UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

NU SKIN ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**011-12421**	**87-0565309**
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identificaiton No.)

75 West Center Street
Provo, UT 84601
(Address of registrant as specified in its charter)

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

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 May 7, 2002, 33,557,991 shares of the Company's Class A Common Stock, $.001 par value per share, and 48,305,165 shares of the Company's Class B Common stock, $.001 par value per share, were outstanding.

NU SKIN ENTERPRISES, INC.

2002 FORM 10-Q QUARTERLY REPORT – FIRST QUARTER

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NU SKIN ENTERPRISES, INC.
Consolidated Balance Sheets
(in thousands, except share amounts)

	(Unaudited) March 31, 2002	December 31, 2001
ASSETS		
Current assets		
Cash and cash equivalents	$ 73,799	$ 75,923
Accounts receivable	22,980	19,318
Related parties receivable	11,977	12,961
Inventories, net	89,719	84,255
Prepaid expenses and other	37,069	45,404
	235,544	237,861
Property and equipment, net	55,571	57,355
Goodwill and other intangible assets, net (Note 7)	182,785	176,857
Other assets	108,706	110,279
Total assets	$ 582,606	$ 582,352
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 15,864	$ 14,733
Accrued expenses	59,073	63,493
Related parties payable	6,897	7,122
	81,834	85,348
Long-term debt	73,107	73,718
Other liabilities	43,431	43,396
Total liabilities	198,372	202,462
Stockholders' equity		
Class A common stock - 500,000,000 shares authorized, $.001 par value, 34,071,332 and 33,615,230 shares issued and outstanding	34	33
Class B common stock - 100,000,000 shares authorized, $.001 par value, 48,305,165 and 48,849,040 shares issued and outstanding	48	49
Additional paid-in capital	88,588	88,953
Retained earnings	348,306	340,340
Accumulated other comprehensive income (loss)	(52,742)	(49,485)
	384,234	379,890
Total liabilities and stockholders' equity	$ 582,606	$ 582,352

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 March 31, 2002	Three Months Ended March 31, 2001
Revenue	$ 216,079	$ 210,259
Cost of sales	44,084	42,515
Gross profit	171,995	167,744
Operating expenses		
Distributor incentives	82,833	81,834
Selling, general and administrative	68,689	72,898
Total operating expenses	151,522	154,732
Operating income	20,473	13,012
Other income (expense), net	(9)	6,959
Income before provision for income taxes	20,464	19,971
Provision for income taxes	7,572	7,389
Net income	$ 12,892	$ 12,582
Net income per share (Note 2):		
Basic	$ ...16	$ ...15

Diluted	$ ...16	$ ...15
Weighted average common shares outstanding:		
Basic	82,389	84,092
Diluted	83,167	84,934

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

NU SKIN ENTERPRISES, INC.
Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Cash flows from operating activities:		
Net income	$ 12,892	$ 12,582
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,184	7,898
Amortization of deferred compensation	—	579
Changes in operating assets and liabilities:		
Accounts receivable	(3,662)	(2,602)
Related parties receivable	984	508
Inventories, net	(5,464)	2,851
Prepaid expenses and other	8,335	(4,481)
Other assets, net	331	3,288
Accounts payable	1,131	(1,021)
Accrued expenses	(4,420)	(13,658)
Related parties payable	(225)	(958)
Other liabilities	35	1,109
Net cash provided by operating activities	15,121	6,095
Cash flows from investing activities:		
Purchase of property and equipment	(2,734)	(4,569)
Purchase of long-term asset (Note 10)	(4,830)	—
Net cash used in investing activities	(7,564)	(4,569)
Cash flows from financing activities:		
Exercise of distributor and employee stock options	55	24
Dividends	(4,926)	(3,969)
Repurchase of shares of common stock (Note 5)	(1,356)	(5,856)
Net cash used in financing activities	(6,227)	(9,801)
Effect of exchange rate changes on cash	(3,454)	(4,184)
Net decrease in cash and cash equivalents	(2,124)	(12,459)
Cash and cash equivalents, beginning of period	75,923	63,996
Cash and cash equivalents, end of period	$ 73,799	$ 51,537

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

NU SKIN ENTERPRISES, INC.
Notes to Consolidated Financial Statements

1. THE COMPANY

Nu Skin Enterprises, Inc. (the “Company”) is a leading, global direct selling company that develops and distributes premium-quality, innovative personal care products and nutritional supplements through a large network of independent distributors. The Company also distributes technology and telecommunications products and services through its distributors. The Company reports revenue from four

geographic regions: North Asia, which consists of Japan and South Korea; Southeast Asia, which consists of Australia, Hong Kong (including Macau), Malaysia, New Zealand, the PRC (China), the Philippines, Singapore, Taiwan and Thailand; North America, which consists of the United States and Canada; and Other Markets, which consists of the Company's markets in Brazil, Europe, Guatemala and Mexico (the Company's subsidiaries operating in these countries are collectively referred to as its "Subsidiaries").

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. The unaudited consolidated financial statements include the accounts of the Company and its Subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. 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 March 31, 2002 and for the three-month period ended March 31, 2002 and 2001. 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, 2001.

2. NET INCOME PER SHARE

Net income per share is computed based on the weighted average number of common shares outstanding during the periods presented. Additionally, diluted earnings per share data give effect to all dilutive potential common shares that were outstanding during the periods presented.

3. DIVIDENDS PER SHARE

In February 2002, the board of directors declared a quarterly cash dividend of $0.06 per share for all classes of common stock. This quarterly cash dividend of approximately $4.9 million was paid on March 27, 2002, to stockholders of record on March 8, 2002.

4. DERIVATIVE FINANCIAL INSTRUMENTS

The Company recognizes all derivatives as either assets or liabilities, with the instruments measured at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on the intended use of the derivative and its resulting designation.

The 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 through the use of foreign currency exchange contracts and through certain intercompany loans of foreign currency. The Company does not use such derivative financial instruments for trading or speculative purposes. The Company regularly monitors its foreign currency risks and periodically

takes measures to reduce the impact of foreign exchange fluctuations on the Company's operating results. Gains and losses on certain intercompany loans of foreign currency are recorded as other income and expense in the consolidated statements of income.

At March 31, 2002 and December 31, 2001, the Company held forward contracts designated as foreign currency cash flow hedges with notional amounts totaling approximately $86.5 million and $55.0 million, respectively, to hedge foreign currency intercompany items. All such contracts were denominated in Japanese yen. The net gains on foreign currency cash flow hedges recorded in current earnings were $2.3 million and $1.6 million for the three-month periods ended March 31, 2002 and 2001, respectively. Those contracts held at March 31, 2002 have maturities through April 2003 and accordingly, all unrealized gains on foreign currency cash flow hedges included in other comprehensive income at March 31, 2002 will be recognized in current earnings over the next twelve-month period.

5. REPURCHASE OF COMMON STOCK

During the three-month periods ended March 31, 2002 and 2001, the Company repurchased approximately 173,000 and 847,000 shares, respectively, of Class A common stock for approximately $1.4 million and $5.9 million, respectively.

6. COMPREHENSIVE INCOME

The components of comprehensive income, net of related tax, for the three-month periods ended March 31, 2002 and 2001, were as follows (in thousands):

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001

Net income	$ 12,892	$ 12,582
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(1,725)	(7,530)
Net unrealized gain on foreign currency cash flow hedges	35	3,992
Net gain reclassified into current earnings	(1,567)	(1,019)
Comprehensive income	$ 9,635	$ 8,025

7. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company adopted Statement of Financial Accounting Standards No. 142 *Goodwill and Other Intangible Assets* ("SFAS 142") effective January 1, 2002. Under the new standard, goodwill and indefinite life intangible assets are no longer amortized but are subject to annual impairment tests. Other intangible assets with finite lives, such as developed technology, will continue to be amortized over their useful lives. The transitional impairment tests were completed and did not result in an impairment charge.

In accordance with SFAS 142, prior period amounts were not restated. A reconciliation of the previously reported net income and earnings per share for the three months ended March 31, 2001 to the amounts adjusted for the reduction of amortization expense, net of the related income tax effect, is as follows:

	Net Income (in thousands)	Basic EPS	Diluted EPS
Reported	$ 12,582	$ ...15	$ ...15
Add: amortization adjustment	1,751	...02	...02
Adjusted	$ 14,333	$ ...17	$ ...17

Goodwill and other intangible assets as of March 31, 2002 consists of the following (in thousands):

Goodwill and other indefinite life assets	Carrying Amount
Goodwill	$ 121,672
Trademarks and tradenames	22,292
Marketing rights	11,954
Other	4,080
	$ 159,998

Other finite life intangible assets	Gross Carrying Amount	Accumulated Amortization
Developed technology	$ 22,500	$ 6,223
Other	11,462	4,952
	$ 33,962	$ 11,175

Amortization expense for developed technology and other finite life intangible assets was approximately $0.6 million for the three months ended March 31, 2002. Annual estimated amortization expense is expected to approximate $1.5 million for each of the five succeeding fiscal years.

8. SEGMENT INFORMATION

The Company operates by selling products to a global distributor network of distributors that operates in a seamless manner from market to market. The Company's largest expense is the cost of this distributor network and the Company manages its business, primarily, by managing this network. Accordingly, pursuant to SFAS 131, the Company believes that it operates a single operating segment. However, the Company does recognize revenue from sales to distributors in four geographic regions throughout the world: North Asia, Southeast Asia, North America and Other markets. Information as to the revenue of the Company in each of these regions is set forth below (in thousands):

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Revenue		
North Asia	$ 131,245	$ 129,959
Southeast Asia	43,157	30,785
North America	35,023	43,440
Other markets	6,654	6,075
Totals	$ 216,079	$ 210,259

Additional information as to the Company's operations in different geographical areas is set forth below (in thousands):

Revenue
Revenue from the Company's operations in Japan totaled $117,058 and $121,841 for the three-month periods ended March 31, 2002 and 2001, respectively. Revenue from the Company's operations in the United States totaled $33,217 and $41,811 for the three-month periods ended March 31, 2002 and 2001, respectively.

Long-lived assets
Long-lived assets in Japan were $18,452 and $18,863 as of March 31, 2002 and December 31, 2001, respectively. Long-lived assets in the United States were $297,029 and $293,854 as of March 31, 2002 and December 31, 2001, respectively.

