstanding Obligations payable by Borrowers hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Notes to the contrary notwithstanding. In addition to the foregoing remedies, upon the occurrence or existence of any Event of Default, Agent may exercise any other right, power or remedy available to it under any of the Credit Documents or otherwise by law, either by suit in equity or by action at law, or both.

SECTION VII. THE AGENT AND RELATIONS AMONG LENDERS.

7.01. Appointment, Powers and Immunities. Each Lender hereby appoints and authorizes Agent to act as its agent hereunder and under the other Credit Documents with such powers as are expressly delegated to Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Agent shall not have any duties or responsibilities except those expressly set forth in this Agreement or in any other Credit Document, be a trustee for any Lender or have any fiduciary duty to any Lender. Co-Agents shall not have any duties or responsibilities or any liabilities under this Agreement or any other Credit Document. Notwithstanding anything to the contrary contained herein Agent shall not be required to take any action which is contrary to this Agreement or any other Credit Document or any applicable Governmental Rule. Neither Agent nor any Lender shall be responsible to any other Lender for any recitals, statements, representations or warranties made by either Borrower or any of its Subsidiaries contained in this Agreement or in any other Credit Document, for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Credit Document or for any failure by either Borrower or any of its Subsidiaries to perform their respective obligations hereunder or thereunder. Agent may employ agents and attorneys-in-fact and shall not be responsible to any Lender for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Neither Agent nor any of its directors, officers, employees, agents or advisors shall be responsible to any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Credit Document or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct. Except as otherwise provided under this Agreement, Agent shall take such action with respect to the Credit Documents as shall be directed by the Required Lenders.

7.02. Reliance by Agent. Agent shall be entitled to rely upon any certificate, notice or other document (including any cable, telegram, facsimile or telex) believed by it in good faith to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Agent with reasonable care. As to any other matters not expressly provided for by this Agreement, Agent shall not be required to take any action or exercise any discretion, but shall be required to act or to refrain from acting upon instructions of the Required Lenders and shall in all cases be fully protected by Lenders in acting, or in refraining from acting, hereunder or under any other Credit Document in accordance with the instructions of the Required Lenders, and such instructions of the Required Lenders and any action taken or failure to act pursuant thereto shall be binding on all of Lenders.

7.03. Defaults. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default unless Agent has received a written notice from a Lender or either Borrower, referring to this Agreement, describing such Default and stating that such notice is a "Notice of Default". If Agent receives such a notice of the occurrence of a Default, Agent shall give prompt notice thereof to Lenders. Agent shall take such action with respect to such Default as shall be reasonably directed by the Required Lenders; provided, however, that until Agent shall have received such directions, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of Lenders.

7.04. Indemnification. Without limiting the Obligations of Borrowers hereunder, each Lender agrees to indemnify Agent, ratably in accordance with their Proportionate Shares, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against Agent in any way relating to or arising out of this Agreement or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or the enforcement of any of the terms hereof or thereof; provided, however, that no Lender shall be liable for any of the foregoing to the extent they arise from Agent's gross negligence or willful misconduct. Agent shall be fully justified in refusing to take or in continuing to take any action hereunder unless it shall first be indemnified to its satisfaction by Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The obligations of each Lender under this Paragraph 7.04 shall survive the payment and performance of the Obligations, the termination of this Agreement and any Lender ceasing to be a party to this Agreement (with respect to events which occurred prior to the time such Lender ceased to be a Lender hereunder).

7.05. Non-Reliance. Each Lender represents that it has, independently and without reliance on Agent, or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of the business, prospects, management, financial condition and affairs of Borrowers and their Subsidiaries and its own decision to enter into this Agreement and agrees that it will, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own appraisals and decisions in taking or not taking action under this Agreement. Neither Agent nor any of its affiliates nor any of their respective directors, officers, employees, agents or advisors shall (a) be required to keep any Lender informed as to the performance or observance by either Borrower or any of its Subsidiaries of the obligations under this Agreement or any other document referred to or provided for herein or to make inquiry of, or to inspect the properties or books of either Borrower or any of its Subsidiaries; (b) have any duty or responsibility to provide any Lender with any credit or other information concerning either Borrower or any of its Subsidiaries which may come into the possession of Agent, except for notices, reports and other documents and information expressly required to be furnished to Lenders by Agent hereunder; or (c) be responsible to any Lender for (i) any recital, statement, representation or warranty made by either Borrower or any officer, employee or agent of either Borrower in this Agreement or in any of the other Credit Documents, (ii) the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any Credit Document, (iii) the value or sufficiency of the Collateral or the validity or perfection of any of the liens or security interests intended to be created by the Credit Documents, or (iv) any failure by either Borrower to perform its obligations under this Agreement or any other Credit Document.

7.06. Resignation or Removal of Agent. Agent may resign at any time by giving thirty (30) days prior written notice thereof to Borrowers and Lenders, and Agent may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent, which Agent, if not a Lender, shall be reasonably acceptable to Borrowers; provided, however, that Borrowers shall have no right to approve a successor Agent if a Default has occurred and is continuing. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from the duties and obligations thereafter arising hereunder. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Section VII shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

7.07. Agent in its Individual Capacity. Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of banking or other business with Borrowers and their Subsidiaries and affiliates as though Agent were not Agent hereunder. With respect to Loans, if any, made by Agent in its capacity as a Lender, Agent in its capacity as a Lender shall have the same rights and powers under this Agreement and the other Credit Documents as any other Lender and may exercise the same as though it were not Agent, and the terms "Lender" or "Lenders" shall include Agent in its capacity as a Lender.

SECTION VIII. MISCELLANEOUS.

8.01. Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions or other communications to or upon either Borrower, any Lender or Agent under this Agreement or the other Credit Documents shall be in writing and faxed, mailed or delivered, if to either Borrower or Agent, at its respective facsimile number or address set forth below or, if to any Lender, at the address or facsimile number specified for such Lender in Part B of Schedule I (or to such other facsimile number or address for any party as indicated in any notice given by that party to the other parties). All such notices and communications shall be effective (a) when sent by an overnight courier service of recognized standing, on the second Business Day following the deposit with such service; (b) when mailed, first class postage prepaid and addressed as aforesaid through the United States Postal Service or registered mail through the Japanese Post Office, upon receipt; (c) when delivered by hand, upon delivery; and (d) when faxed, upon confirmation of receipt; provided, however, that any notice delivered to Agent under Section II shall not be effective until received by Agent.

Agent: For notices related to the Japanese Borrowing:

ABN AMRO Bank N.V.
Tokyo Branch
13F, Shiroyama JT Mori Building
4-3-1, Toranomom, Minato-ku
Tokyo 105
Japan
Attn: Kiyoharu Michiwaki
Tel. No: 81-3-5405-6575
Fax No: 81-3-5405-6902 or 6903

For notices related to the U.S. Borrowing,
all other notices and copies of notices
related to the Japanese Borrowing:

ABN AMRO Bank N.V.
Syndications Group
1325 Avenue of the Americas, 9th Floor
New York, NY 10019
U.S.A.
Attn: Linda Boardman
Tel. No: (212) 314-1724
Fax. No: (212) 314-1712

With a copy in each case to:

ABN AMRO Bank N.V.
101 California Street, Suite 4550
San Francisco, CA 94111-5812
Attn: Tamira Treffers-Herrera
Tel: (415) 984-3709
Fax: (415) 362-3524

NSE: Nu Skin Enterprises, Inc.
One Nu Skin Plaza
75 West Center
Provo, Utah 84601
Attn: Chief Financial Officer
Tel. No: (801) 345-3000
Fax No. (801) 345-3099

NSJ: Nu Skin Japan Co., Ltd.
Shinjuku I-Land Tower 23F
6-5-1 Nishi Shinju-ku
Tokyo, Japan 163-13
Attn: [_____]
Tel. No: 81-3-5321-3600
Fax No. 81-3-5321-3799

with a copy to NSE as provided above.

Each Notice of U.S. Borrowing, Notice of U.S. Borrowing Conversion, Notice of U.S. Borrowing Interest Period Selection and Extension Request shall be given by NSE to Agent's New York office located at the address referred to above during such office's normal business hours; provided, however, that any such notice received by Agent after 11:00 a.m. (New York time) on any Business Day shall be deemed received by Agent on the next Business Day. Each Notice of Japanese Borrowing, Notice of Japanese Borrowing Interest Period Selection and Extension Request shall be given by NSJ to Agent's Tokyo office at the address referred to above during such office's normal business hours; provided, however, that any such notice received by Agent after 10:00 a.m. (Tokyo time) on any Business Day shall be deemed received by Agent on the next Business Day. In any case where this Agreement authorizes notices, requests, demands or other communications by Borrowers to Agent or any Lender to be made by telephone or facsimile, Agent or any Lender may conclusively presume that anyone purporting to be a person designated in any incumbency certificate or other similar document received by Agent or a Lender is such a person.

8.02. Expenses. Borrowers jointly and severally agree to pay on demand, whether or not any Loan is made hereunder, (a) all reasonable and documented fees and expenses, including reasonable attorneys' fees and expenses, incurred by Agent in connection with the syndication of the Facilities, the preparation, negotiation, execution and delivery of, and the exercise of its duties under, this Agreement and the other Credit Documents, and the preparation, negotiation, execution and delivery of amendments and waivers hereunder and thereunder and (b) all reasonable and documented fees and expenses, including reasonable attorneys' fees and expenses, incurred by Agent and Lenders in the enforcement or attempted enforcement of any of the Obligations or in preserving any of Agent's or Lenders' rights and remedies (including, without limitation, all such fees and expenses incurred in connection with any "workout" or restructuring affecting the Credit Documents or the Obligations or any bankruptcy or similar proceeding involving either Borrower or any of its Subsidiaries). As used herein, the term "reasonable attorneys' fees and expenses" shall include, without limitation, allocable costs and expenses of Agent's and Lenders' in-house legal counsel and staff. The obligations of Borrowers under this Paragraph 8.02 shall survive the payment and performance of the Obligations and the termination of this Agreement.

8.03. Indemnification. To the fullest extent permitted by law, Borrowers jointly and severally agree to protect, indemnify, defend and hold harmless Agent, Lenders and their Affiliates and their respective directors, officers, employees, agents and advisors ("Indemnitees") from and against any and all liabilities, losses, damages or expenses of any kind or nature and from any suits, claims or demands (including in respect of or for reasonable attorney's fees and other expenses) arising on account of or in connection with any matter or thing or action or failure to act by Indemnitees, or any of them, arising out of or relating to the Credit Documents or any transaction contemplated thereby, including without limitation any use by either Borrower of any proceeds of the Loans, except to the extent such liability arises from the willful misconduct or gross negligence of such Indemnitee. Upon receiving knowledge of any suit, claim or demand asserted by a third party that Agent or any Lender believes is covered by this indemnity, Agent or such Lender shall give Borrowers notice of the matter and an opportunity to defend it, at Borrowers' sole cost and expense, with legal counsel satisfactory to Agent or such Lender, as the case may be. Agent or such Lender may also require Borrowers to defend the matter. Any failure or delay of Agent or any Lender to notify Borrowers of any such suit, claim or demand shall not relieve Borrowers of their obligations under this Paragraph 8.03 but shall reduce such obligations to the extent of any increase in those obligations caused solely by any such failure or delay which is unreasonable. The obligations of Borrowers under this Paragraph 8.03 shall survive the payment and performance of the Obligations and the termination of this Agreement.

8.04. Waivers; Amendments. Any term, covenant, agreement or condition of this Agreement or any other Credit Document may be amended or waived, and any consent under this Agreement or any other Credit Document may be given, if such amendment, waiver or consent is in writing and is signed by Borrowers and the Required Lenders (or Agent on behalf of the Required Lenders with the written approval of the Required Lenders); provided, however that:

(a) Any amendment, waiver or consent which would (i) extend the Maturity Date (except for extensions as provided in Paragraph 2.03), (ii) reduce the Commitment Fees or any other fees or other amounts payable for the account of all Lenders hereunder or extend the scheduled date for payment of any such fees or amounts, (iii) amend this Paragraph 8.04, (iv) amend the definition of Required Lenders or (v) release any substantial part of the Collateral or any Guaranty (except for releases as provided in Paragraph 2.13), must be in writing and signed or approved in writing by all Lenders;

(b) Any amendment, waiver or consent which would (i) increase the Total U.S. Commitment or (ii) reduce the principal of or interest on the U.S. Loans or any fees or other amounts payable for the account of all U.S. Lenders hereunder or extend the scheduled date for payment of any such principal, interest, fees or amounts, must be in writing and signed or approved in writing by all U.S. Lenders;

(c) Any amendment, waiver or consent which would (i) increase the Total Japanese Commitment or (ii) reduce the principal of or interest on the Japanese Loans or any fees or other amounts payable for the account of all Japanese Lenders hereunder or extend the scheduled date for payment of any such principal, interest, fees or amounts, must be in writing and signed or approved in writing by all Japanese Lenders;

(d) Any amendment, waiver or consent which would (i) increase or decrease the U.S. Commitment of any U.S. Lender (except for a pro rata decrease in the U.S. Commitments of all U.S. Lenders) or (ii) increase or decrease the Japanese Commitment of any Japanese Lender (except for a pro rata decrease in the Japanese Commitments of all Japanese Lenders) must be in writing and signed by such Lender; and

(e) Any amendment, waiver or consent which affects the rights or obligations of Agent must be in writing and signed by Agent.

No failure or delay by Agent or any Lender in exercising any right under this Agreement or any other Credit Document shall operate as a waiver thereof or of any other right hereunder or thereunder nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right hereunder or thereunder. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective only in the specific instance and for the specific purpose for which given.

8.05. Successors and Assigns.

(a) Binding Effect. This Agreement and the other Credit Documents shall be binding upon and inure to the benefit of Borrowers, Lenders, Agent, all future holders of the Notes and their respective successors and permitted assigns, except that neither Borrower may assign or transfer any of its rights or obligations under any Credit Document without the prior written consent of Agent and each Lender.

(b) Participations. Any Lender may at any time sell to one or more banks or other financial institutions ("Participants") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under this Agreement and the other Credit Documents. In the event of any such sale by a Lender of participating interests, such Lender's obligations under this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of its Notes for all purposes under this Agreement and Borrowers and Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which any such sale is effected may require the selling Lender to obtain the consent of the Participant in order for such Lender to agree in writing to any amendment, waiver or consent of a type specified in clause (a)(i), (a)(v), (b)(ii), (c)(ii) or Subparagraph (d) of Paragraph 8.04 but may not otherwise require the selling Lender to obtain the consent of such Participant to any other amendment, waiver or consent hereunder. Borrowers also agree that any Lender which has transferred any participating interest in its Commitments or Loans shall, notwithstanding any such transfer, be entitled to the full benefits accorded such Lender under Paragraph 2.10, Paragraph 2.11, and Paragraph 2.12, as if such Lender had not made such transfer.

(c) Assignments. Any Lender may, at any time, sell and assign to any other Lender or any Eligible Assignee (individually, an "Assignee Lender") all or a portion of its rights and obligations under this Agreement and the other Credit Documents (such a sale and assignment to be referred to herein as an "Assignment") pursuant to an assignment agreement in the form of Exhibit K (an "Assignment Agreement"), executed by each Assignee Lender and such assignor Lender (an "Assignor Lender") and delivered to Agent for its acceptance and recording in the Register; provided, however, that:

(i) Without the written consent of Agent and, if no Default has occurred and is continuing, NSE (which consent of Agent and NSE shall not be unreasonably withheld), no U.S. Lender may make any Assignment of its U.S. Commitment or U.S. Loan to any Assignee Lender which is not, immediately prior to such Assignment, a U.S. Lender hereunder or an Affiliate thereof acting through an office or branch located in the United States;

(ii) Without the written consent of Agent and, if no Default has occurred and is continuing, NSJ (which consent of Agent and NSJ shall not be unreasonably withheld), no Japanese Lender may make any Assignment of its Japanese Commitment or Japanese Loan to any Assignee Lender which is not, immediately prior to such Assignment, a Japanese Lender hereunder or an Affiliate thereof acting through an office or branch located in Japan;

(iii) Without the written consent of Agent and, if no Default has occurred and is continuing, NSE (which consent of Agent and NSE shall not be unreasonably withheld), no U.S. Lender may make any Assignment of its U.S. Commitment or U.S. Loan to any Assignee Lender if, after giving effect to such Assignment, the U.S. Commitment or U.S. Loan of such Lender or such Assignee Lender would be less than Ten Million Dollars (\$10,000,000) (except that a U.S. Lender may make an Assignment which reduces its U.S. Commitment or U.S. Loan to zero without the written consent of NSE and Agent);

(iv) Without the written consent of Agent and, if no Default has occurred and is continuing, NSJ (which consent of Agent and NSJ shall not be unreasonably withheld), no Japanese Lender may make any Assignment of its Japanese Commitment or Japanese Loan to any Assignee Lender if, after giving effect to such Assignment, the Japanese Commitment or Japanese Loan of such Lender or such Assignee Lender would be less than One Billion Yen ((Y)1,000,000,000) (except that a Japanese Lender may make an Assignment which reduces its Japanese Commitment or Japanese Loan to zero without the written consent of NSE and Agent);

(v) Without the written consent of Agent and, if no Default has occurred and is continuing, NSE (which consent of Agent and NSE shall not be unreasonably withheld), no U.S. Lender may make any Assignment of its U.S. Commitment or U.S. Loan which does not assign and delegate an equal pro rata interest in all rights, duties and obligations of such Lender under this Agreement and the other Credit Documents (except for its rights and duties, if any, relating to the Japanese Facility); and

(vi) Without the written consent of Agent and, if no Default has occurred and is continuing, NSJ (which consent of Agent and NSJ shall not be unreasonably withheld), no Japanese Lender may make any Assignment of its Japanese Commitment or Japanese Loan which does not assign and delegate an equal pro rata interest in all rights, duties and obligations of such Lender under this Agreement and the other Credit Documents (except for its rights and duties, if any, relating to the U.S. Facility).

Upon such execution, delivery, acceptance and recording of each Assignment Agreement, from and after the Assignment Effective Date determined pursuant to such Assignment Agreement, (A) each Assignee Lender thereunder shall be a Lender hereunder with Commitments or Loans as set forth on Attachment 1 to such Assignment Agreement (under the caption "Commitments or Loans After Assignment") and shall have the rights, duties and obligations of such a Lender under this Agreement and the other Credit Documents, and (B) the Assignor Lender thereunder shall be a Lender with Commitments or Loans as set forth on Attachment 1 to such Assignment Agreement (under the caption "Commitments or Loans After Assignment"), or, if the Commitments or Loans of the Assignor Lender have been reduced to zero, the Assignor Lender shall cease to be a Lender and to have any obligation to make any Loan; provided, however, that any such Assignor Lender which ceases to be a Lender shall continue to be entitled to the benefits of any provision of this Agreement which by its terms survives the termination of this Agreement. Each Assignment Agreement shall be deemed to amend Schedule

I to the extent, and only to the extent, necessary to reflect the addition of each Assignee Lender, the deletion of each Assignor Lender which reduces its Commitments or Loans to zero, and the resulting adjustment of Commitments or Loans arising from the purchase by each Assignee Lender of all or a portion of the rights and obligations of an Assignor Lender under this Agreement and the other Credit Documents. On or prior to the Assignment Effective Date determined pursuant to each Assignment Agreement, Borrowers, at their own expense, shall, if requested by Assignee Lenders, execute and deliver to Agent, in exchange for the surrendered Notes, if any, of the Assignor Lender thereunder, new Notes to the order of each Assignee Lender thereunder and, if the Assignor Lender is continuing as a Lender hereunder, new Notes to the order of the Assignor Lender. The Notes surrendered by the Assignor Lender shall be returned by Agent to Borrowers marked "replaced". Each Assignee Lender which becomes a U.S. Lender and was not previously a U.S. Lender hereunder and which is not incorporated under the laws of the United States of America or a state thereof shall, within three (3) Business Days of becoming a U.S. Lender, deliver to NSE and Agent such certificates and other evidence as NSE or Agent may reasonably request to establish that such Lender is entitled to receive payments under this Agreement on account of its U.S. Loan without deduction or withholding of any United States federal income taxes. Each Assignee Lender which becomes a Japanese Lender and was not previously a Japanese Lender hereunder and which is not incorporated under the laws of Japan shall, within three (3) Business Days of becoming a Japanese Lender, deliver to NSJ and Agent such certificates and other evidence as NSJ or Agent may reasonably request to establish that such Lender is entitled to receive payments under this Agreement on account of its Japanese Loan without deduction or withholding of any Japanese income taxes.

(d) Register. Agent shall maintain at its address referred to in Paragraph 8.01 a copy of each Assignment Agreement delivered to it and a register (the "Register") for the recordation of the names and addresses of Lenders and the Commitments or Loans of each Lender from time to time. The entries in the Register shall be conclusive in the absence of manifest error, and Borrowers, Agent and Lenders may treat each Person whose name is recorded in the Register as the owner of the Commitments or Loans recorded therein for all purposes of this Agreement. The Register shall be available for inspection by either Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Registration. Upon its receipt of an Assignment Agreement executed by an Assignor Lender and an Assignee Lender (and, to the extent required by Subparagraph 8.05(c), by Borrowers and Agent) together with payment to Agent by Assignor Lender of a registration and processing fee of \$3,000, Agent shall (i) promptly accept such Assignment Agreement and (ii) on the Effective Date determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to Lenders and Borrowers. Agent may, from time to time at its election, prepare and deliver to Lenders and Borrowers a revised Schedule I reflecting the names, addresses and respective Commitments or Loans of all Lenders then parties hereto.

(f) Confidentiality. Subject to Paragraph 8.12, Agent and Lenders may disclose the Credit Documents and any financial or other information relating to Borrowers or any Subsidiary to each other or to any potential Participant or Assignee Lender.

(g) Pledges to Federal Reserve Banks. Notwithstanding any other provision of this Agreement, any Lender may at any time assign all or a portion of its rights under this Agreement and the other Credit Documents to a Federal Reserve Bank. No such assignment shall relieve the assigning Lender from its obligations under this Agreement and the other Credit Documents.

8.06. Setoff; Security Interest.

(a) Setoff. In addition to any rights and remedies of Lenders provided by law, each Lender shall have the right, with the prior consent of Agent but without prior notice to or consent of Borrowers, any such notice and consent being expressly waived by Borrowers to the extent permitted by applicable law, upon the occurrence and during the continuance of an Event of Default, to set-off and apply against the Obligations of either Borrower any amount owing from such Lender to such Borrower. The aforesaid right of set-off may be exercised by such Lender against a Borrower or against any trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor of such Borrower or against anyone else claiming through or against such Borrower or such trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off may not have been exercised by such Lender at any prior time. Each Lender agrees promptly to notify the applicable Borrower after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

(b) Security Interest. As security for the Obligations, each Borrower hereby grants to Agent and each Lender, for the benefit of all Lenders, a continuing security interest in any and all deposit accounts or moneys of such Borrower now or hereafter maintained with such Lender. Each Lender shall have all of the rights of a secured party with respect to such security interest.

8.07. No Third Party Rights. Nothing expressed in or to be implied from this Agreement is intended to give, or shall be construed to give, any Person, other than the parties hereto and their permitted successors and assigns hereunder, any benefit or legal or equitable right, remedy or claim under or by virtue of this Agreement or under or by virtue of any provision herein.

8.08. Partial Invalidity. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law or any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

8.09. Jury Trial. EACH OF BORROWERS, LENDERS AND AGENT, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO ANY CREDIT DOCUMENT.

8.10. Counterparts. This Agreement may be executed in any number of identical counterparts, any set of which signed by all the parties hereto shall be deemed to constitute a complete, executed original for all purposes.

8.11. . NSE is individually liable for the payment of the U.S. Commitment Fees and the principal of, interest on and all other amounts related to the U.S. Loans, and NSJ is individually liable for the payment of the Japanese Commitment Fees and the principal of, interest on and all other amounts related to the Japanese Loans. Each Borrower is jointly and severally liable for the payment and performance of all other Obligations under this Agreement and the other Credit Documents, and NSE also is liable for the payment and performance of all Obligations of NSJ under this Agreement and the other Credit Documents as provided in the NSE Guaranty.

8.12. . Neither any Lender nor Agent shall disclose to any Person any information with respect to Borrowers or any of their Subsidiaries which is furnished pursuant to this Agreement or under the other Credit Documents, except that any Lender or Agent may disclose any such information (a) to its own directors, officers, employees, auditors, counsel and other advisors and to its Affiliates to the extent reasonably determined by such Lender or Agent to be necessary for the administration or enforcement of the Credit Documents; (b) to any other Lender or Agent; (c) which is otherwise available to the public; (d) if required or appropriate in any report, statement or testimony submitted to any Governmental Authority having or claiming to have jurisdiction over such Lender or Agent; (e) if required in response to any summons or subpoena; (f) in connection with any enforcement by Lenders and Agent of their rights under this Agreement or the other Credit Documents or any litigation among the parties relating to the Credit Documents or the transactions contemplated thereby; (g) to comply with any Requirement of Law applicable to such Lender or Agent; (h) to any Assignee Lender or Participant or any prospective Assignee Lender or Participant, provided that such Assignee Lender or Participant or prospective Assignee Lender or Participant agrees to be bound by this Paragraph 8.12; or (i) otherwise with the prior consent of Borrowers; provided, however, that (i) any Lender or Agent served with any summons or subpoena demanding the disclosure of any such information shall use reasonable efforts to notify Borrowers promptly of such summons or subpoena if not prohibited by any Requirement of Law and, if requested by Borrowers and not disadvantageous to such Lender or Agent, to cooperate with Borrowers in obtaining a protective order restricting such disclosure, and (ii) any disclosure made in violation of this Agreement shall not affect the obligations of Borrowers and their Subsidiaries under this Agreement and the other Credit Documents.

8.13. . Each Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of the State of California and the courts of the United States of America located in the Northern District of California and agrees that any legal action, suit or proceeding arising out of or relating to this Agreement or any of the other Credit Documents may be brought against such party in any such courts. Final judgment against either Borrower in any such action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the judgment, or in any other manner provided by law. Nothing in this Subparagraph 8.13 shall affect the right of Agent or any Lender to commence legal proceedings or otherwise sue either Borrower in any other appropriate jurisdiction, or concurrently in more than one jurisdiction, or to serve process, pleadings and other papers upon either Borrower in any manner authorized by the laws of any such jurisdiction. Each Borrower agrees that process served either personally or by registered mail shall, to the extent permitted by law, constitutes adequate service of process in any such suit. Without limiting the foregoing, each Borrower hereby appoints, in the case of any such action or proceeding brought in the courts of or in the State of California, CT Corporation, with offices on the date hereof at 818 West Seventh Street, Los Angeles, California 90017, to receive for it and on its behalf, service of process in the State of California with respect thereto, provided each Borrower may appoint any other person, reasonably acceptable to Agent, with offices in the State of California to replace such agent for service of process upon delivery to Agent of a reasonably acceptable agreement of such new agent agreeing so to act. Each Borrower irrevocably waives to the fullest extent permitted by applicable law (a) any objection which it may have now or in the future to the laying of the venue of any such action, suit or proceeding in any court referred to in the first sentence above; (b) any claim that any such action, suit or proceeding has been brought in an inconvenient forum; (c) its right of removal of any matter commenced by any other party in the courts of the State of California to any court of the United States of America; (d) any immunity which it or its assets may have in respect of its obligations under this Agreement or any other Credit Document from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process; and (e) any right it may have to require the moving party in any suit, action or proceeding brought in any of the courts referred to above arising out of or in connection with this Agreement or any other Credit Document to post security for the costs of such Borrower or to post a bond or to take similar action.

[The first signature page follows.]

IN WITNESS WHEREOF, Borrowers, Lenders and Agent have caused this Agreement to be executed as of the day and year first above written.

BORROWERS: NU SKIN ENTERPRISES, INC.

By: /s/ Steven J. Lund
Name: Steven J. Lund
Title: President and CEO

NU SKIN JAPAN CO., LTD.

By: /s/ Steven J. Lund
Name: Steven J. Lund
Title: Representative Director

AGENT: ABN AMRO BANK N.V.

By: /s/ Tamira Treffers-Herrera
Name: Tamira Treffers-Herrera
Title: Vice President & Director

By: /s/ Bradford H. Leahy
Name: Bradford H. Leahy
Title: Assistant Vice President

LENDERS: ABN AMRO BANK N.V.

By: /s/ Tamira Treffers-Herrera
Name: Tamira Treffers-Herrera
Title: Vice President & Director

By: /s/ Bradford H. Leahy
Name: Bradford H. Leahy
Title: Assistant Vice President

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION

By: /s/ Kevin C. Leader
Name: Kevin C. Leader
Title: Vice President

By:
Name:
Title:

BANK ONE, UTAH, NATIONAL ASSOCIATION

By: /s/ Stephen A. Cazier
Name: Stephen A. Cazier
Title: Vice President

BANQUE NATIONALE DE PARIS

By: /s/ D. Guy Gibb
Name: D. Guy Gibb
Title: Vice President

By: /s/ Jeffrey S. Kajisa
Name: Jeffrey S. Kajisa
Title: Assistant Vice President

KEYBANK NATIONAL ASSOCIATION

By: /s/ Mary K. Young
Name: Mary K. Young
Title: Commercial Banking Officer

By: /s/ James A. Taylor
Name: James A. Taylor
Title: Assistant Vice President

NATIONSBANK, N.A.

By: /s/ Natalie E. Herbert
Name: Natalie E. Herbert
Title: Vice President

By:
Name:
Title:

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Wanda Headrick
Name: Wanda Headrick
Title: Vice President

By:
Name:
Title:

U.S. BANK, NATIONAL ASSOCIATION

By: /s/ Thomas A. Eshom
Name: Thomas A. Eshom
Title: Vice President

By:
Name:
Title:

ZIONS FIRST NATIONAL BANK

By:
Name:
Title:

By:
Name:
Title:

CO-AGENTS:

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION

By: /s/ Kevin C. Leader
Name: Kevin C. Leader
Title: Vice President

By:
Name:
Title:

NATIONSBANK, N.A.

By: /s/ Natalie E. Herbert
Name: Natalie E. Herbert
Title: Vice President

By:
Name:
Title:

SCHEDULE I

LENDERS

PART A - COMMITMENTS

LENDER	U.S. COMMITMENT	JAPANESE COMMITMENT
ABN AMRO Bank N.V.	0	\$33,400,000.00
Bank of America National Trust and Savings Association	\$10,000,000.00	\$20,000,000.00
Bank One, Utah, National Association	\$10,000,000.00	0
Banque Nationale de Paris	\$8,400,000.00	\$6,600,000.00
KeyBank National Association	\$20,000,000.00	0
NationsBank, N.A.	\$21,600,000.00	0
Union Bank of California, N.A.	\$10,000,000.00	\$10,000,000.00
U.S. Bank, National Association	\$15,000,000.00	0
Zions First National Bank	\$15,000,000.00	0
TOTAL	\$110,000,000.00	\$70,000,000.00

PART B - ADDRESSES FOR NOTICES, ETC.

ABN AMRO BANK N.V.

Domestic Lending Office and Euro-Dollar Lending Office:

ABN AMRO Bank N.V.
San Francisco International Branch
101 California Street, Suite 4550
San Francisco, CA 94111

Japanese Lending Office:

ABN AMRO Bank N.V.
Tokyo Branch
13F, Shiroyama JT Mori Building
4-3-1, Toranomom, Minato-ku
Tokyo 105
Japan

Address for Notices related to the U.S. Borrowing:

ABN AMRO Bank N.V.
San Francisco International Branch
101 California Street, Suite 4550
San Francisco, CA 94111
Attn: Tamira Treffers-Herrera
Tel. No: (415) 984-3709
Fax No: (415) 362-3524

Address for Notices related to the Japanese Borrowing:

ABN AMRO Bank N.V.
Tokyo Branch
13F, Shiroyama JT Mori Building
4-3-1, Toranomom, Minato-ku
Tokyo 105
Japan
Attn: Kiyoharu Michiwaki
Tel. No: 81-3-5405-6575
Fax No: 81-3-5405-6902 or 6903

With a copy of all notices to:

ABN AMRO North America, Inc.
Syndications Group
1325 Avenue of the Americas, 9th Floor
New York, NY 10019
Attn: Linda Boardman
Tel. No: (212) 314-1724
Fax No: (212) 314-1712

Wiring Instructions for the U.S. Borrowing:

ABN AMRO Bank N.V.
New York, New York
RT/ABA No.: 026009580
Account Name: ABN AMRO Bank N.V. - Chicago CPU
Account No.: 650-001-1789-41
Reference: Nu Skin Enterprises, Inc.