9. NEW PRONOUNCEMENTS

In September 2001, the EITF issued EITF 01-09, "Accounting for Consideration Given by a Vendor to a Customer or Reseller of the Vendor's Products", which addresses the accounting for consideration given by a vendor to a customer or a reseller of the vendor's products. As the Company was previously reporting revenue in a manner consistent with this guidance, the adoption of EITF 01-09 did not have a significant effect on its financial statements.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations", which addresses the accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated retirement costs. SFAS 143 is effective January 1, 2003. The Company is currently evaluating the impact of this new guidance.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which addresses the accounting and reporting for the impairment and disposal of long-lived assets. The Company has adopted SFAS 144 effective January 1, 2002 and such adoption did not have a significant effect on its financial statements.

In May 2002, the FASB issued SFAS No. 145, "Rescission of SFAS Nos. 4, 44, and 64, Amendment of SFAS 13, and Technical Corrections as of April 2002". The Company is currently evaluating the impact of this new guidance.

10. PURCHASE OF LONG-TERM ASSET

On March 6, 2002, the Company acquired the exclusive rights to a new diagnostic technology relating to daily nutritional supplementation. The acquisition consisted of cash payments of $4.8 million (including acquisition costs) and the issuance of approximately $900,000 or 106,667 shares of the Company's Class A common stock. In addition, the acquisition includes contingent payments approximating $8.5 million and up to 1.2 million shares of the Company's Class A common stock if certain development and revenue targets are met.

11. SUBSEQUENT EVENTS

On April 19, 2002, the Company acquired First Harvest International, LLC, a small dehydrated food manufacturer. The purchase price was approximately $3.5 million.

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

The following Management's Discussion and Analysis should be read in conjunction with the Company's Management's Discussion and Analysis included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001 filed with the Securities and Exchange Commission ("SEC") on April 1, 2002 and all other Company filings, including Current Reports on Form 8-K, filed with the SEC through the date of this Report.

2002 compared to 2001

Revenue increased 3% to $216.1 million for the three-month period ended March 31, 2002 from $210.3 million for the same period in 2001. The increase was due primarily to constant currency revenue growth in the Company's international markets, offsetting weakness in the United States, combining for overall constant currency growth of approximately 10% as compared to the prior year. This increase in local currency was offset by a weakening in foreign currencies, particularly the Japanese yen.

Revenue in North Asia increased 1% to $131.2 million for the three-month period ended March 31, 2002 from $130.0 million for the same period in 2001. This increase in revenue was due to revenue in South Korea increasing 75% to $14.2 million for the three-month period ended March 31, 2002 from $8.1 million for the same prior-year period. In local currency, revenue in South Korea was 81% higher in the first quarter of 2002 compared to the same period in the prior year. Revenue was positively impacted by a 78% increase in executive distributors in that market compared to the prior-year period. In addition, recent product introductions from both the Nu Skin and Pharmanex divisions have driven revenue growth in South Korea. Revenue in Japan decreased 4% to $117.1 million for the three-month period ended March 31, 2002 from $121.8 million for the same period in 2001. The decrease in revenue in Japan was due to the devaluation of the Japanese yen of 12% for the first quarter of 2002 compared to the same prior-year period. In local currency, revenue in Japan was 8% higher in the first quarter of 2002 compared to the prior year. Like South Korea, the revenue increase in Japan was driven by a 14% increase in executive distributors in Japan, the leveraging of technology tools and enhancements for distributors, as well as successful product introductions and growth in automated orders.

Revenue in Southeast Asia increased 40% to $43.2 million for the three-month period ended March 31, 2002 from $30.8 million for the same period in 2001. This increase in revenue was due to the combined revenue growth of Singapore and Malaysia to $15.7 million for the three-month period ended March 31, 2002 from $4.7 million for the same prior-year period following the opening of operations in Singapore in December 2000 and the opening of operations in Malaysia in November 2001. Revenue results in Taiwan, which decreased 5% to $16.8 million for the first quarter of 2002 from $17.6 million in the same prior-year quarter, slightly offset the revenue increases in Southeast Asia. The decrease in revenue in Taiwan was due to the devaluation of the Taiwanese dollar of 8% for the first quarter of 2002 compared to the same prior-year period. In local currency, revenue in Taiwan was 3% higher in the first quarter of 2002 compared to the prior year. This local currency growth in Taiwan marks the first year-over-year local currency revenue gain in several years in this market. Executive distributors in Taiwan increased by 10% in the first quarter of 2002 compared to the same prior-year period. The growth in revenue and executive distributors in Taiwan is due to the recent success in increasing focus on direct selling fundamentals in the Company's operations in Taiwan.

Revenue in North America, consisting of the United States and Canada, decreased 19% to $35.0 million for the three-month period ended March 31, 2002 from $43.4 million for the same period in 2001. This decrease in revenue is due, in part, to a convention held in the United States in February 2001, which generated approximately $5.0 million in revenue for the first quarter of 2001 from sales to international distributors attending the convention. Without the impact of this additional revenue, revenue in the North America region would have decreased approximately 9% during the first quarter of 2002 compared to the same prior-year period and would have been essentially level with the fourth quarter of 2001. This decline is primarily due to reduced revenue from the Company's Internet service product and certain iLink telecommunications products.

Revenue in the Company's other markets, which include its European and Latin American operations, increased 10% to $6.7 million for the three-month period ended March 31, 2002 from $6.1 million for the same period in 2001. This increase in revenue is due to a 12% increase in revenue in Europe in U.S. dollar terms. The increase in revenue in Europe related to an additional $0.3 million in revenue in the first quarter of 2002 following the completion of an acquisition of a small venture in Poland, as well as an increase of approximately 40% in executive distributor count in Europe.

Gross profit as a percentage of revenue decreased slightly to 79.6% for the three-month period ended March 31, 2002 from 79.8% for the same prior-year period. The decrease in gross profit percentage resulted from the weakening of the Japanese yen and other currencies relative to the U.S. dollar, and was somewhat offset by core margin improvement in its existing product lines. The Company purchases a significant majority of its goods in U.S. dollars and recognizes revenue in local currencies. Consequently, the Company is subject to exchange rate risks in its gross margins.

Distributor incentives as a percentage of revenue decreased slightly to 38.3% for the three-month period ended March 31, 2002 compared to 38.9% for the same prior-year period. This decrease in distributor incentives as a percentage of revenue is a result of the Company's minor compensation plan enhancements intended to focus compensation dollars on programs benefiting the distributors and distributor leaders who are most active in generating revenue for the Company.

Selling, general and administrative expenses as a percentage of revenue decreased to 31.8% for the three-month period ended March 31, 2002 compared to 34.7% for the same prior-year period. In U.S. dollar terms, selling, general and administrative expenses decreased to $68.7 million for the three-month period ended March 31, 2002 compared to $72.9 million for the same period in the prior year. This decrease was due primarily to the additional $5.0 million of convention expense recorded in the first quarter of 2001, a reduction of $2.7 million in amortization of intangibles in 2002 relating to the implementation of SFAS 142 in the first quarter of 2002 and the Company's cost-saving initiatives resulting in lower headcount and occupancy costs. These decreases in expenses were somewhat offset by the $2.5 million of additional expenditures related to the Company's sponsorship of the 2002 Olympic Winter Games in Salt Lake City in 2002.

Other income (expense), net decreased approximately $7.0 million for the three-month period ended March 31, 2002, compared to the same period in the prior year. This decrease was primarily a result of the foreign currency gains recorded in the first quarter of 2001.

Provision for income taxes increased slightly to $7.6 million for the three-month period ended March 31, 2002 from $7.4 million for the same prior-year period. This increase is due to the increase in operating income offset by the decrease in other income (expense), net as compared to the same prior-year period.

Net income increased to $12.9 million for the three-month period ended March 31, 2002 from $12.6 million for the same prior-year period. Net income increased primarily because of the factors noted above in "revenue," "gross profit," "distributor incentives" and "selling, general and administrative" and was somewhat offset by the factors noted in "other income (expense), net" and "provision for income taxes" above.

Liquidity and Capital Resources

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

The Company typically generates positive cash flow from operations due to favorable gross margins, the variable nature of distributor incentives which comprise a significant percentage of operating

expenses and minimal capital requirements. The Company generated $15.1 million in cash from operations during the three-month period ended March 31, 2002 compared to $6.1 million during the same prior-year period. This increase in cash generated from operations in 2002 compared to the same prior-year period is primarily related to increased operating profits as well as reduced tax payments in 2002 compared to 2001, in part, due to the utilization of foreign tax credits, and was somewhat offset by purchases of inventory for operations in Japan, the Company's largest market.

As of March 31, 2002, working capital was $153.7 million compared to $152.5 million as of December 31, 2001. Cash and cash equivalents at March 31, 2002 and December 31, 2001 were $73.8 million and $75.9 million, respectively.

Capital expenditures, primarily for equipment, computer systems and software, office furniture and leasehold improvements, were $2.7 million for the three-month period ended March 31, 2002. In addition, the Company anticipates additional capital expenditures in 2002 of approximately $20 million to further enhance its infrastructure, including enhancements to computer systems and Internet related software in order to expand the Company's Internet capabilities, as well as further expansion of the Company's retail stores and related infrastructure in China.

On March 6, 2002, the Company paid $4.8 million (including acquisition costs) to acquire a diagnostic technology relating to daily nutritional supplementation. In addition to the cash payment, the acquisition also consisted of the issuance of approximately $900,000 or 106,667 shares of the Company's Class A common stock and includes contingent payments approximating $8.5 million and up to 1.2 million shares of the Company's Class A common stock if certain development and revenue targets are met.

On April 19, 2002, the Company acquired First Harvest International, LLC, a small dehydrated food manufacturer. The purchase price was approximately $3.5 million.

The Company's long-term debt consists of 9.7 billion Japanese yen of ten-year senior notes (the "Notes") to The Prudential Insurance Company of America. The Notes bear interest at an effective rate of 3.03% per annum and are due October 2010, with annual principal payments beginning October 2004. As of March 31, 2002, the outstanding balance on the Notes was 9.7 billion Japanese yen, or $73.1 million.