Wiring Instructions for the Japanese Borrowing:

Paying Bank: Sakura Bank, Tokyo Eigyo-bu
Beneficiary: Oranda Ginko Tokyo Shiten
(Japanese Account Name for ABN AMRO Bank Tokyo Branch)
Type of Account: Current
Account No.: 1008000
Reference: Nu Skin Japan

-or-

BOJ Net (Bank of Japan Financial Network System)
Tohzo Yokin Furikae
Account No.: 0422-001
Transfer Code: 055
Settlement: Kokan Jiri

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

Domestic Lending Office and Euro-Dollar Lending Office:

Bank of America National Trust and Savings Association
555 California Street, 41st Floor
San Francisco, CA 94104

Japanese Lending Office:

Bank of America National Trust and Savings Association
Ark Mori Building
No. 12-32, Akasaka 1-Chome
Minato-ku, Tokyo 107
Japan

Address for Notices related to the U.S. Borrowing:

Bank of America National Trust and Savings Association
555 California Street, 41st Floor
San Francisco, CA 94104
Attn: Kevin C. Leader, Vice President
Tel. No: (415) 622-8168
Fax No: (415) 622-4585
Telex: 34346
Answerback: BANKAMER SFO

Address for Notices related to the Japanese Borrowing:

Bank of America National Trust and Savings Association
Ark Mori Building
No. 12-32, Akasaka 1-Chome
Minato-ku, Tokyo 107
Japan
Attn: Atshushi Tauchi
Tel. No: 81-3-3587-3165
Fax No: 81-3-3587-3377

Wiring Instructions for the U.S. Borrowing:

Bank of America National Trust and Savings Association
1850 Gateway Boulevard
Concord, CA 94520
Attn: Vickie Kish
Tel. No.: (925) 675-7343
Fax No.: (925) 675-7531 or 7532
TELEX: 34346
ANSWERBACK: BANKAMER SFO
ABA No: 121000358
Account No: 12331-83980
Attn: Vickie Kish
Reference: Nu Skin Enterprises

Wiring Instructions for the Japanese Borrowing:

Bank of Japan
For Account of: Bank of America Tokyo Branch
Account No.: 0403-001
Attn: Ayako Nishimura

BANK ONE, UTAH, NATIONAL ASSOCIATION

Domestic Lending Office and Euro-Dollar Lending Office:

Bank One, Utah, N.A.
80 West Broadway, Suite 200
Salt Lake City, UT 84101

Address for Notices related to the U.S. Borrowing:

Bank One, Utah, N.A.
80 West Broadway, Suite 200
Salt Lake City, UT 84101
Attn: Stephen A. Cazier
Tel. No.: (801) 481-5139
Fax No.: (801) 481-5031

with a copy to:

Bank One, Utah, N.A.
80 West Broadway, Suite 300
Salt Lake City, UT 84101
Attn: Lori Koncar
Tel. No: (801) 481-5771
Fax No: (801) 481-5369

Wiring Instructions for the U.S. Borrowing:

Bank One, Utah, N.A.
80 West Broadway, Suite 300
Salt Lake City, Utah 84101
ABA No.: 124001545
For Further Credit to: Account No. 1547-8015

BANQUE NATIONALE DE PARIS

Domestic Lending Office and Euro-Dollar Lending Office:

Banque Nationale de Paris
San Francisco Branch
180 Montgomery Street, 3rd Floor
San Francisco, CA 94104

Japanese Lending Office:

Banque Nationale de Paris
Tokyo Branch
Shiroyama JT Mori Bldg. 23F
3-1, Toranomom 4-chome
Minato-ku, Tokyo
Japan

Address for Notices related to the U.S. Borrowing:

Banque Nationale de Paris
180 Montgomery Street, 3rd Floor
San Francisco, CA 94104
Attn: Donald A. Hart, Vice President-Treasury
Tel. No: (415) 956-2511
Fax No: (415) 989-9041
Telex No: RCA 278900
Answerback: BNPS UR

with a copy to:

Banque Nationale de Paris
180 Montgomery Street, 3rd Floor
San Francisco, CA 94104
Attn: D. Guy Gibb, Vice President
Tel. No: (415) 956-0707, Ext. 206
Fax No: (415) 296-8954
Telex No: RCA 278900
Answerback: BNPS UR

Address for Notices related to the Japanese Borrowing:

Banque Nationale de Paris
Tokyo Branch
Shiroyama JT Mori Bldg. 23F
3-1, Toranomom 4-chome
Minato-ku, Tokyo
Japan
Attn: Patricia Doyle
Tel. No: 81-3-5473-3526
Fax No: 81-3-5473-3545

with a copy to:

Banque Nationale de Paris
Tokyo Branch
Shiroyama JT Mori Bldg. 23F
3-1, Toranomom 4-chome
Minato-ku, Tokyo
Japan
Attn: Osamu Azuma
Tel. No: 81-3-5473-3680
Fax No: 81-3-5473-3679

Wiring Instructions for the U.S. Borrowing:

Banque Nationale de Paris
ABA No: 026007689
Beneficiary: BNP San Francisco
Account No.: 14334000176
Reference: [commitment fee, interest payment,
principal paydown, etc.]

By Order: Nu Skin Enterprises, Inc.
Attn: Peggy Tatum

Wiring Instructions for the Japanese Borrowing:

Banque Nationale de Paris
c/o Bank of Japan
Tokyo
Account No: 0443

KEYBANK NATIONAL ASSOCIATION

Domestic Lending Office and Euro-Dollar Lending Office:

KeyBank National Association
700 Fifth Avenue, 46th Floor
Seattle, WA 98104

Address for Notices related to the U.S. Borrowing:

KeyBank National Association
431 E. Parkcenter Boulevard
Boise, ID 83706
Attn: Specialty Services Team
Tel. No: (800) 297-5518
Fax No: (800) 297-5495

Wiring Instructions for the U.S. Borrowing:

KeyBank National Association
ABA No: 125000574
Attn: Specialty Services
Account No: 01500163
Reference: Nu Skin

NATIONSBANK, N.A.

Domestic Lending Office and Euro-Dollar Lending Office:

NationsBank, N.A.
901 Main Street, 67th Floor
Dallas, TX 75202

Address for Notices related to the U.S. Borrowing:

NationsBank, N.A.
901 Main Street, 67th Floor
Dallas, TX 75202
Attn: Natalie E. Hebert
Tel. No: (214) 508-9060
Fax No: (214) 508-0980

with a copy to:

NationsBank, N.A.
901 Main Street, 14th Floor
Dallas, TX 75202
Attn: Ngozi Ebete
Tel. No: (214) 508-0519 or 1-800-687-4810
Fax No: (214) 508-0944 or (214) 290-8374

Wiring Instructions for the U.S. Borrowing:

NationsBank, N.A.
Dallas, Texas
ABA No: 111000012
For Further Credit To: Corporate Credit Services
Account No: 1292000883
Attn: Ngozi Ebete

UNION BANK OF CALIFORNIA, N.A.

Domestic Lending Office and Euro-Dollar Lending Office:

Union Bank of California, N.A.
350 California Street, 6th Floor
San Francisco, CA 94104

Japanese Lending Office:

Union Bank of California, N.A.
Tokyo Branch
4-6-1 Hatchobori, Chuo Ku
Tokyo 104 0032
Japan

Address for Notices related to the U.S. Borrowing:

Union Bank of California, N.A.
1980 Saturn Street
Monterey Park, CA 91755
Attn: Maria Flores
Tel. No: (213) 720-2679
Fax No: (213) 724-6198

Address for Notices related to the Japanese Borrowing:

Union Bank of California, N.A.
Tokyo Branch
4-6-1 Hatchobori, Chuo Ku
Tokyo 104 0032
Japan
Attn: Tsutomu Aruga
Tel. No: 81-3-5543-0353
Fax No: 81-3-5543-0356

With a copy of all notices to:

Union Bank of California, N.A.
Corporate Markets Group
350 California Street, 6th Floor
San Francisco, CA 94104
Attn: Wanda Headrick
Tel. No: (415) 705-7459
Fax No: (415) 705-7566

Wiring Instructions for the U.S. Borrowing:

Union Bank of California, N.A.
1980 Saturn Street
Monterey Park, CA 91755
FED ABA No: 1220-0049-6
Account No: 070196431
Reference: Nu Skin Enterprises

Wiring Instructions for the Japanese Borrowing:

Paying Bank: The Bank of Tokyo-Mitsubishi, Ltd.
-Head Office
Beneficiary: Union Bank of California, Tokyo Branch
Account No: 001-9151209
Reference: Nu Skin Japan

Credit Contact//Business Matters/Documentation/Bid Option/Financial Information
should be sent to:

Union Bank of California, N.A.
Corporate Markets Group
350 California Street, 6th Floor
San Francisco, CA 94104
Attn: Dave Taylor
Tel. No: (415) 705-5098
Fax No: (415) 705-5093

U.S. BANK, NATIONAL ASSOCIATION

Domestic Lending Office and Euro-Dollar Lending Office:

U.S. Bank, National Association
1420 Fifth Avenue, 9th Floor
Seattle, WA 98101

Address for Notices related to the U.S. Borrowing:

U.S. Bank, National Association
P.O. Box 720
1420 Fifth Avenue, 9th Floor
Seattle, WA 98101-2391
Attn: Thomas A. Eshom, Vice President
Tel. No: (206) 344-4589
Fax No: (206) 344-4515
Telex: 6733211
Answerback: USB UW

with a copy to:

U.S. Bank, National Association
P.O. Box 720
1420 Fifth Avenue, 9th Floor
Seattle, WA 98101-2391
Attn: Jack Sommerville
Tel. No: (206) 344-5318
Fax No: (206) 344-4515
Telex: 6733211
Answerback: USB UW

Wiring Instructions for the U.S. Borrowing:

U.S. Bank, National Association
Portland, Oregon
ABA No: 123000220
For Further Credit To: Commercial Loan Servicing
Account No: 010-0111-210
Attn: Participation Specialist

ZIONS FIRST NATIONAL BANK

Domestic Lending Office and Euro-Dollar Lending Office:

Zions First National Bank
Central Utah Commercial Banking Center
1220 South 800 East
Orem, UT 84097-2743

Address for Notices related to the U.S. Borrowing:

Zions First National Bank
Central Utah Commercial Banking Center
1220 South 800 East
Orem, UT 84097-2743
Attn: Richard W. Thomsen, Vice President
Tel. No: (801) 764-9415
Fax No: (801) 224-3280

with a copy to:

Zions First National Bank
#1 South Main
Salt Lake City, UT 84111
-or-
P.O. Box 25822
Salt Lake City, UT 84125-822
Attn: Patricia A. Youngren
Tel. No: (801) 524-4846
Fax No: (801) 524-2166

Wiring Instructions for the U.S. Borrowing:

Zions First National Bank
Salt Lake City, Utah
ABA No.: 124000054
Attn: Note Teller, 187-K2

SCHEDULE II

PRICING GRID

	NSE'S DEBT/ EBITDA RATIO	PRICING PERIOD LEVEL	APPLICABLE MARGIN FOR BASE RATE PORTIONS	APPLICABLE MARGIN FOR LIBOR PORTIONS	APPLICABLE MARGIN FOR JAPANESE LOAN PORTIONS
	-----	-----	-----	-----	-----
less than	0.50	1	0%	0.600%	0.600%
greater than or equal to less than	0.50, 1.00	2	0%	0.750%	0.750%
greater than or equal to	1.00	3	0%	1.000%	1.000%

EXPLANATION

1. The Applicable Margin For Base Rate Portions, LIBOR Portions and Japanese Loan Portions will be set for each Pricing Period and will vary depending upon whether such period is a Level 1 Period, a Level 2 Period or a Level 3 Period.
2. The first Pricing Period, which commences on the date of this Agreement and ends on September 30, 1998, will be a Level 2 Period.
3. The second Pricing Period, which commences on October 1, 1998 and ends on December 31, 1998, will be a Level 1 Period, a Level 2 Period, or a Level 3 Period depending upon NSE's Debt/EBITDA Ratio for the consecutive four-quarter period ending on June 30, 1998.
4. Each Pricing Period thereafter will be a Level 1 Period, a Level 2 Period, or a Level 3 Period depending upon NSE's Debt/EBITDA Ratio for the consecutive four-quarter period ending on the last day of the quarter that ended one quarter prior to the first day of such Pricing Period.
5. Examples:
 - (a) NSE's Debt/EBITDA Ratio is 0.46 for the consecutive four-quarter period ending on September 30, 1998. The Pricing Period of January 1, 1999 through March 31, 1999 will be a Level 1 Period.
 - (b) NSE's Debt/EBITDA Ratio is 1.10 for the consecutive four-quarter period ending on December 31, 1998. The Pricing Period of April 1, 1999 through June 30, 1999 will be a Level 3 Period.

SCHEDULE 3.01

INITIAL CLOSING DATE CONDITIONS PRECEDENT

A. Principal Credit Documents.

(1) The Credit Agreement, duly executed by each Borrower, each Lender, Agent and each Co-Agent;

(2) A Note payable to each applicable Lender requesting such a Note for its U.S. Loan, each duly executed by the applicable Borrower;

(3) The Subsidiary Guaranty, duly executed by each Material Domestic Subsidiary of NSE; and

(4) The NSE Guaranty, duly executed by NSE.

B. NSE Corporate Documents.

(1) The Certificate of Incorporation of NSE, certified as of a recent date prior to the Initial Closing Date by the Secretary of State of Delaware;

(2) A Certificate of Good Standing (or comparable certificate) for NSE, certified as of a recent date prior to the Initial Closing Date by the Secretary of State of Delaware;

(3) A certificate of the Secretary or an Assistant Secretary of NSE, dated the Initial Closing Date, certifying (a) that attached thereto is a true and correct copy of the Bylaws of NSE as in effect on the Initial Closing Date; (b) that attached thereto are true and correct copies of resolutions duly adopted by the Board of Directors of NSE and continuing in effect, which (i) authorize the execution, delivery and performance by NSE of this Agreement and the other Credit Documents executed or to be executed by NSE and the consummation of the transactions contemplated hereby and thereby and (ii) designate the officers authorized so to execute, deliver and perform on behalf of NSE; and (c) that there are no proceedings for the dissolution or liquidation of NSE;

(4) A certificate of the Secretary or an Assistant Secretary of NSE, dated the Initial Closing Date, certifying the incumbency, signatures and authority of the officers of Borrower authorized to execute, deliver and perform this Agreement, the other Credit Documents and all other documents, instruments or agreements related thereto executed or to be executed by NSE; and

(5) Certificates of Good Standing (or comparable certificates) for NSE, certified as of a recent date prior to the Initial Closing Date by the Secretaries of State (or comparable official) of each jurisdiction in which NSE is qualified to do business.

C. NSJ Corporate Documents.

(1) The Articles of Association (Teikan) of NSJ, certified as of a recent date prior to the Initial Closing Date by a Statutory Auditor of NSJ, together with an English translation thereof (if appropriate);

(2) A copy of the commercial registry (Syougyou Tookibotoohon) for NSJ, issued as of a recent date prior to the Initial Closing Date by the registrar of the Tokyo Legal Affairs Bureau of the Ministry of Justice, together with an English translation thereof (if appropriate);

(3) A certificate of a Statutory Auditor of NSJ, dated the Initial Closing Date, certifying (a) that attached thereto are true and correct copies of resolutions duly adopted by the Board of Directors of NSJ and continuing in effect, which (i) authorize the execution, delivery and performance by NSJ of this Agreement and the other Credit Documents executed or to be executed by NSJ and the consummation of the transactions contemplated hereby and (ii) designate the officers, directors and attorneys authorized so to execute, deliver and perform on behalf of NSJ; and (b) that there are no proceedings for the dissolution or liquidation of NSJ, together with an English translation thereof (if appropriate);

(4) A certificate of a Statutory Auditor of NSJ, dated the Initial Closing Date, certifying the incumbency, signatures and authority of the officers, directors or attorneys of NSJ authorized to execute, deliver and perform this Agreement, the other Credit Documents and all other documents, instruments or agreements related thereto executed or to be executed by NSJ, together with an English translation thereof (if appropriate).

D. Other Subsidiary Corporate Documents.

(1) The Certificate of Incorporation (or comparable certificate) of each Material Subsidiary of NSE, certified as of a recent date prior to the Initial Closing Date by the Secretary of State (or comparable public official) of its jurisdiction of incorporation (or, if any such Subsidiary is organized under the laws of any jurisdiction outside the United States, such other evidence as Agent may request to establish that such Subsidiary is duly organized and existing under the laws of such jurisdiction), together with an English translation thereof (if appropriate);

(2) To the extent such jurisdiction has the legal concept of a corporation being in good standing and a Governmental Authority in such jurisdiction issues any evidence of such good standing, a Certificate of Good Standing (or comparable certificate) for each Material Subsidiary of NSE, certified as of a recent date prior to the Initial Closing Date by the Secretary of State (or comparable public official) of its jurisdiction of incorporation (or, if any such Subsidiary is organized under the laws of any jurisdiction outside the United States, such other evidence as Agent may request to establish that such Subsidiary is duly qualified to do business and in good standing under the laws of such jurisdiction), together with an English translation thereof (if appropriate);

(3) A certificate of the Secretary or an Assistant Secretary (or comparable officer) of each Material Subsidiary of NSE executing the Subsidiary Guaranty, dated the Initial Closing Date, certifying (a) that attached thereto is a true and correct copy of the Bylaws of such Subsidiary as in effect on the Closing Date (or, if any such Subsidiary is organized under the laws of any jurisdiction outside the United States, any comparable document provided for in the respective corporate laws of that jurisdiction); (b) that attached thereto are true and correct copies of resolutions duly adopted by the Board of Directors of such Subsidiary (or other comparable enabling action) and continuing in effect, which (i) authorize the execution, delivery and performance by such Subsidiary of the Credit Documents to be executed by such Subsidiary and the consummation of the transactions contemplated thereby and (ii) designate the officers, directors and attorneys authorized so to execute, deliver and perform on behalf of such Subsidiary; and (c) that there are no proceedings for the dissolution or liquidation of such Subsidiary, together with a certified English translation thereof (if appropriate);

(4) A certificate of the Secretary or an Assistant Secretary (or comparable officer) of each Material Subsidiary of NSE executing the Subsidiary Guaranty, dated the Initial Closing Date, certifying the incumbency, signatures and authority of the officers, directors and attorneys of such Subsidiary authorized to execute, deliver and perform the Credit Documents to be executed by such Subsidiary, together with a certified English translation thereof (if appropriate); and

(5) In the case of any Material Subsidiary that is organized under the laws of jurisdictions outside the United States and domesticated under the laws of Delaware (or any other state of the United States), the documents described in paragraphs (1) through (4) above shall also be provided with respect to the Delaware (or other state) counterparts of such Subsidiaries, together with a Certification of Domestication for such Subsidiary.

E. Financial Statements, Financial Condition, Etc.

(1) A copy of the audited consolidated Financial Statements of NSE for the fiscal year ended December 31, 1997, prepared by Price Waterhouse LLP, together with a copy of the unqualified opinion and management letter delivered by such accountants in connection with such Financial Statements;

(2) A copy of the 10-K report filed by NSE with the Securities and Exchange Commission for the fiscal year ended December 31, 1997;

(3) A copy of the audited consolidated Financial Statements of NSJ for the fiscal year ended December 31, 1997, prepared by Price Waterhouse LLP, together with a copy of the unqualified opinion and management letter delivered by such accountants in connection with such Financial Statements;

(4) A final sources and uses statement for the NSI Acquisition (including transaction costs);

(5) A balance sheet of NSE dated March 31, 1998 (which incorporates all preclosing adjustments), reflecting the consummation of the NSI Acquisition and the other transactions contemplated by the NSI Acquisition Documents, certified by the chief financial officer or treasurer of NSE as having been prepared based upon reasonable assumptions and in good faith;

(6) A certificate of the chief financial officer or treasurer of NSE setting forth, in such detail as Agent may reasonably request, the calculation of NSE's Tangible Net Worth on March 31, 1998;

(7) A certificate of the Statutory Auditor of NSJ setting forth, in such detail as Agent may reasonably request, the calculation of NSJ's Tangible Net Worth on March 31, 1998;

(8) A Solvency Certificate in the form of Exhibit L for each Borrower and its Material Subsidiaries, dated the Initial Closing Date and executed by the chief financial officer or treasurer of each Borrower;

(9) The consolidated plan and forecast of NSE and its Subsidiaries for the fiscal year to end December 31, 1998 (reflecting among other events the NSI Acquisition and the anticipated Borrowings under this Agreement), including quarterly cash flow projections and quarterly projections of NSE's and NSJ's compliance with each of the covenants set forth in Paragraph 5.03 of this Agreement; and

(10) Such other financial, business and other information regarding Borrowers or any of their Subsidiaries as Agent or any Lender may reasonably request, including information as to the NSI Acquisition and possible contingent liabilities, tax matters, environmental matters and obligations for employee benefits and compensation.

F. UCC Searches.

(1) Uniform Commercial Code search certificates from the jurisdictions in the United States in which any Borrower or Material Subsidiary has a place of business which do not evidence any Liens which is not a Permitted Lien, except for which Agent has received a termination statement pursuant to item F.(2) below;

(2) Such Uniform Commercial Code termination statements (appropriately completed and executed) for filing in such jurisdictions as Agent may request to terminate any financing statement evidencing Liens of any Borrower or Material Subsidiary which do not constitute Permitted Liens.

G. Opinions. Favorable written opinions from each of the following counsel for Borrowers and their Subsidiaries, each dated the Initial Closing Date, addressed to Agent for the benefit of Agent and Lenders, covering such legal matters as Agent may reasonably request and otherwise in form and substance satisfactory to Agent:

(1) Truman Hunt, Esq., counsel for NSE and its Subsidiaries;

(2) Shearman & Sterling, special California counsel for Borrowers and Guarantors;

(3) Tokyo Aoyama Law Office-Baker & McKenzie, Japanese counsel for NSJ;

(4) Kim & Chang, Korean counsel for Nu Skin Korea, Inc.;

(5) Baker & McKenzie, Hong Kong counsel for Nu Skin Hong Kong, Inc.; and

(6) Lee and Li, Taiwanese counsel for Nu Skin Taiwan, Inc..

H. Other Items.

(1) A duly completed and timely delivered Notice of Borrowing for the applicable Borrowing;

(2) Copies of the NSI Acquisition Agreement; the Contribution and Distribution Agreement dated as of December 31, 1997 between NSI and NSUSA; the Tax Sharing and Indemnification Agreement dated as of December 31, 1997 among NSI, NSUSA and the shareholders of NSI and NSUSA; the Assumption of Liabilities and Indemnification Agreement dated as of December 31, 1997 between NSI and NSUSA; together with all amendments thereto through the Initial Closing Date; and, to the extent requested by Agent or any Lender, copies of any other NSI Acquisition Documents;

(3) Copies of all filings made by NSE with the Securities and Exchange Commission in connection with the NSI Acquisition, together with all exhibits and all amendments thereto through the Initial Closing Date;

(4) An organization chart for Borrowers and their Subsidiaries, setting forth the relationship among such Persons, certified by the Secretary or an Assistant Secretary of NSE;

(5) A certificate of the Chief Financial Officer of NSE and a Statutory Auditor of NSJ, respectively, addressed to Agent and dated the Initial Closing Date, certifying that:

(a) The representations and warranties set forth in Paragraph 4.01 and in the other Credit Documents are true and correct in all material respects as of such date (except for such representations and warranties made as of a specified date, which shall be true as of such date); and

(b) No Default has occurred and is continuing as of such date;

(6) All fees and expenses payable to Agent and Lenders on or prior to the Initial Closing Date (including any Commitment Fees payable on such Closing Date and all fees payable to Agent pursuant to the Agent's Fee Letter);

(7) All fees and expenses of Agent's counsels through the Initial Closing Date;

(8) Such other evidence as Agent or any Lender may reasonably request to establish the accuracy and completeness of the representations and warranties and the compliance with the terms and conditions contained in this Agreement and the other Credit Documents; and

(9) Such documentation as ABN AMRO may require in order for NSJ to open an account with its Tokyo branch, including, without limitation, an Agreement on Bank Transactions and an Agreement on Overdraft in Current Account.

NOTE

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FOR VALUE RECEIVED, NU SKIN ENTERPRISES, INC., a Delaware corporation ("Borrower"), hereby promises to pay to the order of _____, a _____ ("Lender"), the principal sum of _____ DOLLARS (\$_____) on the dates and in the amounts provided in the Credit Agreement referred to below (as amended from time to time, the "Credit Agreement") and interest on the outstanding amount of said sum at the rates and on the dates provided in the Credit Agreement.

Borrower shall make all payments hereunder, for the account of Lender's Applicable Lending Office, to Agent as indicated in the Credit Agreement, in lawful money of the United States and in same day or immediately available funds.

This note is one of the Notes referred to in the Credit Agreement, dated as of May 8, 1998, among Borrower, Nu Skin Japan Co., Ltd., Lender and the other financial institutions from time to time parties thereto (collectively, the "Lenders") and ABN AMRO Bank N.V., as agent for Lenders. This note is subject to the terms of the Credit Agreement, including the rights of prepayment and the rights of acceleration of maturity set forth therein. Terms used herein have the meanings assigned to those terms in the Credit Agreement, unless otherwise defined herein.

The transfer, sale or assignment of any rights under or interest in this note is subject to certain restrictions contained in the Credit Agreement, including Paragraph 8.05 thereof.

Borrower shall pay all reasonable fees and expenses, including reasonable attorneys' fees, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due. Borrower hereby waives notice of presentment, demand, protest or notice of any other kind. This note shall be governed by and construed in accordance with the laws of the State of California.

NU SKIN ENTERPRISES, INC.

By:

Name:

Title:

SUBSIDIARY GUARANTY

THIS GUARANTY, dated as of May [A], 1998, is executed by each of the undersigned (each such entity and each entity which hereafter executes and delivers a Subsidiary Joinder in substantially the form of Attachment 1 hereto to be referred to herein as a "Guarantor"), in favor of ABN AMRO BANK N.V., acting as agent (in such capacity, and each successor thereto in such capacity, "Agent") for the financial institutions which are from time to time parties to the Credit Agreement referred to in Recital A below (collectively, "Lenders").

RECITALS

A. Pursuant to a Credit Agreement dated as of May 8, 1998 (as amended from time to time, the "Credit Agreement"), among Nu Skin Enterprises, Inc. ("NSE"), Nu Skin Japan Co., Ltd. ("NSJ"), Lenders and Agent, Lenders have agreed to extend certain credit facilities to NSE and NSJ (collectively, "Borrowers") upon the terms and subject to the conditions set forth therein. Each Guarantor is a direct or indirect Subsidiary of NSE and expects to derive substantial direct and indirect benefit from the transactions contemplated by the Credit Agreement.

B. Lenders' obligations to extend the credit facilities to Borrowers under the Credit Agreement are subject, among other conditions, to receipt by Agent of (1) this Guaranty, duly executed by each existing Material Domestic Subsidiary of NSE, and (2) Subsidiary Joinders, duly executed by each future Material Domestic Subsidiary of NSE.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, each Guarantor hereby agrees with Agent, for the ratable benefit of Lenders and Agent, as follows:

1. Definitions and Interpretation.

(a) Definitions. When used in this Guaranty, the following terms shall have the following respective meanings:

"Agent" shall have the meaning given to that term in the introductory paragraph hereof.

"Aggregate Guaranty Payments" shall mean, with respect to any Guarantor at any time, the aggregate net amount of all payments made by such Guarantor under this Guaranty (including, without limitation, under Paragraph 5 hereof) at or prior to such time.

"Borrowers" shall have the meaning given to that term in the Recital A hereof.

"Credit Agreement" shall have the meaning given to that term in the Recital A hereof.

"Debtor Relief Proceeding" shall mean any suit, action, case or other proceeding commenced by, against or for NSJ or NSE or its property seeking the dissolution, liquidation, reorganization, rearrangement or other relief of NSJ or NSE or its debts under any applicable bankruptcy, insolvency or debtor relief law or other similar Governmental Rule now or hereafter in effect or seeking the appointment of a receiver, trustee, liquidator, custodian or other similar official for NSJ or NSE or any substantial part of its property or any general assignment by NSJ or NSE for the benefit of its creditors, whether or not any such suit, action, case or other proceeding is voluntary or involuntary.

"Disallowed Post-Commencement Interest and Expenses" shall mean interest computed at the rate provided in the Credit Agreement and claims for reimbursement, costs, expenses or indemnities under the terms of any of the Credit Documents accruing or claimed at any time after the commencement of any

Debtor Relief Proceeding, if the claim for such interest, reimbursement, costs, expenses or indemnities is not allowable, allowed or enforceable against NSE in such Debtor Relief Proceeding.

"Fair Share" shall mean, with respect to any Guarantor at any time, an amount equal to (i) a fraction, the numerator which is the Maximum Guaranty Amount of such Guarantor and the denominator of which is the aggregate Maximum Guaranty Amounts of all Guarantors, multiplied by (ii) the aggregate amount paid by all Funding Guarantors under this Guaranty at or prior to such time.

"Fair Share Shortfall" shall mean, with respect to any Guarantor at any time, the amount, if any, by which the Fair Share of such Guarantor at such time exceeds the Aggregate Guaranty Payments of such Guarantor at such time.

"Funding Guarantor" shall have the meaning given to that term in Paragraph 5 hereof.

"Guaranteed Obligations" shall mean and include all loans, advances, debts, liabilities, and obligations, howsoever arising, owed by NSE to Agent or any Lender of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money) individual or joint and several, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising pursuant to the terms of the Credit Documents, including all interest, fees, charges, expenses, attorneys' fees and accountants' fees chargeable to NSE or payable by NSE thereunder.

"Guarantor" shall have the meaning given to that term in the introductory paragraph hereof.

"Lenders" shall have the meaning given to that term in the introductory paragraph hereof.

"Maximum Guaranty Amount" shall mean, with respect to any Guarantor at any time, (i) the full amount of the Guaranteed Obligations at such time or (ii) if any court of competent jurisdiction determines in any action to enforce this Guaranty that enforcement against such Guarantor for the full amount of the Guaranteed Obligations is not lawful under or would be subject to avoidance under Section 548 of the United States Bankruptcy Code or any applicable provision of any comparable law of any state or other jurisdiction, then the maximum amount lawful and not subject to such avoidance.

"NSE" shall have the meaning given to that term in the Recital A hereof.

"NSJ" shall have the meaning given to that term in the Recital A hereof.

"Subordinated Obligations" shall have the meaning given to that term in Paragraph 4 hereof.

"Subsidiary Joinder" shall mean an instrument substantially in the form of Attachment 1 hereto.

"Taxes" shall have the meaning given to such term in Subparagraph 6(h).

Unless otherwise defined herein, all other capitalized terms used herein and defined in the Credit Agreement shall have the respective meanings given to those terms in the Credit Agreement.

(b) Other Interpretive Provisions. The rules of construction set forth in Section I of the Credit Agreement shall, to the extent not inconsistent with the terms of this Guaranty, apply to this Guaranty and are hereby incorporated by reference. Each Guarantor acknowledges receipt of copies of the Credit Agreement and the other Credit Documents.

2. Guaranty.

(a) Payment Guaranty. Each Guarantor unconditionally guarantees and promises to pay and perform as and when due, whether at stated maturity, upon acceleration or otherwise, any and all of the Guaranteed Obligations. If any Debtor Relief Proceeding relating to NSE is commenced, each Guarantor further unconditionally guarantees and promises to pay and perform, upon the demand of Agent, any and all of the Guaranteed Obligations (including any and all Disallowed Post-Commencement Interest and Expenses) in accordance with the terms of the Credit Documents, whether or not such obligations are then due and payable by NSE and whether or not such obligations are modified, reduced or discharged in such Debtor Relief Proceeding. This Guaranty is a guaranty of payment and not of collection.

(b) Continuing Guaranty. This Guaranty is an irrevocable continuing guaranty of the Guaranteed Obligations which shall continue in effect until all obligations of Lenders to extend credit to NSE have terminated and all of the Guaranteed Obligations have been fully paid. If any payment on any Guaranteed Obligation is set aside, avoided or rescinded or otherwise recovered from Agent or any Lender, such recovered payment shall constitute a Guaranteed Obligation hereunder and, if this Guaranty was previously released or terminated, it automatically shall be fully reinstated, as if such payment was never made.