On May 10, 2001, the Company entered into a $60.0 million revolving credit agreement (the "Revolving Credit Facility") with Bank of America, N.A. and Bank One, N.A. for which Bank of America, N.A. acted as agent. The proceeds may be used for working capital, capital expenditures and other purposes including repurchases of the Company's outstanding shares of Class A common stock. There were no outstanding balances relating to the Revolving Credit Facility as of March 31, 2002. The Revolving Credit Facility was reduced to $45.0 million on May 10, 2002, and will be further reduced to $30.0 million on May 10, 2003. The Revolving Credit Facility is set to expire on May 10, 2004.

Since August 1998, the board of directors has authorized the Company to repurchase up to $70.0 million of the Company's outstanding shares of Class A common stock. The repurchases are used primarily to fund the Company's equity incentive plans. During the three-month period ended March 31, 2002, the Company repurchased approximately 173,000 shares of Class A common stock for an aggregate price of approximately $1.4 million. As of March 31, 2002, the Company had repurchased a total of approximately 6.8 million shares of Class A common stock for an aggregate price of approximately $60.1 million.

In February 2002, the board of directors authorized the Company to declare a quarterly cash dividend of $0.06 per share for all classes of common stock. This quarterly cash dividend of $4.9 million was paid on March 27, 2002, to stockholders of record on March 8, 2002. On May 9, 2002, the board of directors authorized the Company to declare a quarterly cash dividend of $0.06 per share to stockholders of record on June 7, 2002 for all classes of common stock to be paid on June 26, 2002. In addition, the Company anticipates that the board of directors will continue to declare quarterly cash dividends

throughout the remainder of 2002. Management believes that the cash flows from operations will be sufficient to fund future dividend payments.

The Company had related party payables of $6.9 million and $7.1 million at March 31, 2002 and December 31, 2001, respectively. In addition, the Company had related party receivables of $12.0 million and $13.0 million, respectively, at those dates. These balances are largely related to the Company's acquisition of Big Planet, Inc. and the acquisition of certain assets of Nu Skin USA, which were completed during 1999 as well as a $6.5 million loan to a significant stockholder, partly collateralized by Company stock. This loan was repaid with shares of the Company's stock on May 3, 2002. For a further discussion of related party transactions, reference is made to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 and the Company's definitive Proxy Statement dated April 12, 2002.

Management considers the Company to be sufficiently liquid to be 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. The majority of the Company's expenses are variable in nature and as such, a potential reduction in the level of revenue would reduce the Company's cash flow needs. However, in the event that the Company's current cash balances, future cash flow from operations and current lines of credit are not sufficient to meet its obligations or strategic needs, the Company would consider raising additional funds in the capital or equity markets or restructuring its current debt obligations. Additionally, the Company would consider realigning its strategic plans, including a reduction in capital spending and a reduction in the level of stock repurchases or dividend payments.

Critical Accounting Policies

For a complete review of the Company's significant accounting policies and new accounting pronouncements that may impact the Company's results refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2001. The Company adopted the provisions of Statements of Financial Accounting Standards No. 142 Goodwill and Other Intangible Assets ("SFAS 142") effective January 1, 2002. As a result of a review of all such assets, including Company and independent third party judgment and analysis, operating results for the first quarter of 2002 were impacted by a $2.7 million reduction of amortization of goodwill and other indefinite life intangibles. As of March 31, 2002, the Company had approximately $160 million of unamortized goodwill and other indefinite life intangible assets. SFAS 142 requires that these assets be tested for impairment at least annually in accordance with the provisions of SFAS 142. The transitional impairment tests were completed and did not result in an impairment charge. To the extent an impairment is identified, the Company will record the amount of the impairment as an operating expense in the period in which it is identified.

As of January 1, 2002, the Company adopted EITF 01-09, which relates to revenue recognition principles as well as the classifications of certain promotional items as cost of goods sold rather than operating expenses. The impact of the adoption of EITF 01-09 did not have a material

impact on the Company's financial statements. In the event certain of the Company's expenses, including its distributor incentives, were deemed to be a reduction of revenue rather than an operating expense, the Company's reported revenue would be reduced as would its operating expenses. However, as the Company's compensation plan to its distributors does not provide rebates or selling discounts to distributors who purchase the Company's products and services, management believes that no adjustment to revenue and operating expenses is necessary.

Seasonality

In addition to general economic factors, the direct selling industry is impacted by seasonal factors and trends such as major cultural events and vacation patterns. For example, most Asian markets celebrate their respective local New Year in the first quarter, which generally has a negative impact on such quarter. Management believes that direct selling in Japan, the United States and Europe is also

generally negatively impacted during the month of August, which is in the Company's third quarter, when many individuals, including the Company's distributors, traditionally take vacations.

Distributor Information

The following table provides information concerning the number of active and executive distributors as of the dates indicated. Active distributors are those distributors who were resident in the countries in which the Company operated and purchased products during the three months ended as of the date indicated. An executive distributor is an active distributor who has achieved required monthly personal and group sales volumes.

	As of March 31, 2002		As of March 31, 2001	
	Active	Executive	Active	Executive
North Asia	311,000	17,727	287,000	14,994
Southeast Asia	138,000	4,992	104,000	3,110
North America	75,000	2,331	74,000	2,506
Other	26,000	1,028	23,000	839
Total	550,000	26,078	488,000	21,449

Currency Risk and Exchange Rate Information

A majority of the Company's revenue and many of the Company's expenses are recognized primarily outside of the United States except for inventory purchases which are primarily transacted in U.S. dollars from vendors in the United States. Each subsidiary's local currency is considered the functional currency. All revenue and expenses are translated at weighted average exchange rates for the periods reported. Therefore, the Company's reported revenue 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. In early 2002, the yen depreciated in value relative to the U.S. dollar. If such relative values of the yen continue throughout 2002, the Company's reported revenue and earnings will be negatively impacted.

Given the uncertainty of exchange rate fluctuations, the Company cannot estimate the effect of these fluctuations on the Company's future business, product pricing, results of operations or financial condition. However, because a majority of the Company's revenue is realized in local currencies and the majority of the Company's 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 strengthening in the U.S. dollar. The Company seeks to reduce its exposure to fluctuations in foreign exchange rates through the use of foreign currency exchange contracts, through intercompany loans of foreign currency and through its Japanese yen denominated debt. The Company does not use such derivative financial instruments for trading or speculative purposes. The Company regularly monitors its foreign currency risks and periodically takes measures to reduce the impact of foreign exchange fluctuations on the Company's operating results.

The Company recognizes all derivatives as either assets or liabilities, with the instruments measured at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on the intended use of the derivative and its resulting designation. The Company's foreign currency derivatives are comprised of over-the-counter forward contracts with major international financial institutions. As of March 31, 2002, the Company had $86.5 million of such contracts with expiration dates through April 2003. All such contracts were denominated in Japanese yen. For the three-month period ended March 31, 2002, the Company recorded $2.3 million of gains in operating income, and $35,000 in other comprehensive income related to its forward contracts. Based on the Company's foreign exchange contracts at March 31, 2002, as discussed in Note 4 of the Notes to the Consolidated Financial Statements, the impact of a 10% appreciation or 10% depreciation of the U.S. dollar against the Japanese yen would not represent a material potential loss in fair value, earnings or cash flows against such contracts. This potential loss does not consider the underlying foreign currency transaction or translation exposures of the Company.

Note Regarding Forward-Looking Statements

With the exception of historical facts, the statements contained in Management's Discussion and Analysis of Financial Condition and Results of Operations, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act") which reflect the Company's current expectations and beliefs regarding the future results of operations, performance and achievements of the Company. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may not materialize. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's belief that existing cash and cash flow from operations will be adequate to fund cash needs;
- the expectation that the Company will spend $20 million for capital expenditures during the remainder of 2002; and
- the anticipation that cash will be sufficient to pay future dividends.

In addition, when used in this report, the words or phrases, "will likely result," "expects," "anticipates," "will continue," "intends," "plans," "believes," "the Company or management believes," and similar expressions are intended to help identify forward-looking statements.

The Company wishes to caution readers that various risk and uncertainties could cause the Company's actual results and outcomes to differ materially from those discussed or anticipated, including the risks and uncertainties described below and the risks and uncertainties identified under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2001, which contains a more detailed discussion of the risks and uncertainties related to the Company's business and are incorporated herein by reference. The Company also wishes to advise readers not to place any undue reliance on such forward-looking statements, which reflect the Company's beliefs and expectations only as of the date of this Report. The Company assumes no obligation to update or revise these forward-looking statements to reflect new events or circumstances or any changes in its beliefs or expectations. Important factors, risks and uncertainties that might cause actual results to differ from those anticipated include, but are not limited to, the following:

(a) Because a substantial majority of the Company's sales are generated from the Asian regions, particularly Japan, significant variations in operating results including revenue, gross margin and earnings from those expected could be caused by

- renewed or sustained weakness of Asian economies or consumer confidence, or
- weakening of foreign currencies, particularly the Japanese yen.

(b) There is some uncertainty concerning the long-term effect of recent initiatives. There can be no assurance that such initiatives will continue to be successful or that planned initiatives for future periods will have a similar impact. In addition, there is a risk that the implementation of planned and recently announced initiatives and strategies could create renewed confusion or uncertainty among distributors and not increase distributor productivity. In addition, costs associated with these initiatives could be greater than anticipated.

(c) The ability of the Company to retain its key and executive level distributors or to sponsor new executive distributors is critical to the Company's success. Because the Company's products are distributed exclusively through its distributors, the Company's operating results could be adversely affected if the Company's existing and new business opportunities and products do not generate sufficient economic incentive to retain its existing distributors or to sponsor new distributors on a sustained basis.

(d) The Company is subject to various laws and regulations throughout the Company's markets, many of which involve a high level of subjectivity and are inherently fact based and subject to interpretation. If the Company's existing business practices or products, or any new initiatives or products, are challenged by any governmental agency or other third party, the Company's revenue and profitability could be negatively impacted.

(e) Risks associated with the Company's new product offerings and initiatives planned for 2002, including:

- the risk that such products will not gain market acceptance or meet the Company's expectations,
- the risk that sales from such product offerings could reduce sales of existing products and not generate significant incremental revenue growth or help increase distributor numbers and productivity,
- technological problems or legal or regulatory restrictions that might delay or prevent the Company from offering its new products and initiatives into all of its markets or limit the ability of the Company to effectively market such products.

(f) The network marketing industry and nutritional supplement industry have received negative publicity from time to time in the past. Recently, the nutritional supplement industry has received negative press related to the use of supplements by athletes. The Company similarly has experienced negative publicity from time to time as a participant in these industries. There is a risk that the Company could receive negative publicity in the future related to its marketing practices or new initiatives or products. Any such adverse publicity could negatively impact the ability of the Company to successfully attract new distributors and grow revenue.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by Item 3 of Part I of Form 10-Q is incorporated herein by reference from the section entitled "Currency Risk and Exchange Rate Information" in "Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part I and also in Note 4 to the Financial Statements contained in Item 1 of Part I.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

ITEM 2. CHANGES IN SECURITES

On March 6, 2002, the Company issued 106,667 shares of Class A common stock in connection with the acquisition of certain rights in technology. The shares were issued to two stockholders for all of their shares in the Company that had acquired the rights to the technology. The shares were issued in a private transaction to two persons in reliance upon the exemption provided by Section 4(2).

ITEM 3. DEFAULTS UPON SENIOR SECURITES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

	Exhibits Regulation S-K Number	Description
(a)	2.1	Reconstituted Stock Purchase Agreement dated as of March 6, 2002 by and among Worldwide Nutritional Science, Inc., Nutriscan, Inc. and each of the Stockholders of Nutriscan, Inc.
	2.2	Agreement and Plan of Merger as of March 6, 2002 by and among the Company, Niksun Acquisition Corporation, a subsidiary of the Company, and Worldwide Nutritional Science, Inc.
	2.3	Membership Interest Purchase Agreement dated as of April 19, 2002, by and among the Company and the members of First Harvest International, LLC.
(b)		Reports on Form 8-K. One current Report on Form 8-K was filed during the quarter ended March 31, 2002. The Report was filed on February 11, 2002 for a Regulation FD disclosure.

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 15th day of May, 2002.

NU SKIN ENTERPRISES, INC.

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

EXHIBIT INDEX

2.1	Reconstituted Stock Purchase Agreement dated as of March 6, 2002 by and among Worldwide Nutritional Science, Inc., Nutriscan, Inc. and each of the Stockholders of Nutriscan, Inc.
2.2	Agreement and Plan of Merger as of March 6, 2002 by and among the Company, Niksun Acquisition Corporation, a subsidiary of the Company, and Worldwide Nutritional Science, Inc.
2.3	Membership Interest Purchase Agreement dated as of April 19, 2002, by and among the Company and the members of First Harvest International, LLC.

CERTAIN PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS

EXECUTION COPY

RECONSTITUTED STOCK PURCHASE AGREEMENT

by and among

WORLDWIDE NUTRITIONAL SCIENCE, INC.,
a Utah Corporation

and

NUTRISCAN, INC.,
a Utah Corporation

and

The Sellers listed on the signature pages hereto

Dated as of March 6, 2002

Table of Contents

Table of Contents

Page

Table of Contents

Page

RECONSTITUTED
STOCK PURCHASE AGREEMENT

THIS RECONSTITUTED STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of March ____, 2002, is entered into by and among (i) Nutriscan, Inc., a Utah corporation (the "Company"), (ii) Worldwide Nutritional Science, Inc., a Utah corporation and the successor in interest to Worldwide Nutritional Science, LLC, a Utah limited liability company ("Purchaser"), and (iii) Robert McClane, Werner Gellermann, Dallin Bagley, Jon Parberry, Steve Ingleby, George Nelson, and the University of Utah Research Foundation ("UURF") (each a "Seller" and collectively "Sellers").

WHEREAS, the Company, the Sellers and Worldwide Nutritional Science, LLC, a Utah limited liability company ("WNS LLC"), were parties to an Amended and Restated Stock Purchase Agreement dated as of July 13, 2001, which was further amended by the First Amendment to the Nutriscan, Inc. Amended and Restated Stock Purchase Agreement dated as of November 13, 2001, and further amended by the Second Amendment to the Nutriscan, Inc. Amended and Restated Stock Purchase Agreement dated as of November 30, 2001 (as so amended the "Prior Agreement");

WHEREAS, on October 25, 2001 WNS LLC duly filed Articles of Conversion with the Utah Division of Corporations and Commercial Code pursuant to which WNS LLC merged with and was converted into Purchaser;

WHEREAS, by letter dated December 20, 2001, Sellers gave Purchaser notice of the termination of the Prior Agreement for the reasons stated therein, whereupon the Prior Agreement was of no further force and effect;

WHEREAS, Purchaser has entered into new negotiations for the purchase from Sellers of all of the Shares of the Company held by them and now desires to enter into this Reconstituted Stock Purchase Agreement and is willing to pay the Purchase Price therefor;

WHEREAS, Sellers are willing to sell the Shares to Purchaser for the Purchase Price therefor; and

WHEREAS, the Company, Purchaser and the Sellers have agreed to acknowledge termination of the Prior Agreement in its entirety and to enter into this Reconstituted Stock Purchase Agreement to accomplish and reflect the foregoing;

NOW THEREFORE, in consideration of the premises set forth above and in consideration of the mutual covenants, representations and warranties made herein, the Company, Purchaser and the Sellers agree as follows:

SECTION 1. DEFINITIONS

1.1 Certain Defined Terms.

The following terms used in this Agreement shall have the following meanings:

"Acquirer" has the meaning set forth in Section 10.5 hereof.

"Acquisition" has the meaning set forth in Section 10.5 hereof.

"Affiliate" means, with respect to any Person, any Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise. Without limiting the foregoing, a Person shall be deemed to be "controlled by" another Person if such other (i) possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (ii) owns 10% or more of the equity interests of such Person.

"Agreement," "hereof" and "hereunder" and words of similar import refer to this Reconstituted Stock Purchase Agreement, as it may be amended, supplemented or otherwise modified from time to time.

"Assets" means the License and any other Intellectual Property Assets.

"Board of Directors" means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of the Board.

"Caroderm" means Caroderm, Inc., a Utah limited corporation.

"Closing" has the meaning set forth in Section 2.1 hereof.

"Closing Date" means the date on which the Closing occurs, but in no event later than March 15, 2002.

"Commission" means the Securities and Exchange Commission.

"Company" has the meaning set forth in the introductory paragraph of this Agreement.

"Company Intellectual Property Rights" has the meaning set forth in Section 3.10(a) hereof.

"Consulting Agreement" has the meaning set forth in Section 6.7 hereof.

"Contingent Payment Notice" has the meaning set forth in Section 2.2(e) hereof.

"Covenant Breach" means any material breach of any covenant, promise or obligation made hereunder by a party to this Agreement.

"Distributor" means the independent distributors who have entered into distribution agreements with Nu Skin International, Inc. or Nu Skin United States, Inc., or any Affiliate of either, for the sale and distribution of Nu Skin products.

"Dollars" and the sign "$" mean the lawful money of the United States of America.

"Environmental Law" means any Legal Requirement relating to the protection of the environment, natural resources or human health and safety.

"Environmental Liability" means any Loss arising under, or relating to, any Environmental Law.

"First Period" has the meaning set forth in Section 2.2(a) hereof.

"GAAP" means, subject to the limitations on the application thereof set forth in subsection 1.2, generally accepted accounting principles set forth in opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, in each case as the same are applicable to the circumstances as of the date of determination.

"Governmental Authority" means any agency, authority, board, bureau, commission, department, office or instrumentality of any nature whatsoever of any governmental or quasi-governmental unit, whether federal, state, county, district, city or other political subdivision or otherwise, in existence as of the Closing Date, or any officer or official thereof.

"Governmental Authorization" means any permit, license, authorization, plan, directive, consent order or consent decree of or from any Governmental Authority.

"Guarantee" shall mean the Guarantee in the form of Exhibit C to this Agreement to be delivered by Nu Skin at Closing.

"Hazardous Material" means any material, substance or force regulated under, or that could result in the imposition of any liability under, any Environmental Law including, without limitation, any petroleum or petroleum product, asbestos or polychrolinated biphenyl.

"Indemnified Party" has the meaning set forth in Section 11.1(d) hereof.

"Intellectual Property" means any and all licenses (including the License), trademarks, trade names, service marks, patents, copyrights (including any registrations, applications, licenses or rights relating to any of the foregoing), technology, trade secrets, inventions, know-how, names, logos, artwork, designs, discoveries, computer programs,

software products and related source code and documentation, processes, and all other intangible assets, properties and rights.

"Intellectual Property Rights" means all proprietary and other rights, if any, in and to: (a) trademarks, service marks, brand names, certification marks, trade dress, assumed names, trade names and other indications of origin and the goodwill associated therewith; (b) patents and invention disclosures, including the Patent; (c) trade secrets and other confidential or non-public business information, including ideas, formulas, compositions, discoveries and improvements, know-how, manufacturing and production processes and techniques, and research and development information (whether patentable or not), drawings, specifications, designs, plans, proposals and technical data, business and marketing plans and customer and supplier lists and information; (d) writings and other works of authorship, whether copyrightable or not, including computer programs, data bases and documentation therefore, and all copyrights to any of the foregoing; (e) mask works; (f) moral rights; (g) any similar intellectual property or proprietary rights; (h) registrations of, and applications to register, any of the foregoing with any governmental authority and any renewals or extensions thereof; (i) the goodwill associated with each of the following; (j) any claims or causes of action arising out of or related to any infringement or misappropriation of any of the foregoing; in each case in any jurisdiction.

"Intellectual Property Assets" means assets, including the License, that are Intellectual Property and are owned, licensed or leased by the Company as of the Reference Date.

"IP Licenses" has the meaning set forth in Section 3.10(f) hereof.

"Legal Requirement" means any law, statute, ordinance, decree, requirement, order, treaty, proclamation, convention, rule, regulation, guideline, directive, administrative order or decision (or interpretation of any of the foregoing) of, and the terms of any Governmental Authorization issued by, any Governmental Authority.

"Liabilities" has the meaning set forth in Section 11.1(a) hereof.

"License" means that certain Patent License Agreement between UURF and the LLC dated June 29, 2000, as such agreement may be amended, supplemented or otherwise modified from time to time.

"LLC" means Nutriscan, L.C., a voluntarily dissolved Utah limited liability company.

"Loss" has the meaning set forth in Section 11.1(a) hereof.

"Material Adverse Effect" means a material adverse effect upon the business, operations, properties, assets or condition (financial or otherwise) of the Company or Purchaser.