(c) Joint, Several and Independent Obligations. The liability of each Guarantor hereunder is joint and several and is independent of the Guaranteed Obligations. A separate action or actions may be brought and prosecuted against each Guarantor for the full amount of the Guaranteed Obligations irrespective of whether action is brought against NSE, any other Guarantor or any other guarantor of the Guaranteed Obligations or whether NSE, any other Guarantor or any other guarantor of the Guaranteed Obligations is joined in any such action or actions.

(d) Fraudulent Transfer Limitation. If, in any action to enforce this Guaranty, any court of competent jurisdiction determines that enforcement against any Guarantor for the full amount of the Guaranteed Obligations is not lawful under or would be subject to avoidance under Section 548 of the United States Bankruptcy Code or any applicable provision of any comparable law of any state or other jurisdiction, the liability of such Guarantor under this Guaranty shall be limited to the maximum amount lawful and not subject to such avoidance.

(e) Termination. Notwithstanding any termination of this Guaranty in accordance with Paragraph 3 hereof, this Guaranty shall continue to be in full force and effect and applicable to any Guaranteed Obligations arising thereafter which arise because prior payments of Guaranteed Obligations are rescinded or otherwise required to be surrendered by Agent or any Lender after receipt.

3. Authorizations, Waivers, Etc.

(a) Authorizations. Each Guarantor authorizes Agent and Lenders, in their discretion, without notice to such Guarantor, irrespective of any change in the financial condition of NSE, NSJ, such Guarantor, any other Guarantor or any other guarantor of the Guaranteed Obligations since the date hereof, and without affecting or impairing in any way the liability of such Guarantor hereunder, from time to time to:

(i) Create new Guaranteed Obligations and renew, compromise, extend, accelerate or otherwise change the time for payment or performance of, or otherwise amend or modify the Credit Documents or change the terms of the Guaranteed Obligations or any part thereof, including increase or decrease of the rate of interest thereon;

(ii) Take and hold security for the payment or performance of the Guaranteed Obligations and exchange, enforce, waive or release any such security; apply such security and direct the order or manner of sale thereof; and purchase such security at public or private sale;

(iii) Otherwise exercise any right or remedy they may have against NSE, NSJ, such Guarantor, any other Guarantor, any other guarantor of the Guaranteed Obligations or any security, including, without limitation, the right to foreclose upon any such security by judicial or nonjudicial sale;

(iv) Settle, compromise with, release or substitute any one or more makers, endorsers or guarantors of the Guaranteed Obligations; and (v) Assign the Guaranteed Obligations, this Guaranty or the other Credit Documents in whole or in part to the extent provided in the Credit Agreement and the other Credit Documents.

(b) Waivers. Each Guarantor hereby waives:

(i) Any right to require Agent or any Lender to (A) proceed against NSE, NSJ, any other Guarantor or any other guarantor of the Guaranteed Obligations, (B) proceed against or exhaust any security received from NSE, NSJ, such Guarantor, any other Guarantor or any other guarantor of the Guaranteed Obligations or otherwise marshal the assets of NSE, NSJ, such Guarantor, any other Guarantor or any other guarantor of the Guaranteed Obligations or (C) pursue any other remedy in Agent's or any Lender's power whatsoever;

(ii) Any defense arising by reason of the application by NSE or NSJ of the proceeds of any borrowing;

(iii) Any defense resulting from the absence, impairment or loss of any right of reimbursement, subrogation, contribution or other right or remedy of Guarantor against NSE, NSJ, any other Guarantor, any other guarantor of the Guaranteed Obligations or any security, whether resulting from an election by Agent or any Lender to foreclose upon security by nonjudicial sale, or otherwise;

(iv) Any setoff or counterclaim of NSE or any defense which results from any disability or other defense of NSE or the cessation or stay of enforcement from any cause whatsoever of the liability of NSE (including, without limitation, the lack of validity or enforceability of any of the Credit Documents);

(v) Any defense based upon any law, rule or regulation which provides that the obligation of a surety must not be greater or more burdensome than the obligation of the principal;

(vi) Until all obligations of Agent or any Lender to extend credit to NSE have terminated and all of the Guaranteed Obligations have been fully paid, any right of subrogation, reimbursement, indemnification or contribution and other similar right to enforce any remedy which Agent, Lenders or any other Person now has or may hereafter have against NSE on account of the Guaranteed Obligations, and any benefit of, and any right to participate in, any security now or hereafter received by Agent, any Lender or any other Person on account of the Guaranteed Obligations;

(vii) All presentments, demands for performance, notices of non-performance, notices delivered under the Credit Documents, protests, notice of dishonor, and notices of acceptance of this Guaranty and of the existence, creation or incurring of new or additional Guaranteed Obligations and notices of any public or private foreclosure sale;

(viii) The benefit of any statute of limitations to the extent permitted by law;

(ix) Any appraisement, valuation, stay, extension, moratorium redemption or similar law or similar rights for marshalling;

(x) Any right to be informed by Agent or any Lender of the financial condition of NSE, NSJ, any other Guarantor or any other guarantor of the Guaranteed Obligations or any change therein or any other circumstances bearing upon the risk of nonpayment or nonperformance of the Guaranteed Obligations;

(xi) Until all obligations of Agent or any Lender to extend credit to NSE have terminated and all of the Guaranteed Obligations have been fully paid, any right to revoke this Guaranty;

(xii) Any defense arising from an election for the application of Section 1111(b)(2) of the United States Bankruptcy Code which applies to the Guaranteed Obligations;

(xiii) Any defense based upon any borrowing or grant of a security interest under Section 364 of the United States Bankruptcy Code; and

(xiv) Any right it may have to a fair value hearing to determine the size of a deficiency judgment following any foreclosure on any security for the Guaranteed Obligations.

Without limiting the scope of any of the foregoing provisions of this Paragraph 3, each Guarantor hereby further waives (A) all rights and defenses arising out of an election of remedies by Agent or any Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a Guaranteed Obligation, has destroyed such Guarantor's rights of subrogation and reimbursement against NSE by the operation of Section 580d of the Code of Civil Procedure or otherwise, (B) all rights and defenses such Guarantor may have by reason of protection afforded to NSE with respect to the Guaranteed Obligations pursuant to the antideficiency or other laws of California limiting or discharging the Guaranteed Obligations, including, without limitation, Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure, and (C) all other rights and defenses available to such Guarantor by reason of Sections 2787 to 2855, inclusive, Section 2899 or Section 3433 of the California Civil Code or Section 3605 of the California Commercial Code.

(c) Financial Condition of NSE, Etc. Each Guarantor is fully aware of the financial condition and affairs of NSE. Each Guarantor has executed this Guaranty without reliance upon any representation, warranty, statement or information concerning NSE furnished to such Guarantor by Agent or any Lender and has, independently and without reliance on Agent or any Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of the financial condition and affairs of NSE and of other circumstances affecting the risk of nonpayment or nonperformance of the Guaranteed Obligations. Each Guarantor is in a position to obtain, and assumes full responsibility for obtaining, any additional information about the financial condition and affairs of NSE and of other circumstances affecting the risk of nonpayment or nonperformance of the Guaranteed Obligations and will, independently and without reliance upon Agent or any Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own appraisals and decisions in taking or not taking action in connection with this Guaranty.

4. Subordination. Each Guarantor hereby subordinates any and all debts, liabilities and obligations owed to such Guarantor by NSE (the "Subordinated Obligations") to the Guaranteed Obligations as provided in this Paragraph 4.

(a) Prohibited Payments, Etc. Except during the continuance of a Default (including the commencement and continuation of any Debtor Relief Proceeding relating to NSE), each Guarantor may receive regularly scheduled payments from NSE on account of Subordinated Obligations. After the occurrence and during the continuance of any Default (including the commencement and continuation of any Debtor Relief Proceeding relating to NSE), however, unless Agent otherwise agrees, no Guarantor shall demand, accept or take any action to collect any payment on account of the Subordinated Obligations.

(b) Prior Payment of Guaranteed Obligations. In any Debtor Relief Proceeding relating to NSE, each Guarantor agrees that Agent and Lenders shall be entitled to receive payment of all Guaranteed Obligations (including any and all Disallowed Post-Commencement Interest and Expenses) before such Guarantor receives payment of any Subordinated Obligations.

(c) Turn-Over. After the occurrence and during the continuance of any Default (including the commencement and continuation of any Debtor Relief Proceeding relating to NSE), each Guarantor shall, if Agent so requests, collect, enforce and receive payments on account of the Subordinated Obligations as trustee for Agent and Lenders and deliver such payments to Agent on account of the Guaranteed Obligations (including any and all Disallowed Post-Commencement Interest and Expenses), together with any necessary endorsements or other instruments of transfer, but without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guaranty.

(d) Agent Authorization. After the occurrence and during the continuance of any Default (including the commencement and continuation of any Debtor Relief Proceeding relating to NSE), Agent is authorized and empowered (but without any obligation to so do), in its discretion, (i) in the name of each Guarantor, to collect and enforce, and to submit claims in respect of, Subordinated Obligations and to apply any amounts received thereon to the Guaranteed Obligations (including any and all Disallowed Post-Commencement Interest and Expenses), and (ii) to require each Guarantor (A) to collect and enforce, and to submit claims in respect of, Subordinated Obligations and (B) to pay any amounts received on such obligations to Agent for application to the Guaranteed Obligations (including any and all Disallowed Post-Commencement Interest and Expenses).

5. Contribution among Guarantors. Guarantors desire to allocate among themselves, in a fair and equitable manner, their rights of contribution from each other when any payment is made by any Guarantor under this Guaranty. Accordingly, if any payment is made by any Guarantor under this Guaranty (a "Funding Guarantor") that exceeds its Fair Share, the Funding Guarantor shall be entitled to a contribution from each other Guarantor in the amount of such other Guarantor's Fair Share Shortfall, so that all such contributions shall cause each Guarantor's Aggregate Guaranty Payments to equal its Fair Share. The amounts payable as contributions hereunder shall be determined by the Funding Guarantor as of the date on which the related payment or distribution is made by the Funding Guarantor, and such determination shall be binding on the other Guarantors absent manifest error. The allocation and right of contribution among Guarantors set forth in this Paragraph 5 shall not be construed to limit in any way the liability of any Guarantor under this Guaranty or the amount of the Guaranteed Obligations.

6. Miscellaneous.

(a) Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions or other communications to or upon any Guarantor or Agent under this Guaranty or the other Credit Documents shall be in writing and faxed, mailed or delivered, if to Agent, at its facsimile number or address set forth below, or, if to any Guarantor, at its facsimile number or address set forth below its signature below or in the respective Subsidiary Joinder for such Guarantor (or to such other facsimile number or address for any party as indicated in any notice given by that party to the other parties). All such notices and communications shall be effective (i) when sent by any overnight courier service of recognized standing, on the second Business Day following the deposit with such service; (ii) when mailed, first class postage prepaid and addressed through the United States Postal Service or registered mail through the Japanese Post Office, upon receipt; (iii) when delivered by hand, upon delivery; and (iv) when faxed, upon confirmation of receipt.

Agent: ABN AMRO Bank N.V.
Syndications Group
1325 Avenue of the Americas, 9th Floor
New York, NY 10019
U.S.A.
Attn: Linda Boardman
Tel. No: (212) 314-1724
Fax. No: (212) 314-1712

With copies to:

ABN AMRO Bank N.V.
Tokyo Branch
13F, Shiroyama JT Mori Building
4-3-1, Toranomom, Minato-ku
Tokyo 105
Japan
Attn: Kiyoharu Michiwaki
Tel. No: 81-3-5405-6575
Fax No: 81-3-5405-6902 or 6903

ABN AMRO Bank N.V.
101 California Street, Suite 4550
San Francisco, CA 94111-5812
Attn: Tamira Treffers-Herrera
Tel: (415) 984-3709
Fax: (415) 362-3524

(b) Payments.

(i) Each Guarantor shall make all payments of the Guaranteed Obligations to Agent, or its order, at the office of Agent and at the times specified in the Credit Documents for the payment of such Guaranteed Obligations. Each Guarantor shall make all other payments hereunder at such office as Agent may designate. Each payment shall be made in same day or immediately available funds not later than 11:00 a.m. (local time of the office of Agent at which such payment is to be made) on the date due.

(ii) Each Guarantor shall make all payments of the Guaranteed Obligations hereunder in the currency in which such Guaranteed Obligations are required to be paid by NSE pursuant to the Credit Documents and shall make all other payments hereunder in Dollars; provided, however, that, if Agent shall request a Guarantor to pay any amount hereunder which would otherwise be payable in another currency in the lawful currency of the United States, such Guarantor shall pay to Agent the Dollar Equivalent of such amount.

(iii) If any sum due from any Guarantor under this Guaranty or any other Credit Document to which such Guarantor is a party or any order, judgment or award given or rendered in relation hereto or thereto has to be converted from the currency (the "first currency") in which the same is payable hereunder or thereunder into another currency (the "second currency") for the purpose of (A) making or filing a claim or proof against such Guarantor with any Governmental Authority, (B) obtaining an order or judgment in any court or other tribunal or (C) enforcing any order or judgment given or made in relation hereto, such Guarantor shall, to the fullest extent permitted by law, indemnify and hold harmless each of the Persons to whom such sum is due from and against any loss suffered as a result of any discrepancy between (1) the rate of exchange used for such purpose to convert the amounts in question from the first currency into the second currency and (2) the rate or rates of exchange at which such Person may, using reasonable efforts in the ordinary course of business, purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. The foregoing indemnity shall constitute a separate obligation of each Guarantor distinct from its other obligations hereunder and shall survive the giving or making of any judgment or order in relation to all or any of such obligations.

(iv) If any amounts required to be paid by any Guarantor under this Guaranty or any order, judgment or award given or rendered in relation hereto remain unpaid after such amounts are due, such Guarantor shall pay interest on the aggregate, outstanding balance of such amounts from the date due until those amounts are paid in full at a per annum rate equal to:

(A) In the case of amounts payable in Dollars, the Base Rate plus two percent (2.00%), such rate to change from time to time as the Base Rate shall change.

(B) In the case of amounts payable in Yen, the Overnight Rate plus two percent (2.0%), such rate to change from time to time as the Overnight Rate shall change.

(c) Expenses. Each Guarantor shall pay on demand (i) all reasonable and documented fees and expenses, including reasonable attorneys' fees and expenses, incurred by Agent in connection with the preparation, execution and delivery of, and the exercise of its duties under, this Guaranty and the preparation, execution and delivery of amendments and waivers hereunder and (ii) all reasonable and documented fees and expenses, including reasonable attorneys' fees and expenses, incurred by Agent and Lenders in connection with the enforcement or attempted enforcement of this Guaranty or any of the Guaranteed Obligations or in preserving any of Agent's or Lenders' rights and remedies (including, without limitation, all such fees and expenses incurred in connection with any "workout" or restructuring affecting the Credit Documents or the Guaranteed Obligations or any bankruptcy or similar proceeding involving Guarantor, any other Guarantor, NSE, NSJ or any of their affiliates).

(d) Waivers; Amendments. This Guaranty may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by each Guarantor and Agent. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given. No failure or delay on Agent's or any Lender's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(e) Successors and Assigns. This Guaranty shall be binding upon and inure to the benefit of Agent, Lenders, Guarantors and their respective successors and assigns; provided, however, that no Guarantor may assign or transfer any of its rights and obligations under this Guaranty without the prior written consent of Agent and Lenders, and, provided, further, that Agent or any Lender may sell, assign and delegate their respective rights and obligations hereunder only as permitted by the Credit Agreement. All references in this Guaranty to any Person shall be deemed to include all permitted successors and assigns of such Person.

(f) Cumulative Rights, etc. The rights, powers and remedies of Agent and Lenders under this Guaranty shall be in addition to all rights, powers and remedies given to Agent and Lenders by virtue of any applicable law, rule or regulation of any Governmental Authority, the Credit Agreement, any other Credit Document or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Agent's or any Lender's rights hereunder. Each Guarantor waives any right to require Agent or any Lender to proceed against any Person or to exhaust any Collateral or to pursue any remedy in Agent's or such Lender's power.

(g) Setoff; Security Interest.

(i) In addition to any rights and remedies of Lenders provided by law, each Lender shall have the right, with the prior consent of Agent but without prior notice to or consent of any Guarantor, any such notice and consent being expressly waived by each Guarantor to the extent permitted by applicable law, upon the occurrence and during the continuance of an Event of Default, to set-off and apply against the obligations of each Guarantor any amount owing from such Lender to such Guarantor. The aforesaid right of set-off may be exercised by such Lender against a Guarantor or against any trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor of such Guarantor or against anyone else claiming through or against such Guarantor or such trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off may not have been exercised by such Lender at any prior time. Each Lender agrees promptly to notify the applicable Guarantor after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

(ii) As security for the obligations of each Guarantor hereunder, each Guarantor hereby grants to Agent and each Lender, for the benefit of all Lenders, a continuing security interest in any and all deposit accounts or moneys of such Guarantor now or hereafter maintained with such Lender. Each Lender shall have all of the rights of a secured party with respect to such security interest.

(h) Payments Free of Taxes. All payments made by each Guarantor under this Guaranty shall be made free and clear of, and without deduction or withholding for or on account of, all present and future income, stamp, documentary and other taxes and duties, and all other levies, imposts, charges, fees, deductions and withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (except net income taxes and franchise taxes in lieu of net income taxes imposed on Agent or any Lender by its jurisdiction of incorporation or the jurisdiction in which its Applicable Lending Office is located) (all such non-excluded taxes, duties, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). If any Taxes are required to be withheld from any amounts payable to Agent or any Lender hereunder, the amounts so payable to Agent or such Lender shall be increased to the extent necessary to yield to Agent or such Lender (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Guaranty or the other Credit Documents, as applicable. Whenever any Taxes are payable by any Guarantor, as promptly as possible thereafter, such Guarantor shall send to Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by such Guarantor showing payment thereof. If Guarantors fail to pay any Taxes when due to the appropriate taxing authority or fail to remit to Agent the required receipts or other required documentary evidence, Guarantors shall indemnify Agent and Lenders for any taxes (including interest or penalties) that may become payable by Agent or any Lender as a result of any such failure. The obligations of Guarantors under this Subparagraph 6(h) shall survive the payment and performance of the Guaranteed Obligations and the termination of this Guaranty. Nothing contained in this Subparagraph 6(h) shall require Agent or any Lender to make available any of its tax returns (or any other information relating to its taxes which it deems to be confidential).

(i) Partial Invalidity. If at any time any provision of this Guaranty is or becomes illegal, invalid or unenforceable in any respect under the law or any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Guaranty nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

(j) Jury Trial. EACH OF GUARANTORS, LENDERS AND AGENT, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS GUARANTY.

(k) Counterparts. This Guaranty may be executed in any number of identical counterparts, any set of which signed by all the Guarantors shall be deemed to constitute a complete, executed original for all purposes.

(l) Governing Law, Consent to Jurisdiction, Etc.

(i) This Guaranty shall be governed by and construed in accordance with the laws of the State of California without reference to conflicts of law rules.

(ii) Each Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of the State of California and the courts of the United States of America located in the Northern District of California and agrees that any legal action, suit or proceeding arising out of or relating to this Guaranty or any of the other Credit Documents may be brought against such party in any such courts. Final judgment against a Guarantor in any such action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the judgment, or in any other manner provided by law. Nothing in this Subparagraph 6(k) shall affect the right of Agent or any Lender to commence legal proceedings or otherwise sue any Guarantor in any other appropriate jurisdiction, or concurrently in more than one jurisdiction, or to serve process, pleadings and other papers upon any Guarantor in any manner authorized by the laws of any such jurisdiction. Each Guarantor agrees that process served either personally or by registered mail shall, to the extent permitted by law, constitute adequate service of process in any such suit. Without limiting the foregoing, each Guarantor hereby appoints, in the case of any such action or proceeding brought in the courts of or in the State of California, CT Corporation, with offices on the date hereof at 818 West Seventh Street, Los Angeles, California 90017, to receive for it and on its behalf, service of process in the State of California with respect thereto, provided each Guarantor may appoint any other person, reasonably acceptable to Agent, with offices in the State of California to replace such agent for service of process upon delivery to Agent of a reasonably acceptable agreement of such new agent agreeing so to act. Each Guarantor irrevocably waives to the fullest extent permitted by applicable law (A) any objection which it may have now or in the future to the laying of the venue of any such action, suit or proceeding in any court referred to in the first sentence above; (B) any claim that any such action, suit or proceeding has been brought in an inconvenient forum; (C) its right of removal of any matter commenced by any other party in the courts of the State of California to any court of the United States of America; (D) any immunity which it or its assets may have in respect of its obligations under this Agreement or any other Credit Document from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process; and (E) any right it may have to require the moving party in any suit, action or proceeding brought in any of the courts referred to above arising out of or in connection with this Agreement or any other Credit Document to post security for the costs of any Guarantor or to post a bond or to take similar action.

[The first signature page follows.]

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be executed as of the day and year first above written.

[GUARANTOR]

By: /s/ Steven J. Lund
Name: Steven J. Lund
Title: Vice President

Address:
One Nu Skin Plaza,
75 West Center,
Provo, UT 84601
Attn: Chief Financial Officer
Telephone: (801) 345-3000
Facsimile: (801) 345-3099

[GUARANTOR]

By: /s/ Blake M. Roney
Name: Blake M. Roney
Title: Representative Director

Address:
890-12
Daechi-dong
Kangnam-ku, Seoul
Attn: Chief Financial Officer
Telephone: (822) 538-1441
Facsimile: (822) 552-9728

ATTACHMENT 1

SUBSIDIARY JOINDER

THIS SUBSIDIARY JOINDER (this "Agreement"), dated as of _____, _____, is executed by [NEW SUBSIDIARY], a _____ [corporation] [partnership] [etc.] ("New Subsidiary") in favor of ABN AMRO BANK N.V., acting as agent (in such capacity, and each successor thereto in such capacity, "Agent") for the financial institutions which are from time to time parties to the Credit Agreement referred to in Recital A below (collectively, the "Lenders").

RECITALS

A. Pursuant to a Credit Agreement dated as of May 8, 1998 (as amended from time to time, the "Credit Agreement"), among Nu Skin Enterprises, Inc. ("NSE"), Nu Skin Japan Co., Ltd. ("NSJ"), Lenders and Agent, Lenders have agreed to extend certain credit facilities to NSE and NSJ (collectively, "Borrower") upon the terms and subject to the conditions set forth therein.

B. Lenders' obligations to extend the credit facilities to Borrowers under the Credit Agreement are subject, among other conditions, to receipt by Agent of (1) a Guaranty, dated as of May [A], 1998, duly executed by each existing Domestic Subsidiary of NSE, and (2) Subsidiary Joinders, duly executed by each future Domestic Subsidiary of NSE.

C. New Subsidiary is a new Domestic Subsidiary of NSE and expects to derive substantial direct and indirect benefit from the transactions contemplated by the Credit Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, New Subsidiary hereby agrees with Agent, for the ratable benefit of Lenders and Agent, as follows:

1. Definitions and Interpretation. Unless otherwise defined herein, all capitalized terms used herein and defined in the Guaranty shall have the respective meanings given to those terms in the Guaranty. New Subsidiary acknowledges receipt of copies of the Guaranty, the Credit Agreement and the other Credit Documents.

2. Representations and Warranties. On and as of the date of this Agreement (the "Effective Date") and for the ratable benefit of the Agent and Lenders, New Subsidiary hereby makes each of the representations and warranties made by each Guarantor in the Guaranty.

3. Agreement to be Bound. New Subsidiary agrees that, on and as of the Effective Date, it shall become a Guarantor under the Guaranty and shall be bound by all the provisions of the Guaranty to the same extent as if New Subsidiary had executed the Guaranty on the Closing Date. 4. Waiver. Without limiting the generality of the waivers in the Guaranty, New Subsidiary specifically agrees to be bound by the Guaranty and waives any right to notice of acceptance of its execution of this Agreement and of its agreement to be bound by the Guaranty. 5. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, New Subsidiary has caused this Agreement to be executed by its duly authorized officer.

[NEW SUBSIDIARY]

By:

Name:

Title:

Address:

[-----]

[-----]

[-----]

Attn: [_____]

Telephone: [(____) ____ - ____]

Facsimile: [(____) ____ - ____]

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT, dated as of [], is executed by NU SKIN ENTERPRISES, INC., a Delaware corporation ("NSE"), in favor of ABN AMRO BANK N.V., acting as agent (in such capacity and each successor thereto acting in such capacity, "Agent") for the financial institutions which are from time to time parties to the Credit Agreement referred to in Recital A below (collectively, "Lenders").

RECITALS

A. Pursuant to a Credit Agreement, dated as of May 8, 1998 (as amended from time to time, the "Credit Agreement"), among NSE, Nu Skin Japan Co., Ltd. ("NSJ"), Lenders and Agent, Lenders have agreed to extend certain credit facilities to NSE and NSJ (collectively, "Borrowers") upon the terms and subject to the conditions set forth therein.

B. Lenders' obligations to extend the credit facilities to Borrowers under the Credit Agreement are subject, among other conditions, to receipt by Agent of this Agreement, duly executed by NSE.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, NSE hereby agrees with Agent, for the ratable benefit of Lenders and Agent, as follows:

1. Definitions and Interpretation.

(a) Definitions. When used in this Agreement, the following terms shall have the following respective meanings:

"Agent" shall have the meaning given to that term in the introductory paragraph hereof.

"Collateral" shall have the meaning given to that term in Paragraph 2 hereof.

"Credit Agreement" shall have the meaning given to that term in Recital A hereof.

"Domestic Subsidiary" shall mean, at any time, each Subsidiary of NSE (a) which is created or organized in the United States or under the law of the United States or any state thereof or any territory thereof, (b) which was included as a member of NSE's affiliated group in NSE's most recent consolidated United States federal income tax return, or (c) the earnings of which were includible in the taxable income of NSE or any other Domestic Subsidiary (to the extent of NSE's or such other Domestic Subsidiary's ownership interest of such Subsidiary) in NSE's most recent consolidated United States federal income tax return.

"Equity Securities" of any Person shall mean (a) all common stock, preferred stock, participations, shares, partnership interests or other equity interests in and of such Person (regardless of how designated and whether or not voting or non-voting) and (b) all warrants, options and other rights to acquire any of the foregoing.

"Foreign Subsidiary" shall mean each Subsidiary of NSE which is not a Domestic Subsidiary, including, as of the date of this Agreement, the Subsidiaries of NSE set forth in Attachment 1 hereto.

"Foreign Subsidiary Non-Voting Shares" shall mean, with respect to any Foreign Subsidiary, Equity Securities issued by such Foreign Subsidiary which are not Foreign Subsidiary Voting Shares.

"Foreign Subsidiary Voting Shares" shall mean, with

respect to any Foreign Subsidiary, Equity Securities issued by such Foreign Subsidiary [having voting power to elect the members of the Board of Directors (or comparable body) of such Foreign Subsidiary].

"Lenders" shall have the meaning given to that term in the introductory paragraph hereof.

"Maximum Percentage" shall mean, with respect to the Foreign Subsidiary Voting Shares of any Foreign Subsidiary, the maximum percentage of such shares that can be pledged to Agent hereunder without increasing the gross income of NSE pursuant to Sections 951 or 956(c) of the IRC.

"NSE" shall have the meaning given to that term in the introductory paragraph hereof.

"Obligations" shall mean and include all loans, advances, debts, liabilities, and obligations, howsoever arising, owed by NSE to Agent or any Lender of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money) individual or joint and several, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising pursuant to the terms of the Credit Documents, including all interest, fees, charges, expenses, attorneys' fees and accountants' fees chargeable to NSE or payable by NSE thereunder.

"Pledged Shares" shall mean collectively the Foreign Subsidiary Voting Shares and Foreign Subsidiary Non-Voting Shares pledged to Agent pursuant to Paragraph 2 hereof.

"Subsidiary" of any Person shall mean (a) any corporation of which more than 50% of the issued and outstanding Equity Securities having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries, (b) any partnership, joint venture, limited liability company or other association of which more than 50% of the equity interest having the power to vote, direct or control the management of such partnership, joint venture or other association is at the time owned and controlled by such Person, by such Person and one or more of the other Subsidiaries or by one or more of such Person's other Subsidiaries or (c) any other Person included in the Financial Statements of such Person on a consolidated basis. (All references in this Agreement and the other Credit Documents to NSE and its Subsidiaries shall, unless otherwise indicated, include NSJ and its Subsidiaries.)

"Taxes" shall have the meaning given to such term in Subparagraph 8(g).

"UCC" shall mean the Uniform Commercial Code as in effect in the State of California from time to time.

Unless otherwise defined herein, all other capitalized terms used herein and defined in the Credit Agreement shall have the respective meanings given to those terms in the Credit Agreement, and all terms defined in the UCC shall have the respective meanings given to those terms in the UCC.

(b) Other Interpretive Provisions. The rules of construction set forth in Section I of the Credit Agreement shall, to the extent not inconsistent with the terms of this Agreement, apply to this Agreement and are hereby incorporated by reference.

2. Pledge. As security for the Obligations, NSE hereby pledges and assigns to Agent (for the ratable benefit of Lenders and Agent) and grants to Agent (for the ratable benefit of Lenders and Agent) a security interest in all right, title and interest of NSE in and to the property described in subparagraphs (a) - - (d) below, whether now owned or hereafter acquired (collectively and severally, the "Collateral"):

(a) Sixty-six percent (or, if the Maximum Percentage shall change after the date hereof, the Maximum Percentage) of all Foreign Subsidiary Voting Shares of each Foreign Subsidiary owned directly by NSE (including the Foreign Subsidiary Voting Shares described in Attachment 1 hereto), whether certificated or uncertificated;

(b) All of the Foreign Subsidiary Non-Voting Shares of each Foreign Subsidiary owned directly by NSE (including the Foreign Subsidiary Non-Voting Shares described in Attachment 1 hereto), whether certificated or uncertificated;

(c) All dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed or distributable in respect of or in exchange for any of the property described in subparagraph (a) or (b) above; and

(d) All proceeds of the foregoing.

3. Representations and Warranties. NSE represents and warrants to Lenders and Agent as follows:

(a) NSE is the record legal and beneficial owner of the Collateral (or, in the case of after-acquired Collateral, at the time NSE acquires rights in the Collateral, will be the record legal and beneficial owner thereof). No other Person has (or, in the case of after-acquired Collateral, at the time NSE acquires rights therein, will have) any right, title, claim or interest (by way of Lien, purchase option or otherwise) in, against or to the Collateral.

(b) Agent has (or in the case of after-acquired Collateral, at the time NSE acquires rights therein, will have) a first priority perfected security interest in the Collateral.

(c) All Pledged Shares have been (or in the case of after-acquired Pledged Shares, at the time NSE acquires rights therein, will have been) duly authorized, validly issued and fully paid and are (or in the case of after-acquired Pledged Shares, at the time NSE acquires rights therein, will be) non-assessable.

(d) NSE has delivered to Agent, together with all necessary stock powers, endorsements, assignments and other necessary instruments of transfer, the originals of all Pledged Shares, other certificated securities, other Collateral and all certificates, instruments and other writings evidencing the same.

(e) Set forth in Attachment 1 hereto is a true, complete and accurate list, as of the date of this Agreement, of all Foreign Subsidiaries and all Foreign Subsidiary Voting Shares and all Foreign Subsidiary Non-Voting Shares.

4. Covenants. NSE hereby agrees as follows:

(a) NSE, at NSE's expense, shall promptly procure, execute and deliver to Agent all documents, instruments and agreements and perform all acts which are necessary or desirable, or which Agent may request, to establish, maintain, preserve, protect and perfect the Collateral, the Lien granted to Agent therein and the first priority of such Lien or to enable Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the preceding sentence, NSE shall (i) procure, execute and deliver to Agent all stock powers, endorsements, assignments, financing statements and other instruments of transfer requested by Agent, (ii) deliver to Agent promptly upon receipt the originals of all Pledged Shares, other certificated securities, other Collateral and all certificates, instruments and other writings evidencing the same and (iii) cause the Lien of Agent to be recorded or registered in the books of any financial intermediary or clearing corporation requested by Agent.

(b) NSE shall pay promptly when due all taxes and other Governmental Charges, all Liens and all other charges now or hereafter imposed upon, relating to or affecting any Collateral.

(c) NSE shall appear in and defend any action or proceeding which may affect its title to or Agent's interest in the Collateral.