"Material Contract" means any contract, lease or other arrangement, including the License, to which the Company is a party that is material to the conduct of the Company's business and which provides for a period of performance which extends beyond twelve (12)

months from the Reference Date or involves payment of or receipt after the Reference Date of amounts in excess of Ten Thousand Dollars ($10,000.00).

"Merger Agreement" shall mean the Agreement and Plan of Merger, dated as of the date hereof, among Nu Skin, Niksun Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Nu Skin, Purchaser, Nathan W. Ricks and the other parties thereto.

"MOU" means the Interpretive Memorandum of Understanding that, inter alia, clarifies the scope of the Licence.

"Nu Skin" shall mean Nu Skin Enterprises, Inc., a Delaware corporation.

"Nutritional Supplement" shall mean any dietary supplement, food product or other nutritional supplement marketed by Purchaser or its Affiliates, but specifically excluding personal care products, sales aids (including the Scanner) and starter kits that do not include dietary supplements, food products or other nutritional supplements.

"Patent" shall mean the U.S. Patent number [**Confidential Treatment Requested**] and the Patent Cooperation Treaty application number [**Confidential Treatment Requested**], and any patents that have been issued, or will be issued, under such application.

"Person" means and includes natural persons, corporations, limited liability companies, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks and other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof.

"Prior Agreement" has the meaning set forth in the recitals of this Agreement.

"Proprietary Information" means the books, reports and records, documents, instruments and properties relating to the business, operations, assets and liabilities of the Company.

"Purchase Price" means the aggregate purchase price to be paid by Purchaser for the Shares being purchased by Purchaser as set forth in Section 2.2 hereof.

"Purchaser" has the meaning set forth in the introductory paragraph of this Agreement.

"Purchaser Indemnified Party" has the meaning set forth in Section 11.1(a) hereof.

"Purchaser's Closing Certificate" has the meaning set forth in Section 7.1 hereof.

"Reference Date" means February 1, 2002.

"Release" means the Consent and General Release in the form attached hereto as Exhibit B.

"Researchers" shall mean Robert McClane and Werner Gellermann.

"Scanned New Distributor" shall mean a new Distributor who signs a distributor agreement within [**Confidential Treatment Requested**] after being scanned by the Scanner. For purposes of this Agreement, an individual who is or has been a Distributor will only qualify as a Scanned New Distributor for purposes of this Agreement if such individual has not purchased products during the required period and is eligible to become a Distributor under a new sponsor pursuant to the rules applicable to such individual under Nu Skin's global distributor compensation plan as in effect from time to time.

"Scanned/Downline Nutritional Sales" shall mean the U.S. dollar amount of sales of Nutritional Supplements to all Scanned New Distributors and all Distributors in such Scanned New Distributors' downlines, net of all returns. Sales in foreign countries shall be converted to U.S. dollars in the same manner as such sales are converted to U.S. dollars in connection with the preparation of Nu Skin's consolidated financial statements.

"Scanner" shall mean a [**Confidential Treatment Requested**] that implements or makes use of the technology included in the Assets.

"Scanner Production Date" means the date that the first Scanner produced on a large scale (i.e., not a prototype or other preliminary model) is received by the Company from the manufacturer of the Scanner.

"Schedule of Exceptions" means the various Schedules referred to in Section 3 hereof and attached hereto collectively as Exhibit A.

"Second Period" has the meaning set forth in Section 2.2(b) hereof.

"Securities Act" means the Securities Act of 1933, as amended.

"Seller" and "Sellers" have the meanings set forth in the introductory paragraph of this Agreement.

"Seller's Closing Certificate" has the meaning set forth in Section 6.1 hereof.

"Sellers' Notices and Consents" has the meaning set forth in Section 5.3 hereof.

"Shares" means all of the issued and outstanding shares of capital stock of the Company.

"Spectrotek" means Spectrotek, L.C., a Utah limited liability company.

"Statement of Representations and Warranties" has the meaning set forth in Section 6.14 hereof.

"Stock Certificate" means written evidence of ownership of shares of the Company.

"Tax" or "Taxes" means any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature and whatever called, by whomsoever, on whomsoever and wherever imposed, levied, collected, withheld or assessed.

"Third Party Claim" has the meaning set forth in Section 11.1(d) hereof.

"Transaction Agreements" means this Agreement and such other documents as are entered into, executed or delivered in connection with this Agreement in order to complete the transactions contemplated hereby and thereby.

"UURF" has the meaning set forth in the introductory paragraph of this Agreement.

"Warranty Breach" means any material misrepresentation or breach of any representation or warranty made by a party to this Agreement.

"WNS LLC" has the meaning set forth in the recitals of this Agreement.

1.2 Accounting Terms; Utilization of GAAP for Purposes of Calculations Under Agreement.

Except as otherwise expressly provided in this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP.

1.3 Other Definitional Provisions and Rules of Construction.

References to "Sections" shall be to sections of this Agreement unless otherwise specifically provided. Any of the terms defined in Section 1.1 hereof may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use in any of the Transaction Agreements of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter.

SECTION 2. PURCHASE AND SALE OF SHARES

2.1 Sale of the Shares.

Upon the terms and subject to the conditions of this Agreement, at the closing of this Agreement (the "Closing") on the Closing Date, each Seller shall sell, assign, transfer, convey and deliver to Purchaser all of such Seller's right, title and interest in and to all of the Shares held by such Seller, including the right to receive all unpaid dividends or other distributions declared or otherwise payable with respect to the Shares. Such sale, assignment, transfer, conveyance and delivery shall be effected by the delivery to Purchaser at the Closing of

the Stock Certificates representing all of the Shares and stock assignments separate from the certificate duly executed, in blank, by the applicable Seller.

2.2 Purchase of the SharesUpon the terms and subject to the conditions of this Agreement, at the Closing, Purchaser shall purchase the Shares from Sellers and, in consideration of and in exchange for the Shares, shall pay an aggregate of Three Million Five Hundred Thousand Dollars ($3,500,000) in cash consideration to Sellers at Closing. The cash payment at Closing shall be allocated among the Sellers as set forth in Schedule 2.2 to this Agreement. As additional purchase consideration, Purchaser shall make the following payments to Sellers after the Closing:

(a) As described in Section 2.2(d) hereof, after the end of each calendar quarter beginning with the calendar quarter in which the Scanner Production Date occurs, Purchaser shall pay to Sellers in the aggregate cash consideration in an amount equal to seven percent (7%) of Scanned/Downline Nutritional Sales made during such quarter. Such additional payments shall continue through the calendar quarter during which the **[Confidential Treatment Requested]** anniversary of the Scanner Production Date occurs (the "First Period"); *provided* that if (i) Purchaser has distributed at least **[Confidential Treatment Requested]** Scanners in the United States during the First Period, and (ii) the total payments made pursuant to this Section 2.2(a) do not equal Two Million Dollars ($2,000,000), then Purchaser shall pay Sellers an additional amount necessary to bring the total payments under this Section 2.2(a) to Two Million Dollars ($2,000,000);

provided further, *however*, that the aggregate amount paid to the Sellers pursuant to this Section 2.2 (a) through Section 2.2 (c) hereof shall not exceed Five Million Dollars ($5,000,000).

(b) If the aggregate amount paid to Sellers pursuant to Section 2.2(a) hereof is less than Five Million Dollars ($5,000,000), then, as described in Section 2.2(d) hereof, after the end of each calendar quarter during the year immediately following the First Period (the "Second Period"), Purchaser shall pay to Sellers in the aggregate cash consideration in an amount equal to seven percent (7%) of Scanned/Downline Nutritional Sales made during such quarter; *provided* that the aggregate amount paid to the Sellers pursuant to Section 2.2(a) hereof, this Section 2.2(b) and Section 2.2 (c) hereof shall not exceed Five Million Dollars ($5,000,000).

(c) If the aggregate amount paid to Sellers pursuant to Section 2.2(a) hereof and Section 2.2(b) hereof is less than Five Million Dollars ($5,000,000), then, as described in Section 2.2(d) hereof, after the end of each calendar quarter during the year immediately following the Second Period, Purchaser shall pay to Sellers in the aggregate cash consideration in an amount equal to five percent (5%) of Scanned/Downline Nutritional Sales made during such quarter; *provided*, *however*, that the aggregate amount paid to the Sellers pursuant to Section 2.2(a) hereof, Section 2.2(b) hereof and this Section 2.2(c) shall not exceed Five Million Dollars ($5,000,000).

(d) All amounts payable to Sellers under Sections 2.2(a), 2.2(b) or 2.2(c) shall be allocated among the Sellers in the percentages indicated on Schedule 2.2. Such

amounts shall be paid to Sellers on the date that is twenty (20) days after the delivery of the Contingent Payment Notice (as defined below).

(e) All payments to be made pursuant to Sections 2.2(a), 2.2(b) and 2.2(c) shall be subject to the following provisions. Within ninety (90) days after the end of each calendar quarter from the Scanner Production Date through the **[Confidential Treatment Requested]** anniversary of the Scanner Production Date, Purchaser shall deliver to each Seller a notice (the "Contingent Payment Notice") setting forth the amount of Scanned/Downline Nutritional Sales for the period relevant to the calculation of the payment to be made pursuant to Sections 2.2(a), 2.2(b) or 2.2(c), as the case may be. If any Seller wishes to dispute the amount of such payment due then, within twenty (20) days of the receipt of the Contingent Payment Notice, such Seller must deliver to Purchaser a written notice setting forth, in reasonable detail, the basis for the dispute. The failure of a Seller to deliver such written notice of dispute within the specified time period shall be deemed to constitute acceptance by such Seller of the information and calculations set forth in the Contingent Payment Notice. Promptly after the receipt of such written notice of dispute, an appropriate representative of Purchaser and the disputing Seller shall attempt to reconcile their differences and any resolution by them as to the dispute shall be final, binding and conclusive on Purchaser and each Seller. If Purchaser and the disputing Seller are not able to resolve the dispute within fifteen (15) business days of the delivery of the notice indicating a dispute, Purchaser and the disputing Seller shall submit the items remaining in dispute for resolution to an independent third party knowledgeable in such matters (which may be an independent accounting firm or consultant of national reputation) mutually acceptable to Purchaser and the disputing Seller, which shall, within ninety (90) days of such submission, report in writing to Purchaser and each Seller as to the resolution of such dispute, and such report shall be final, binding and conclusive on Purchaser and each Seller. The fees and disbursements of such third party shall be allocated between Purchaser, on the one hand, and the Seller (or Sellers) asserting the dispute, on the other, in the same proportion that the aggregate amount of the disputed items submitted to such third party which are unsuccessfully disputed by Purchaser and such Sellers (as determined by the third party) bears to the total amount of disputed items so submitted. Purchaser will only be obligated to make payments to Sellers under Sections 2.2(a), 2.2(b) or 2.2(c) while a dispute is pending for amounts of payments under Sections 2.2(a), 2.2(b), or 2.2(c) that are not in dispute under this Section 2.2.