(d) NSE shall not surrender or lose possession of (other than to Agent), sell, encumber, lease, rent, option, or otherwise dispose of or transfer any Collateral or right or interest therein except as permitted in the Credit Agreement, and, notwithstanding any provision of the Credit Agreement, NSE shall keep the Collateral free of all Liens.

5. Voting Rights and Dividends Prior to Default. Unless an Event of Default has occurred and is continuing:

(a) NSE may exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Pledged Shares or any part thereof; provided, however, that NSE shall not exercise or refrain from exercising any such rights where the consequence of such action or inaction would be (i) to impair any Collateral, the Lien granted to Agent therein, the first priority of such Lien or Agent's rights and remedies hereunder with respect to any Collateral or (ii) otherwise inconsistent with the terms of this Agreement and the other Credit Documents.

(b) NSE may receive and retain all dividends and interest paid in cash in respect of the Pledged Shares, except for any such dividends and interest paid in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in-surplus. NSE shall promptly deliver to Agent to hold as Collateral all dividends and interest which NSE is not entitled to receive and retain pursuant to the preceding sentence, in the same form as so received (with any necessary endorsement), and, until so delivered, shall hold such dividends and interest in trust for the benefit of Agent, segregated from the other property or funds of NSE.

6. Authorized Action by Agent. NSE hereby irrevocably appoints Agent as its attorney-in-fact and agrees that Agent may perform (but Agent shall not be obligated to and shall incur no liability to NSE or any third party for failure so to do) any act which NSE is obligated by this Agreement to perform, and to exercise such rights and powers as NSE might exercise with respect to the Collateral, including, without limitation, the right to (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral; (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral; (c) insure, process, preserve and enforce the Collateral; (d) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; (e) pay any Indebtedness of NSE relating to the Collateral; and (f) execute UCC financing statements and other documents,

instruments and agreements required hereunder; provided, however, that Agent may exercise such powers only after the occurrence and during the continuance of an Event of Default. NSE agrees to reimburse Agent upon demand for all reasonable and documented costs and expenses, including reasonable and documented attorneys' fees, Agent may incur while acting as NSE's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. NSE agrees that such care as Agent gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Agent's possession; provided, however, that Agent shall not be required to make any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any prior party or any other Person in connection with the Obligations or with respect to the Collateral.

7. Events of Default.

(a) Event of Default. NSE shall be deemed in default under this Agreement upon the occurrence and during the continuance of an Event of Default, as that term is defined in the Credit Agreement.

(b) Voting Rights and Dividends. Upon the occurrence and during the continuance of an Event of Default:

(i) All rights of NSE to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to subparagraph 5(a) hereof and to receive the dividends and interest payments which it would otherwise be authorized to receive and retain pursuant to subparagraph 5(a) hereof shall cease and all such rights shall thereupon become vested in Agent which shall thereupon have the sole right, but not the obligation, to exercise such voting and other consensual rights and to receive and hold as Collateral such dividends and interest payments.

(ii) NSE shall promptly deliver to Agent to hold as Collateral all dividends and interest received by NSE after the occurrence and during the continuance of any Event of Default, in the same form as so received (with any necessary endorsement), and, until so delivered, shall hold such dividends and interest in trust for the benefit of Agent, segregated from the other property or funds of NSE.

(c) Other Rights and Remedies. In addition to all other rights and remedies granted to Agent by this Agreement, the Credit Agreement, the other Credit Documents, the UCC and other applicable Governmental Rules, Agent may, upon the occurrence and during the continuance of any Event of Default, exercise any one or more of the following rights and remedies: (i) collect, receive, appropriate or realize upon the Collateral or otherwise foreclose or enforce Agent's security interests in any or all Collateral in any manner permitted by applicable Governmental Rules or in this Agreement; (ii) notify any or all issuers of or transfer or paying agents for the Collateral or any applicable clearing corporation, financial intermediary or other Person to register the Collateral in the name of Agent or its nominee and/or to

pay all dividends, interest and other amounts payable in respect of the Collateral directly to Agent; (iii) sell or otherwise dispose of any or all Collateral at one or more public or private sales, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on such terms and in such manner as Agent may determine; and (iv) require NSE to assemble all records and information relating to the Collateral and make it available to Agent at a place to be designated by Agent. In any case where notice of any sale or disposition of any Collateral is required, NSE hereby agrees that seven (7) days notice of such sale or disposition is reasonable.

(d) Securities Laws.

(i) NSE acknowledges and recognizes that Agent may be unable to effect a public sale of all or a part of the Pledged Shares and may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obligated to agree, among other things, to acquire the Pledged Shares for their own account, for investment and not with a view to the distribution or resale thereof. NSE acknowledges that any such private sales may be at prices and on terms less favorable to Agent than those of public sales, and agrees that such private sales shall be deemed to have been made in a commercially reasonable manner and that Agent has no obligation to delay sale of any Pledged Shares to permit the issuer thereof to register it for public sale under the Securities Act of 1933, as amended, or under any state securities law.

(ii) Upon the occurrence and during the continuance of an Event of Default and at Agent's request, NSE shall, and shall cause all issuers of Collateral and all officers and directors thereof and all other necessary Persons to, execute and deliver all documents, instruments and agreements and perform all other acts necessary or, in the opinion of Agent, advisable to sell the Collateral in any public or private sale, including any acts requested by Agent to (A) register any Collateral under the Securities Act of 1933, (B) qualify any Collateral under any state securities or "Blue Sky" laws or (C) otherwise permit any such sale to be made in full compliance with all applicable Governmental Rules.

8. Miscellaneous.

(a) Notices. Except as otherwise specified herein, all notices, requests, demands, consents, instructions or other communications to or upon NSE or Agent under this Agreement shall be given as provided in Paragraph 8.01 of the Credit Agreement.

(b) Waivers; Amendments. Any term, covenant, agreement or condition of this Agreement may be amended or waived only as provided in the Credit Agreement. No failure or delay by Agent or any Lender in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right. Unless otherwise specified in any such waiver or consent, a waiver or consent given hereunder shall be effective only in the specific instance and for the specific purpose for which given.

(c) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Agent, Lenders, NSE and their respective successors and assigns; provided, however, that NSE may not assign or transfer any of its rights and obligations under this Agreement without the prior written consent of Agent and Lenders, and, provided, further, that Agent or any Lender may sell, assign and delegate their respective rights and obligations hereunder only as permitted by the Credit Agreement. All references in this Agreement to any Person shall be deemed to include all permitted successors and assigns of such Person.

(d) Cumulative Rights, etc. The rights, powers and remedies of Agent and Lenders under this Agreement shall be in addition to all rights, powers and remedies given to Agent and Lenders by virtue of any applicable law, rule or regulation of any Governmental Authority, the Credit Agreement, any other Credit Document or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Agent's or any Lender's rights hereunder. NSE waives any right to require Agent or any Lender to proceed against any Person or to exhaust any Collateral or to pursue any remedy in Agent's or such Lender's power.

(e) Partial Invalidity. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

(f) Cumulative Rights, etc. The rights, powers and remedies of Agent and Lenders under this Agreement shall be in addition to all rights, powers and remedies given to Agent and Lenders by virtue of any applicable Governmental Rule, the Credit Agreement, any other Credit Document or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Agent's rights hereunder. NSE waives any right to require Agent or any Lender to proceed against any Person or to exhaust any Collateral or to pursue any remedy in Agent's or such Lender's power.

(g) Payments Free of Taxes. All payments made by NSE under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, all present and future income, stamp, documentary and other taxes and duties, and all other levies, imposts, charges, fees, deductions and withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (except net income taxes and franchise taxes in lieu of net income taxes imposed on Agent or any Lender by its jurisdiction of incorporation or the jurisdiction in which its Applicable Lending Office is located) (all such non-excluded taxes, duties, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). If any Taxes are required to be withheld from any amounts payable to Agent or any Lender hereunder, the amounts so payable to Agent or such Lender shall be increased to the extent necessary to yield to Agent or such Lender (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in

the amounts specified in this Agreement or the other Credit Documents, as applicable. Whenever any Taxes are payable by NSE, as promptly as possible thereafter, NSE shall send to Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by NSE showing payment thereof. If NSE fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to Agent the required receipts or other required documentary evidence, NSE shall indemnify Agent and Lenders for any taxes (including interest or penalties) that may become payable by Agent or any Lender as a result of any such failure. The obligations of NSE under this Subparagraph 8(g) shall survive the payment and performance of the Obligations and the termination of this Agreement. Nothing contained in this Subparagraph 8(g) shall require Agent or any Lender to make available any of its tax returns (or any other information relating to its taxes which it deems to be confidential).

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to conflicts of law rules (except to the extent otherwise provided in the UCC).

[The signature page follows.]

IN WITNESS WHEREOF, NSE has caused this Agreement to be executed as of the day and year first above written.

NU SKIN ENTERPRISES, INC.

By: _____
Name: _____
Title: _____

NSE GUARANTY

THIS GUARANTY, dated as of May [A], 1998, is executed by NU SKIN ENTERPRISES, INC., a Delaware corporation ("NSE"), in favor of ABN AMRO BANK N.V., acting as agent (in such capacity, and each successor thereto in such capacity, "Agent") for the financial institutions which are from time to time parties to the Credit Agreement referred to in Recital A below (collectively, "Lenders").

RECITALS

A. Pursuant to a Credit Agreement dated as of May 8, 1998 (as amended from time to time, the "Credit Agreement"), among NSE, Nu Skin Japan Co., Ltd. ("NSJ"), Lenders and Agent, Lenders have agreed to extend certain credit facilities to NSE and NSJ (collectively, "Borrowers") upon the terms and subject to the conditions set forth therein. NSJ is a wholly-owned Subsidiary of NSE.

B. Lenders' obligations to extend the credit facilities to Borrowers under the Credit Agreement are subject, among other conditions, to receipt by Agent of this Guaranty, duly executed by NSE.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, NSE hereby agrees with Agent, for the ratable benefit of Lenders and Agent, as follows:

1. Definitions and Interpretation.

(a) Definitions. When used in this Guaranty, the following terms shall have the following respective meanings:

"Agent" shall have the meaning given to that term in the introductory paragraph hereof.

"Borrowers" shall have the meaning given to that term in the Recital A hereof.

"Credit Agreement" shall have the meaning given to that term in the Recital A hereof.

"Debtor Relief Proceeding" shall mean any suit, action, case or other proceeding commenced by, against or for NSJ or NSE or its property seeking the dissolution, liquidation, reorganization, rearrangement or other relief of NSJ or NSE or its debts under any applicable bankruptcy, insolvency or debtor relief law or other similar Governmental Rule now or hereafter in effect or seeking the appointment of a receiver, trustee, liquidator, custodian or other similar official for NSJ or NSE or any substantial part of its property or any general assignment by NSJ or NSE for the benefit of its creditors, whether or not any such suit, action, case or other proceeding is voluntary or involuntary.

"Disallowed Post-Commencement Interest and Expenses" shall mean interest computed at the rate provided in the Credit Agreement and claims for reimbursement, costs, expenses or indemnities under the terms of any of the Credit Documents accruing or claimed at any time after the commencement of any Debtor Relief Proceeding, if the claim for such interest, reimbursement, costs, expenses or indemnities is not allowable, allowed or enforceable against NSJ in such Debtor Relief Proceeding.

"Guaranteed Obligations" shall mean and include all loans, advances, debts, liabilities, and obligations, howsoever arising, owed by NSJ to Agent or any Lender of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), individual or joint and several, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising pursuant to the terms of the Credit Documents,

including all interest, fees, charges, expenses, attorneys' fees and accountants' fees chargeable to NSJ or payable by NSJ thereunder.

"Lenders" shall have the meaning given to that term in the introductory paragraph hereof.

"NSE" shall have the meaning given to that term in the introductory paragraph hereof.

"NSJ" shall have the meaning given to that term in the Recital A hereof.

"Subordinated Obligations" shall have the meaning given to that term in Paragraph 4 hereof.

"Taxes" shall have the meaning given to such term in Subparagraph 5(h).

Unless otherwise defined herein, all other capitalized terms used herein and defined in the Credit Agreement shall have the respective meanings given to those terms in the Credit Agreement.

(b) Other Interpretive Provisions. The rules of construction set forth in Section I of the Credit Agreement shall, to the extent not inconsistent with the terms of this Guaranty, apply to this Guaranty and are hereby incorporated by reference.

2. Guaranty.

(a) Payment Guaranty. NSE unconditionally guarantees and promises to pay and perform as and when due, whether at stated maturity, upon acceleration or otherwise, any and all of the Guaranteed Obligations. If any Debtor Relief Proceeding relating to NSJ is commenced, NSE further unconditionally guarantees and promises to pay and perform, upon the demand of Agent, any and all of the Guaranteed Obligations (including any and all Disallowed Post-Commencement Interest and Expenses) in accordance with the terms of the Credit Documents, whether or not such obligations are then due and payable by NSJ and whether or not such obligations are modified, reduced or discharged in such Debtor Relief Proceeding. This Guaranty is a guaranty of payment and not of collection.

(b) Continuing Guaranty. This Guaranty is an irrevocable continuing guaranty of the Guaranteed Obligations which shall continue in effect until all obligations of Lenders to extend credit to NSJ have terminated and all of the Guaranteed Obligations have been fully paid. If any payment on any Guaranteed Obligation is set aside, avoided or rescinded or otherwise recovered from Agent or any Lender, such recovered payment shall constitute a Guaranteed Obligation hereunder and, if this Guaranty was previously released or terminated, it automatically shall be fully reinstated, as if such payment was never made.

(c) Independent Obligation. The liability of NSE hereunder is independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against NSE irrespective of whether action is brought against NSJ or any other guarantor of the Guaranteed Obligations or whether NSJ or any other guarantor of the Guaranteed Obligations is joined in any such action or actions.

(d) Fraudulent Transfer Limitation. If, in any action to enforce this Guaranty, any court of competent jurisdiction determines that enforcement against NSE for the full amount of the Guaranteed Obligations is not lawful under or would be subject to avoidance under Section 548 of the United States Bankruptcy Code or any applicable provision of any comparable law of any state or other jurisdiction, the liability of NSE under this Guaranty shall be limited to the maximum amount lawful and not subject to such avoidance.

(e) Termination. Notwithstanding any termination of this Guaranty in accordance with Paragraph 3 hereof, this Guaranty shall continue to be in full force and effect and applicable to any Guaranteed Obligations arising thereafter which arise because prior payments of Guaranteed Obligations are rescinded or otherwise required to be surrendered by Agent or any Lender after receipt.

3. Authorizations, Waivers, Etc.

(a) Authorizations. NSE authorizes Agent and Lenders, in their discretion, without notice to NSE, irrespective of any change in the financial condition of NSJ, NSE or any other guarantor of the Guaranteed Obligations since the date hereof, and without affecting or impairing in any way the liability of NSE hereunder, from time to time to:

(i) Create new Guaranteed Obligations and renew, compromise, extend, accelerate or otherwise change the time for payment or performance of, or otherwise amend or modify the Credit Documents or change the terms of the Guaranteed Obligations or any part thereof, including increase or decrease of the rate of interest thereon;

(ii) Take and hold security for the payment or performance of the Guaranteed Obligations and exchange, enforce, waive or release any such security; apply such security and direct the order or manner of sale thereof; and purchase such security at public or private sale;

(iii) Otherwise exercise any right or remedy they may have against NSJ, NSE, any other guarantor of the Guaranteed Obligations or any security, including, without limitation, the right to foreclose upon any such security by judicial or nonjudicial sale;

(iv) Settle, compromise with, release or substitute any one or more makers, endorsers or guarantors of the Guaranteed Obligations; and

(v) Assign the Guaranteed Obligations, this Guaranty or the other Credit Documents in whole or in part to the extent provided in the Credit Agreement and the other Credit Documents.

(b) Waivers. NSE hereby waives:

(i) Any right to require Agent or any Lender to (A) proceed against NSJ or any other guarantor of the Guaranteed Obligations, (B) proceed against or exhaust any security received from NSJ, NSE or any other guarantor of the Guaranteed Obligations or otherwise marshal the assets of NSJ, NSE or any other guarantor of the Guaranteed Obligations or (C) pursue any other remedy in Agent's or any Lender's power whatsoever;

(ii) Any defense arising by reason of the application by NSJ of the proceeds of any borrowing;

(iii) Any defense resulting from the absence, impairment or loss of any right of reimbursement, subrogation, contribution or other right or remedy of NSE against NSJ, any other guarantor of the Guaranteed Obligations or any security, whether resulting from an election by Agent or any Lender to foreclose upon security by nonjudicial sale, or otherwise;

(iv) Any setoff or counterclaim of NSJ or any defense which results from any disability or other defense of NSJ or the cessation or stay of enforcement from any cause whatsoever of the liability of NSJ (including, without limitation, the lack of validity or enforceability of any of the Credit Documents);

(v) Any defense based upon any law, rule or regulation which provides that the obligation of a surety must not be greater or more burdensome than the obligation of the principal;

(vi) Until all obligations of Agent or any Lender to extend credit to NSJ have terminated and all of the Guaranteed Obligations have been fully paid, any right of subrogation, reimbursement, indemnification or contribution and other similar right to enforce any remedy which Agent, Lenders or any other Person now has or may hereafter have against NSJ on account of the Guaranteed Obligations, and any benefit of, and any right to participate in, any security now or hereafter received by Agent, any Lender or any other Person on account of the Guaranteed Obligations;

(vii) All presentments, demands for performance, notices of non-performance, notices delivered under the Credit Documents, protests, notice of dishonor, and notices of acceptance of this Guaranty and of the existence, creation or incurring of new or additional Guaranteed Obligations and notices of any public or private foreclosure sale;

(viii) The benefit of any statute of limitations to the extent permitted by law;

(ix) Any appraisalment, valuation, stay, extension, moratorium redemption or similar law or similar rights for marshalling;

(x) Any right to be informed by Agent or any Lender of the financial condition of NSJ or any other guarantor of the Guaranteed Obligations or any change therein or any other circumstances bearing upon the risk of nonpayment or nonperformance of the Guaranteed Obligations;

(xi) Until all obligations of Agent or any Lender to extend credit to NSJ have terminated and all of the Guaranteed Obligations have been fully paid, any right to revoke this Guaranty;

(xii) Any defense arising from an election for the application of Section 1111(b)(2) of the United States Bankruptcy Code which applies to the Guaranteed Obligations;

(xiii) Any defense based upon any borrowing or grant of a security interest under Section 364 of the United States Bankruptcy Code; and

(xiv) Any right it may have to a fair value hearing to determine the size of a deficiency judgment following any foreclosure on any security for the Guaranteed Obligations.

Without limiting the scope of any of the foregoing provisions of this Paragraph 3, NSE hereby further waives (A) all rights and defenses arising out of an election of remedies by Agent or any Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a Guaranteed Obligation, has destroyed NSE's rights of subrogation and reimbursement against NSJ by the operation of Section 580d of the Code of Civil Procedure or otherwise, (B) all rights and defenses NSE may have by reason of protection afforded to NSJ with respect to the Guaranteed Obligations pursuant to the antideficiency or other laws of California limiting or discharging the Guaranteed Obligations, including, without limitation, Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure, and (C) all other rights and defenses available to NSE by reason of Sections 2787 to 2855, inclusive, Section 2899 or Section 3433 of the California Civil Code or Section 3605 of the California Commercial Code.

(c) Financial Condition of NSJ, Etc. NSE is fully aware of the financial condition and affairs of NSJ. NSE has executed this Guaranty without reliance upon any representation, warranty, statement or information concerning NSJ furnished to NSE by Agent or any Lender and has, independently and without reliance on Agent or any Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of the financial condition and affairs of NSJ and of other circumstances affecting the risk of nonpayment or nonperformance of the Guaranteed Obligations. NSE is in a position to obtain, and assumes full responsibility for obtaining, any additional information about the financial condition and affairs of NSJ and of other circumstances affecting the risk of nonpayment or nonperformance of the Guaranteed Obligations and will, independently and without reliance upon Agent or any Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own appraisals and decisions in taking or not taking action in connection with this Guaranty.

4. Subordination. NSE hereby subordinates any and all debts, liabilities and obligations owed to NSE by NSJ (the "Subordinated Obligations") to the Guaranteed Obligations as provided in this Paragraph 4.

(a) Prohibited Payments, Etc. Except during the continuance of a Default (including the commencement and continuation of any Debtor Relief Proceeding relating to NSJ), NSE may receive regularly scheduled payments from NSJ on account of Subordinated Obligations. After the occurrence and during the continuance of any Default (including the commencement and continuation of any Debtor Relief Proceeding relating to NSJ), however, unless Agent otherwise agrees, NSE shall not demand, accept or take any action to collect any payment on account of the Subordinated Obligations.

(b) Prior Payment of Guaranteed Obligations. In any Debtor Relief Proceeding relating to NSJ, NSE agrees that Agent and Lenders shall be entitled to receive payment of all Guaranteed Obligations (including any and all Disallowed Post-Commencement Interest and Expenses) before NSE receives payment of any Subordinated Obligations.

(c) Turn-Over. After the occurrence and during the continuance of any Default (including the commencement and continuation of any Debtor Relief Proceeding relating to NSJ), NSE shall, if Agent so requests, collect, enforce and receive payments on account of the Subordinated Obligations as trustee for Agent and Lenders and deliver such payments to Agent on account of the Guaranteed Obligations (including any and all Disallowed Post-Commencement Interest and Expenses), together with any necessary endorsements or other instruments of transfer, but without reducing or affecting in any manner the liability of NSE under the other provisions of this Guaranty.

(d) Agent Authorization. After the occurrence and during the continuance of any Default (including the commencement and continuation of any Debtor Relief Proceeding relating to NSJ), Agent is authorized and empowered (but without any obligation to so do), in its discretion, (i) in the name of NSE to collect and enforce, and to submit claims in respect of, Subordinated Obligations and to apply any amounts received thereon to the Guaranteed Obligations (including any and all Disallowed Post-Commencement Interest and Expenses), and (ii) to require NSE (A) to collect and enforce, and to submit claims in respect of, Subordinated Obligations and (B) to pay any amounts received on such obligations to Agent for application to the Guaranteed Obligations (including any and all Disallowed Post-Commencement Interest and Expenses).

5. Miscellaneous.

(a) Notices. Except as otherwise specified herein, all notices, requests, demands, consents, instructions or other communications to or upon NSE or Agent under this Agreement shall be given as provided in Paragraph 8.01 of the Credit Agreement.

(b) Payments.

(i) NSE shall make all payments of the Guaranteed Obligations to Agent, or its order, at the office of Agent and at the times specified in the Credit Documents for the payment of such Guaranteed Obligations. NSE shall make all other payments hereunder at such office as Agent may designate. Each payment shall be made in same day or immediately available funds not later than 11:00 a.m. (local time of the office of Agent at which such payment is to be made) on the date due.

(ii) NSE shall make all payments of the Guaranteed Obligations hereunder in the currency in which such Guaranteed Obligations are required to be paid by NSJ pursuant to the Credit Documents and shall make all other payments hereunder in Dollars; provided, however, that, if Agent shall request NSE to pay any amount hereunder which would otherwise be payable in another currency in the lawful currency of the United States, NSE shall pay to Agent the Dollar Equivalent of such amount.

(iii) If any sum due from NSE under this Guaranty or any other Credit Document to which NSE is a party or any order, judgment or award given or rendered in relation hereto or thereto has to be converted from the currency (the "first currency") in which the same is payable hereunder or thereunder into another currency (the "second currency") for the purpose of (A) making or filing a claim or proof against NSE with any Governmental Authority, (B) obtaining an order or judgment in any court or other tribunal or (C) enforcing any order or judgment given or made in relation hereto, NSE shall, to the fullest extent permitted by law, indemnify and hold harmless each of the Persons to whom such sum is due from and against any loss suffered as a result of any discrepancy between (1) the rate of exchange used for such purpose to convert the amounts in question from the first currency into the second currency and (2) the rate or rates of exchange at which such Person may, using reasonable efforts in the ordinary course of business, purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. The foregoing indemnity shall constitute a separate obligation of NSE distinct from its other obligations hereunder and shall survive the giving or making of any judgment or order in relation to all or any of such obligations.

(iv) If any amounts required to be paid by NSE under this Guaranty or any order, judgment or award given or rendered in relation hereto remain unpaid after such amounts are due, NSE shall pay interest on the aggregate, outstanding balance of such amounts from the date due until those amounts are paid in full at a per annum rate equal to:

(A) In the case of amounts payable in Dollars, the Base Rate plus two percent (2.00%), such rate to change from time to time as the Base Rate shall change.

(B) In the case of amounts payable in Yen, the Overnight Rate plus two percent (2.00%), such rate to change from time to time as the Overnight Rate shall change.

(c) Expenses. NSE shall pay on demand (i) all reasonable and documented fees and expenses, including reasonable attorneys' fees and expenses, incurred by Agent in connection with the preparation, execution and delivery of, and the exercise of its duties under, this Guaranty and the preparation, execution and delivery of amendments and waivers hereunder and (ii) all reasonable and documented fees and expenses, including reasonable attorneys' fees and expenses, incurred by Agent and Lenders in connection with the enforcement or attempted enforcement of this Guaranty or any of the Guaranteed Obligations or in preserving any of Agent's or Lenders' rights and remedies (including, without limitation, all such fees and expenses incurred in connection with any "workout" or restructuring affecting the Credit Documents or the Guaranteed Obligations or any bankruptcy or similar proceeding involving NSE, NSJ or any of their affiliates).

(d) Waivers; Amendments. This Guaranty may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by NSE and Agent. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given. No failure or delay on Agent's or any Lender's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(e) Successors and Assigns. This Guaranty shall be binding upon and inure to the benefit of Agent, Lenders, NSE and their respective successors and assigns; provided, however, that NSE may not assign or transfer any of its rights and obligations under this Guaranty without the prior written consent of Agent and Lenders, and, provided, further, that Agent or any Lender may sell, assign and delegate their respective rights and obligations hereunder only as permitted by the Credit Agreement. All references in this Guaranty to any Person shall be deemed to include all permitted successors and assigns of such Person.

(f) Cumulative Rights, etc. The rights, powers and remedies of Agent and Lenders under this Guaranty shall be in addition to all rights, powers and remedies given to Agent and Lenders by virtue of any applicable law, rule or regulation of any Governmental Authority, the Credit Agreement, any other Credit Document or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Agent's or any Lender's rights hereunder. NSE waives any right to require Agent or any Lender to proceed against any Person or to exhaust any Collateral or to pursue any remedy in Agent's or such Lender's power.

(g) Setoff; Security Interest.

(i) In addition to any rights and remedies of Lenders provided by law, each Lender shall have the right, with the prior consent of Agent but without prior notice to or consent of NSE, any such notice and consent being expressly waived by NSE to the extent permitted by applicable law, upon the occurrence and during the continuance of an Event of Default, to set-off and apply against the obligations of NSE any amount owing from such Lender to NSE. The aforesaid right of set-off may be exercised by such Lender against NSE or against any trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor of NSE or against anyone else claiming through or against NSE or such trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off may not have been exercised by such Lender at any prior time. Each Lender agrees promptly to notify NSE after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

(ii) As security for the obligations of NSE hereunder, NSE hereby grants to Agent and each Lender, for the benefit of all Lenders, a continuing security interest in any and all deposit accounts or moneys of NSE now or hereafter maintained with such Lender. Each Lender shall have all of the rights of a secured party with respect to such security interest.

(h) Payments Free of Taxes. All payments made by NSE under this Guaranty shall be made free and clear of, and without deduction or withholding for or on account of, all present and future income, stamp, documentary and other taxes and duties, and all other levies, imposts, charges, fees, deductions and withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (except net income taxes and franchise taxes in lieu of net income taxes imposed on Agent or any Lender by its jurisdiction of incorporation or the jurisdiction in which its Applicable Lending Office is located) (all such non-excluded taxes, duties, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). If any Taxes are required to be withheld from any amounts payable to Agent or any Lender hereunder, ----- the amounts so payable to Agent or such Lender shall be increased to the extent necessary to yield to Agent or such Lender (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Guaranty or the other Credit Documents, as applicable. Whenever any Taxes are payable by NSE, as promptly as possible thereafter, NSE shall send to Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by NSE showing payment thereof. If NSE fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to Agent the required receipts or other required documentary evidence, NSE shall indemnify Agent and Lenders for any taxes (including interest or penalties) that may become payable by Agent or any Lender as a result of any such failure. The obligations of NSE under this Subparagraph 5(h) shall survive the payment and performance of the Guaranteed Obligations and the termination of this Guaranty. Nothing contained in this Subparagraph 5(h) shall require Agent or any Lender to make available any of its tax returns (or any other information relating to its taxes which it deems to be confidential).

(i) Partial Invalidity. If at any time any provision of this Guaranty is or becomes illegal, invalid or unenforceable in any respect under the law or any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Guaranty nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

(j) Jury Trial. EACH OF NSE, LENDERS AND AGENT, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS GUARANTY.

(k) Governing Law, Consent to Jurisdiction, Etc.

(i) This Guaranty shall be governed by and construed in accordance with the laws of the State of California without reference to conflicts of law rules.

(ii) NSE irrevocably submits to the non-exclusive jurisdiction of the courts of the State of California and the courts of the United States of America located in the Northern District of California and agrees that any legal action, suit or proceeding arising out of or relating to this Guaranty or any of the other Credit Documents may be brought against such party in any such courts. Final judgment against NSE in any such action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the judgment, or in any other manner provided by law. Nothing in this Subparagraph 5(k) shall affect the right of Agent or any Lender to commence legal proceedings or otherwise sue NSE in any other appropriate jurisdiction, or concurrently in more than one jurisdiction, or to serve process, pleadings and other papers upon NSE in any manner authorized by the laws of any such jurisdiction. NSE agrees that process served either personally or by registered mail shall, to the extent permitted by law, constitute adequate service of process in any such suit. Without limiting the foregoing, NSE hereby appoints, in the case of any such action or proceeding brought in the courts of or in the State of California, CT Corporation, with offices on the date hereof at 818 West Seventh Street, Los Angeles, California 90017, to receive for it and on its behalf, service of process in the State of California with respect thereto, provided NSE may appoint any other person, reasonably acceptable to Agent, with offices in the State of California to replace such agent for service of process upon delivery to Agent of a reasonably acceptable agreement of such new agent agreeing so to act. NSE irrevocably waives to the fullest extent permitted by applicable law (A) any objection which it may have now or in the future to the laying of the venue of any such action, suit or proceeding in any court referred to in the first sentence above; (B) any claim that any such action, suit or proceeding has been brought in an inconvenient forum; (C) its right of removal of any matter commenced by any other party in the courts of the State of California to any court of the United States of America; (D) any immunity which it or its assets may have in respect of its obligations under this Agreement or any other Credit Document from any suit, execution, attachment (whether provisional or final, in aid of execution, before judgment or otherwise) or other legal process; and (E) any right it may have to require the moving party in any suit, action or proceeding brought in any of the courts referred to above arising out of or in connection with this Agreement or any other Credit Document to post security for the costs of NSE or to post a bond or to take similar action.

[The first signature page follows.]

IN WITNESS WHEREOF, NSE has caused this Guaranty to be executed as of the day and year first above written.

NU SKIN ENTERPRISES, INC.

By: /s/ Steven J. Lund
Name: Steven J. Lund
Title: President and CEO

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JUN-30-1998	
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0
0
138,315
40,277
85,946
0
0
0
85,946
1.03
.99

	6-MOS
DEC-31-1997	
JUN-30-1997	163,911
	0
	10,621
	0
	71,787
305,220	65,556
	42,675
	366,204
168,690	0
0	2
	84
366,204	172,067
	470,119
470,119	95,864
	385,186
	0
	0
	0
	89,891
	25,718
55,736	0
	0
	0
	55,736
	.67
	.64

3-MOS
DEC-31-1997
MAR-31-1997
202,110
0
12,040
0
72,835
361,809
63,223
40,981
419,750
203,379
0
2
84
242,343
419,750
224,185
224,185
45,227
185,912
0
0
0
41,810
12,031
25,736
0
0
0
25,736
.31
.29

	YEAR
DEC-31-1996	
DEC-31-1996	214,823
	0
	10,460
	0
	59,285
322,161	62,471
	39,670
	380,482
259,603	0
0	2
	84
	104,146
380,482	761,638
	761,638
	171,187
	624,471
	0
	0
	0
	147,938
	49,526
84,712	0
	0
	0
	84,712
	1.07
	1.02