(f) In the event Purchaser or its Affiliates are required to withhold taxes under applicable laws with respect to the contingent payments tied to a percentage of sales, Sellers acknowledge that the payments required to be paid under Sections 2.2(a), 2.2(b) and 2.2(c) shall be paid net of any such withholding taxes and the amount of such withholding taxes shall be considered part of the payment to be paid pursuant to this Section 2.2 and included in the determination of the aggregate amount paid to the Sellers.

2.3 Assets and Liabilities of the Company at Closing.

At the Closing, the Company shall own or possess only the Assets. Sellers, but excluding UURF, shall cause (a) all assets of the Company except the Assets to be distributed by

the Company to Sellers prior to the Closing and (b) all liabilities of the Company to be discharged in full prior to the Closing.

2.4 Right of Offset.

Purchaser shall have the right, at its sole option, to withhold and offset against any amount otherwise payable to any Seller, other than UURF, pursuant to Section 2.2 hereof an amount equal to the amount of any actual Purchaser's Losses in satisfaction of that Seller's indemnification obligations under Section 11 hereof with respect to such Purchaser's Loss. Purchaser shall have the right at its sole option to withhold and offset against any amount otherwise payable to UURF pursuant to Section 2.2 hereof an amount equal to the amount of any damages suffered by Purchaser due to a breach by UURF of any provision set forth in the UURF Statement of Representation and Warranties.

2.5 Manner of Payment.

All payments made to a Seller pursuant to Section 2.2 hereof shall be paid via wire transfer or other form of electronic funds transmission, by check or in certified funds pursuant to wire transfer and payment instructions for each Seller listed on Schedule 2.2 to this Agreement.

2.6 Transfer Taxes.

Sellers shall pay any and all federal, state or local taxes arising out of, or assessed in connection with, the sale or transfer of the Shares.

2.7 Nu Skin Guarantee.

To secure payment of the Purchase Price, upon the Closing Purchaser shall cause Nu Skin to execute and deliver to Sellers the Guarantee.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF SELLERS

Except for UURF, which makes no representations or warranties under this Section 3, each Seller, severally and not jointly, hereby represents and warrants to Purchaser and each other Seller as of the date hereof and as of the Closing Date as follows:

3.1 Corporate Organization.

The Company is a corporation duly incorporated, validly existing and in good standing under the corporate laws of the State of Utah and has full power and authority to carry on its business and to own and operate its assets. The Company is properly qualified and in good standing in every other jurisdiction in which the character and location of the assets or the nature of the business or operations of the Company as actually conducted requires such qualification.

3.2 Authority of Seller.

Seller has the requisite power and authority to execute and deliver this Agreement, to carry out the transactions contemplated hereunder, and to sell the Shares he owns to Purchaser. All acts and/or proceedings required to be taken or performed by Seller to authorize the execution, delivery and performance of each transaction Agreement and all transactions contemplated hereby and thereby have been duly and validly taken as of the date hereof. The Transaction Agreements constitute, or when executed will constitute, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with the terms herein and therein, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and by general equitable principles. Seller's Stock Certificates, when executed and delivered by Seller in accordance with this Agreement, will transfer title to all of Seller's Shares, free and clear of any liens, pledges, claims and encumbrances.

3.3 Authority of the Company.

The Company has the requisite power and authority to execute and deliver this Agreement and to carry out the transactions contemplated hereunder for the Company. All corporate acts and/or proceedings required to be taken or performed by the Company to authorize the execution, delivery and performance of each Transaction Agreement and all transactions contemplated hereby and thereby have been duly and validly taken as of the date hereof. Each of this Agreement and the other Transaction Agreements to which the Company is a party constitutes, or when executed will constitute, legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization and other laws of general applicability related to or affecting creditors' rights and by general equitable principles. Each individual executing this Agreement and the other Transaction Agreements on behalf of the Company has full corporate power and authority to execute and deliver this Agreement and the other Transaction Agreements to which the Company is a party.

3.4 No Violations.

The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and thereby will not constitute nor with notice or lapse of time or both would constitute a violation of (a) the Company's charter documents (as amended and restated to date), bylaws (as amended and restated to date), or resolutions or actions of the Board of Directors, shareholders, or duly authorized committees thereof, (b) applicable Legal Requirements, (c) a breach of or default under any contract, judgment, indenture, mortgage, deed of trust, instrument or understanding to which Seller or the Company is a party or is subject, (d) an event that would permit any Person to terminate any such contract or to accelerate the maturity of any indebtedness or other obligation of the Company, or (e) the creation or imposition of any lien affecting Seller's ability to consummate all of the transactions contemplated hereunder.

3.5 Capitalization.

The Company has authorized Three Hundred Thousand (300,000) shares of common stock, par value $0.01 per share, of which One Hundred Thousand (100,000) Shares are issued and outstanding. The Shares are validly issued, fully paid and nonassessable and are held beneficially and of record by Sellers. There are no outstanding or authorized rights, warrants, options, subscriptions, agreements or commitments giving any Person any right to require the Company to sell or issue any common stock or other securities of the Company.

3.6 Title to the Shares.

(g) (i) Each Seller is the sole owner of the Shares set forth opposite his or its name on Schedule 3.6 and has good and marketable title to such Shares and (ii) such Shares are free and clear of all liens, encumbrances, security agreements, equities, options, rights to acquire, claims, charges or restrictions on transfer, except for those which may be imposed by applicable federal and state securities laws.

(h) To the best of each Seller’s knowledge and belief, (i) each other Seller is the sole owner of the Shares set forth opposite such other Seller’s name on Schedule 3.6 and such other Seller has good and marketable title to such Shares and (ii) such Shares are free and clear of all liens, encumbrances, security agreements, equities, options, rights to acquire, claims, charges or restrictions on transfer, except for those which may be imposed by applicable federal and state securities laws.

(i) Except as otherwise set forth on Section 3.6 of the Schedule of Exceptions, there are no voting trusts or proxies with respect to the voting of the Shares.

3.7 Subsidiaries.

The Company has no subsidiaries, and the Company does not own, directly or indirectly, any material interest in any shares of stock or any other security of or interest in any other Person.

3.8 Title to Assets.

Except as set forth in the License, the Company has good and valid title to the Assets that are not leased, free and clear of all mortgages, security interests, conditional sales agreements, liens, charges, restrictions, encumbrances or other defects of title. The Company has a valid possessory interest in the Assets that it leases. Following the Closing, except for UURF's interest as the licensor under the License, Sellers will not own or have any rights in the Assets.

3.9 List of Material Contracts.

The Company has no Material Contracts other than those listed on Section 3.9 of the Schedule of Exceptions. The Material Contracts are in full force and effect, and no breach of the Material Contracts has occurred or will occur as a result of the transactions contemplated by the Transaction Agreements.

3.10 Intangible and Intellectual Properties.

(a) The Company is licensed or otherwise possesses legally enforceable rights to use all Intellectual Property Rights (i) currently used in its business, (ii) necessary to conduct its business as currently conducted or (iii) necessary to develop and market the technology described in the Patent in connection with the development and production of a Scanner that is based on the prototype demonstrated to the Purchaser during its due diligence investigation of the Company, including in each case third party Intellectual Property Rights which are used in the manufacture of, incorporated in, proposed or contemplated to be incorporated in or form a part of the prototype of the Scanner currently under development (the "Company Intellectual Property Rights"). The Licensed Technology and the prototype of the Scanner currently under development **[Confidential Treatment Requested]**.

(b) The License is the only license or agreement under which the Company is licensed to use third party Intellectual Property Rights. Except as set forth in Section 3.10 of the Schedule of Exceptions and in the License, the Company owns or otherwise possesses, full, legally enforceable, perpetual and exclusive rights to all of the Company Intellectual Property Rights free and clear of (i) conditions or restrictions, including restrictions on assignment, use or sublicensing; or (ii) adverse claims, liens or security interests.

(c) Other than as provided in the License, the Company is not required to pay any royalties, fees or other amounts to any person in connection with the use or exploitation of the Company Intellectual Property Rights or the development, manufacture or commercial exploitation of the Scanner.

(d) Section 3.10 of the Schedule of Exceptions contains an accurate and complete list of all patents, trademarks, trade names, service marks and registered copyrights, as well as all applications for any and all of the foregoing, included in the Company Intellectual Property Rights, including the jurisdiction in which each such Company Intellectual Property Rights has been issued or registered or in which any such application for such issuance, approval or registration has been filed, and the name of the registered owner thereof. All patents (including, without limitation, the Patent), trademarks, trade names, service marks and copyrights owned by, or licensed to, the Company, to which the Company possesses legally enforceable rights to use, are valid and enforceable and all necessary actions to maintain such intellectual property have been taken through the date hereof and will continue to be paid or taken by the Company up to the Closing Date.

(e) Section 3.10 of the Schedule of Exceptions contains an accurate and complete list of all licenses, sublicenses, assignments, distribution agreements and other agreements pursuant to which any person is authorized to use any Company Intellectual Property Rights or has the right to manufacture, reproduce, market or exploit any products of the Company or any adaptation, derivative or reformulation based on any such product or any portion thereof. The Company has not licensed, either expressly or impliedly, or in any other way authorized any party, to use any of the Company Intellectual Property Rights, and to the Company's knowledge, there is no unauthorized use thereof by any party.

(f) The Company is not and will not be as a result of the execution and delivery of this Agreement or the performance of its obligations under this Agreement, in breach of any license, sublicense, assignment, distribution agreement or other agreement to which it is a party relating to Intellectual Property Rights, (including, without limitation, the License) (the "IP Licenses"). The Company has not given or received any notice of default or any event which with the lapse of time would constitute a default under any IP License, and the Company is not, nor, to the knowledge of the Company, is any other party thereto in default under any IP License. There exists no condition or event (including, without limitation, the execution, delivery and performance of this Agreement and the Transaction Agreements) which, with the giving of notice or the lapse of time or both, would constitute a default by the Company under any IP License, or would give any person any rights of termination, cancellation, acceleration of any performance thereunder or result in the creation or imposition of any lien. There is not any claim challenging or questioning the validity or effectiveness of any IP License, or any ground or basis on which the validity or effectiveness of any IP License could be challenged.

(g) The Company (i) has not been sued in any suit, action or proceeding which involves a claim of infringement or violation of any Intellectual Property Right of any third party; (ii) has no knowledge of any basis on which an allegation could be made that the manufacturing, importation, marketing, licensing, sale, offer for sale, or use of any of its products infringes Intellectual Property Rights of any third party or any of the Company Intellectual Property Rights are invalid or unenforceable; or (iii) except as set forth on Section 3.10 of the Schedule of Exceptions, has no knowledge of any claim or allegation that the manufacturing, importation, marketing, licensing, sale, offer for sale, or use of any of its products infringes Intellectual Property Rights of any third party.

(h) The Company has no knowledge that, and has not made any claim or allegation that, any third person is or has infringed, misappropriated, breached or violated its rights in any of the Company Intellectual Property Rights.

(i) No individuals other than Werner Gellerman and Robert McClane have been actively engaged in the development of the Intellectual Property that is included within the Company Intellectual Property Rights.

(j) Except for Werner Gellerman, Robert McClane, Jon Parberry and Steve Ingleby, each of whom has executed a non-disclosure agreement in a form satisfactory to Purchaser, no person has had access to any of the Company's confidential information, trade secrets or know-how.

3.11 License.

The License has been validly assigned to the Company from the LLC. The License is in full force and effect, and no breach of or default under the License has occurred, and no condition exists that will constitute a breach of or default under the License upon notice, lapse of time, or

both. Furthermore, no breach of the License will occur as a result of the transactions contemplated by the Transaction Documents. The Company has the full right and authority to act under the License and to enforce the License according to its terms.

3.12 Employment Matters.

Seller makes the following representations and warranties with respect to the employment matters of the Company to the best of Seller's knowledge and belief:

(a) Employee. Schedule 3.12(a) sets forth a list, as of the date hereof, of the employees of the Company, which includes the employee's name, position, date of hire, present compensation and merit increase date.

(b) Labor Controversies. The Company is not a party to any collective bargaining agreement or any other contract, agreement or understanding with any labor union, and no such agreement is currently being negotiated. The Company is not engaged in any unfair labor practices.

(c) Employment Benefit Arrangements. The Company has no Employee Benefit Plans and arrangements.

3.13 Litigation and Known Claims.

To the best of Seller's knowledge and belief, except as set forth on Schedule 3.13, there are no claims pending, asserted or threatened, against the Company.

3.14 Insurance.

To the best of Seller's knowledge and belief, Schedule 3.14 sets forth a list and summary description of all binders, certificates or policies of insurance which are maintained by the Company and will remain in effect after the Closing.

3.15 Regulatory Licenses.

The Company has all licenses, permits, certificates, orders, approvals and authority from all Governmental Authorities that are necessary to conduct and continue to conduct its business in the State of Utah. No suspension or cancellation of any such licenses, permits, certifications, orders, approvals or authority has occurred or is threatened to occur as a result of the transactions contemplated by this Agreement.

3.16 Tax Matters.

The Company and the LLC have correctly filed all United States federal income tax returns and all other material tax returns which are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment either the Company or the LLC have received. The charges, accruals and reserves on the Company's books in respect of taxes or other governmental charges are adequate. The Company has paid or accrued all federal, state and local withholding taxes and workers' compensation and unemployment insurance payments owed by it as of the Closing Date.

3.17 No Brokers.

Neither Seller nor the Company has entered into any contract, arrangement or understanding with any Person which may result in Seller's or the Company's obligation to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby, and Seller is not aware of any claim or basis for claim for payment of any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

3.18 Environmental Matters.

The Company has not transported, stored, used, manufactured, released or exposed its employees or any other Person to any Hazardous Material in violation of any applicable Legal Requirement. The Company has not received any notice, nor does the Company possess any knowledge of any past or present condition or practice of the business conducted by the Company or the LLC which forms or could form the basis of any material claim against the Company arising out of the manufacture, processing, distribution, use, treatment, storage, spill, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any Hazardous Material in violation of any applicable Legal Requirement. There are no Environmental Liabilities affecting any business premises of the Company.

3.19 Compliance With Laws.

The Company is in material compliance with all Legal Requirements applicable to the ownership of the Assets and the operation of its business, and the Company has no basis to expect, nor has the Company received, any order, notice, or other communication from any Governmental Authority of any alleged, actual, or potential violation and/or failure to comply with any such Legal Requirement.

3.20 Related Party Transactions and Potential Conflicts of Interest.

To the best of Seller's knowledge and belief, except as set forth in Schedule 3.20, no officer, director, shareholder or other Affiliate of the Company and no Affiliate of any such Person or any member of the immediate family of any of the foregoing: (a) owns, directly or indirectly, any material interest in or is an owner, sole proprietor, shareholder, partner, director, officer, employee, consultant or agent of any person that is a competitor, lender, borrower, lessor, lessee, customer or supplier of the Company; (b) owns or has an interest in, directly or indirectly, in whole or in part, any material property, patent, trademark, service mark, trade name, copyright, franchise, invention, permit, license or secret or confidential information related to the current activities of the Company; or (c) has any material cause of action whatsoever against, or owes any material amount to, the Company.

3.21 Absence of Liabilities.

Except for the obligations under the License, as of the Closing Date, the Company will not have any liabilities, including without limitation any liabilities resulting from failure to

comply with any Legal Requirement applicable to the Company, its business, its operations or its assets, due or to become due and whether incurred in respect of or measured by the income or sales of the Company or related to the conduct of the Company's business for any period or arising out of any transactions entered into, or any state of facts existing, on or before the Closing Date.

3.22 Bankruptcy.

The Company has not made any assignment for the benefit of creditors, filed any petition in bankruptcy, been adjudicated insolvent or bankrupt, petitioned or applied to any tribunal for any receiver, conservator or trustee of it or any of its property or assets, or commenced any proceeding under any reorganization arrangement, readjustment of debt, conservation, dissolution or liquidation law or statute or any jurisdiction. Furthermore, no such proceeding has been commenced or threatened against the Company by any creditor, claimant, Governmental Authority or any other Person.

3.23 Survival.

The representations, warranties and covenants furnished by Seller in this Agreement or in any agreement, certificate or document furnished pursuant to this Agreement or in contemplation of the sale of the Shares to Purchaser hereunder, as to each individual Seller and not collectively, shall survive the Closing Date.

3.24 Misstatement.

Neither this Agreement nor any other document, certificate or written statement attached as an exhibit or schedule hereto or made by such Seller in connection herewith, contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact necessary in order to make the statements contained therein not misleading. There is no fact known to Sellers that has a Material Adverse Effect on the Company's business or the Assets that has not been set forth in this Agreement or the exhibits hereto.

3.25 Employees.

Each current and former employee, officer, director and consultant of the Company has executed a nondisclosure, assignment of inventions and non-solicitation agreement substantially in the form provided to counsel for Nu Skin. To the Sellers' knowledge, no current or former employees, officers, directors or consultants of the Company is in violation of such agreements.

3.26 Stockholders and Members.

Caroderm and the Company have no current or former stockholders, and Spectrotek has no current or former members, other than those individuals listed on Sections 3.6 and 3.26 of the Schedule of Exceptions.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Sellers as of the date hereof and as of the Closing Date as follows:

4.1 Organization; Ownership.

Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Utah and is properly qualified and in good standing in every other jurisdiction in which Purchaser conducts business. Upon consummation of the transactions contemplated by the Merger Agreement, Purchaser shall be a wholly owned subsidiary of Nu Skin.

4.2 Exploitation of Assets.

Purchaser currently has the intent to actively market and otherwise exploit the Scanner to generate Scanned/Downline Nutritional Sales during the four year period followng the Scanner Production Date.

4.3 Authority of Purchaser.

Purchaser has the power and authority to execute and deliver this Agreement, to carry out the transactions contemplated hereunder and to purchase the Shares from Sellers. All acts and/or proceedings required to be taken by Purchaser to authorize the execution, delivery and performance of this Agreement and all transactions contemplated hereby have been duly and validly taken as of the date hereof. This Agreement constitutes, or when executed will constitute, legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with the terms herein, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and by general equitable principles. Each individual executing this Agreement on Purchaser's behalf has full power and authority to execute and deliver this Agreement.

4.4 No Violations.

The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not constitute or cause nor with notice or lapse of time or both would constitute or cause: (a) a violation of the charter documents (as amended and restated to date), by-laws (as amended and restated to date) or resolutions or actions of the shareholders or Board of Directors, or duly authorized committee thereof, of Purchaser or Nu Skin; (b) a breach of or default under any contract, judgment, indenture, mortgage, deed of trust, instrument or understanding to which Purchaser is a party or is subject; (c) an event that would permit any Person to terminate any such contract or to accelerate the maturity of any indebtedness or other obligation of Purchaser; or (d) the creation or imposition of any lien affecting Purchaser's ability to consummate all of the transactions contemplated hereunder. The execution and delivery by Nu Skin of the Guarantee shall not result in (i) a violation of Nu Skin's charter

documents as currently in effect; (ii) a breach of or default under any material contract, judgment, indenture, mortgage, deed of trust, instrument or understanding to which

Nu Skin is a party or is subject; (iii) an event that would permit any Person to terminate any such contract or to accelerate the maturity of any indebtedness or other obligation of Nu Skin; or (iv) the creation or imposition of any lien; in the case of each of (i), (ii), (iii) and (iv) above that would have a material adverse effect on the financial condition, business or operations of Nu Skin such that Nu Skin would be unable to satisfy its obligations under the Guarantee.

4.5 No Brokers.

Purchaser has not entered into any contract, arrangement or understanding with any Person which may result in Purchaser's obligation to pay any finder's fees, broker or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby, and Purchaser is not aware of any claim or basis for a claim for payment of any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby, and Purchaser is not aware of any claim or basis for a claim for payment of any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transaction contemplated hereby.

4.6 Survival.

The representations, warranties and covenants furnished by Purchaser in this Agreement or in any agreement, certificate or document furnished pursuant to this Agreement or in contemplation of the purchase of the Shares from Sellers hereunder shall survive the Closing Date.

4.7 Disclosure of Information.

Purchaser has had the opportunity to conduct its own due diligence investigation of the Company and to ask questions and receive answers from officers and stockholders of the Company regarding the Shares and the business, assets and financial condition of the Company. Nothing in the preceding sentence shall be deemed to limit or modify (i) the representations and warranties set forth in Section 3 and the Statement of Representations and Warranties, or (ii) the right of the Purchaser to rely on such representations and warranties.

SECTION 5. CONDUCT PRIOR TO CLOSING

During the period between the execution of this Agreement and the Closing of the transactions contemplated hereunder, Purchaser, Sellers, and the Company each covenants and agrees to use its best efforts to do and perform the following obligations, as applicable to it:

5.1 Purchaser's Due Diligence.

At all times prior to the Closing, Sellers shall provide to Purchaser, its legal counsel, accountants, employees and other representatives (a) reasonable opportunities and access (including the right to make copies) to examine (and discuss with Sellers, employees, independent auditors and attorneys) all of the Proprietary Information and (b) access to the Assets for purposes of testing, evaluating, and otherwise obtaining information related to

the Assets. Purchaser acknowledges that in connection with the Prior Agreement and due diligence efforts thereunder, Purchaser has received Proprietary Information.

5.2 Best Efforts; Further Assurances.

Purchaser, the Company and each Seller shall use its best efforts in good faith to perform, comply with and otherwise satisfy all of the conditions and covenants to be satisfied by such party under this Agreement prior to the Closing of the transactions contemplated hereunder. Each of the parties hereto shall perform any and all acts and shall execute and deliver any and all additional documents as are or may become reasonably necessary to carry out the provisions of this Agreement that are consistent with the intent of the parties hereto. If at any time contemporaneously with, or after, the execution of this Agreement any further action to carry out the purposes of this Agreement is reasonably necessary or required by either party's legal counsel, then Purchaser or Sellers, as the case may be, shall take such action. Provided, however, that Sellers and the Company shall not be obliged to incur any significant expense in performing such acts.

5.3 Consents and Approvals.

Without consideration of any applicable federal and state securities laws, Sellers, excluding UURF, and Purchaser shall use their best efforts to obtain prior to Closing the approvals, authorizations, consents, orders or other actions of, or declarations, filings or registrations with, any Governmental Authority or other Person as may be required to be made or obtained for Sellers to consummate the sale of the Shares to Purchaser as contemplated hereunder (collectively, "Sellers' Notices and Consents").

5.4 Publicity.

At all times from the date hereof through the Closing Date, Purchaser and Sellers shall agree with each other as to timing and content prior to issuing any announcement, press release, public statement or other information to the public or any third party (including any Governmental Authority) with respect to this Agreement or the transactions contemplated hereby and thereby; *provided, however*, that nothing herein shall prohibit a party to this Agreement from making any public disclosure regarding this Agreement or the transactions contemplated hereby or thereby if such disclosure is required under applicable laws.

5.5 Interim Operations of the Company.

Sellers, but specifically excluding UURF for subsections 5.5(a)-(j) hereof, each covenant and agree that, except as contemplated by this Agreement or with the prior written consent of Purchaser, after the date hereof and prior to the Closing Date:

(a) the business of the Company shall be conducted substantially in the ordinary and usual course of business without any material operational changes;

(b) the Company will not amend its articles of incorporation or bylaws or similar organizational documents;

(c) the Company shall not (i) split, combine or reclassify the Shares; (ii) issue or sell any additional shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, the Shares or (iii) redeem, purchase or otherwise acquire directly or indirectly any of the Shares;

(d) the Company shall not, except as may be required or contemplated by this Agreement or in the ordinary and usual course of business, acquire, sell, lease or dispose of any assets which exceed $5,000 in value in the aggregate;

(e) the Company shall not adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

(f) the Company shall not make any material commitment or incur or guarantee any material obligation for borrowed money;

(g) the Company shall not enter into, amend, renew or terminate any agreement or contract that would constitute a Material Contract hereunder, including, without limitation, the License;

(h) the Company shall not enter into any material labor, employment, deferred compensation, incentive compensation, bonus, or other program for employees or retirees;

(i) the Company shall not solicit or encourage submission of inquiries, proposals or offers from any other third party relative to the potential issuance or disposition of capital stock or debt securities of the Company, or the sale of Assets or any disposition of the Company's business or operations or any part thereof;

(j) the Company shall not provide information to third parties relating to the possible issuance or disposition of capital stock or debt securities of the Company, or the sale of Assets or the disposition of the Company's business or operations or any part thereof; and

(k) no Seller shall solicit or encourage submission of inquiries, proposals or offers from any Person relative to any potential transaction similar to the transactions contemplated by the Transaction Agreements or provide information to third parties for such purposes, including demonstrating any use of the Company's technology to third parties for such purposes.

5.6 Adjustments to Schedules.

Until the Closing, Sellers (excluding UURF) shall from time to time update, revise or supplement the schedules attached to this Agreement to set forth changes in the information disclosed therein applicable to the particular schedule. Sellers (excluding UURF) shall use their best efforts to deliver such updates, revisions and supplements no later than two (2) business days prior to Closing and any updates, revisions or supplements which are warranted after such time shall be delivered by Sellers (excluding UURF) promptly to Purchaser.

SECTION 6. PURCHASER'S CONDITIONS TO CLOSING

The obligations of Purchaser to proceed to Closing and to purchase the Shares pursuant to this Agreement are only subject to the satisfaction or Purchaser's written waiver, at or prior to Closing, of the conditions precedent set forth in this Section 6. The conditions set forth in this Section 6 shall serve only to act as conditions to the closing of the transactions contemplted by this Agreement and upon the Closing shall terminate and be of no further force or effect.

6.1 Representations and Warranties True.

All the representations and warranties made by Sellers in Section 3 hereof that are qualified as to materiality shall be true and correct as of the Closing Date and all representations and warranties made by Sellers in Section 3 hereof that are not so qualified shall be true and correct in all material respects as of the Closing Date. Each Seller, excluding UURF, shall have delivered to Purchaser a certificate, dated as of the Closing Date and signed by such Seller (each a "Seller's Closing Certificate"), which certifies that (a) such representations and warranties were true and correct as of the date of this Agreement, and (b) such representations and warranties that are qualified as to materiality are true and correct as of the Closing Date and such representations and warranties that are not so qualified are true and correct in all material respects as of the Closing Date.

6.2 Sellers' Performance.

Each Seller shall have performed and complied in all material respects with all applicable covenants and agreements required by this Agreement to be performed or complied with by such Seller prior to or at Closing.

6.3 Corporate Proceedings.

All corporate proceedings of the Company approving the Company's execution of this Agreement and the performance of its obligations hereunder shall be in form and substance reasonably satisfactory to Purchaser and Purchaser's legal counsel.

6.4 Consents and Approvals.

Sellers' Notices and Consents shall have been furnished and/or obtained and shall be in full force and effect at Closing and all other permits, approvals, consents or authorizations of any Governmental Authority or any other Person necessary for consummation of the transactions contemplated by this Agreement shall have been obtained.

6.5 No Material Adverse Effect.

There shall be no Material Adverse Effect that has occurred and is continuing.

6.6 Governmental Action or Other Adverse Proceedings.

No Governmental Authority shall have threatened or issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the performance of this Agreement, which has not been resolved to the Governmental Authority's satisfaction.

6.7 Consulting Agreement

Each of the Researchers shall have entered into a consulting agreement with the Company (each a "Consulting Agreement"), in a form satisfactory to Purchaser, that will provide for continued research and development work by the Researchers related to the Company's technology.

6.8 Acquisition of Purchaser.

Nu Skin, or an Affiliate of Nu Skin, shall have acquired Purchaser through a stock acquisition, merger or other similar transaction.

6.9 No FDA Approval Required.

The use of the Scanner to [**Confidential Treatment Requested**] shall not require that the Scanner be approved by the United States Food and Drug Administration.

6.10 Satisfaction with Due Diligence.

Purchaser shall have completed its due diligence investigation of the Company and the Assets and shall be satisfied, in Purchaser's sole discretion, of the results of such investigation.

6.11 No Termination of this Agreement.

This Agreement shall not have been terminated pursuant to Section 9 hereof.

6.12 Other Deliveries.

Sellers shall have delivered to Purchaser any other documents required by Section 8.2 hereof.

6.13 Resignation of Officers.

Sellers shall have delivered to Purchaser the letter of resignation of the members of the Company's Board of Directors and all of the officers of the Company.

6.14 Representations and Consent of UURF.

UURF shall (i) have made such representations and warranties in writing to Purchaser concerning UURF's organization and authority, the Shares owned by UURF, the License, and other matters related to this Agreement as Purchaser shall reasonably require (the "Statement of Representations and Warranties") and (ii) have consented to the acquisition of

Purchaser by Nu Skin (through Niksun Acquisition Corporation, a Delaware corporation, its wholly owned subsidiary) whether by stock acquisition, merger or otherwise and shall have agreed in writing that the surviving entity of such transaction will be entitled the rights and will assume the obligations of the Licensee under the License.

6.15 Release from Claims.

Caroderm, the Company, Spectrotek, and every current or former stockholder and member of each such entity other than the UURF shall have executed and delivered the Release, or with the prior approval of Nu Skin to be granted or withheld in its sole discretion, shall have (i) ratified and/or consented in writing to the execution of the MOU, or (ii) executed other separate documentation in form and substance reasonably acceptable to Purchaser. The UURF shall have executed and delivered the MOU.

6.16 Execution of Confidentiality Agreements.

Werner Gellerman, Robert McClane, Jon Parberry and Steve Ingleby shall have executed non-disclosure agreements in a form satisfactory to Purchaser.

SECTION 7. SELLER'S CONDITIONS TO CLOSING

The obligations of each Seller to proceed to Closing and to sell the Shares pursuant to this Agreement are only subject to the satisfaction or Sellers' written waiver, at or prior to Closing, of the following conditions precedent:

7.1 Representations and Warranties True.

The representations and warranties made by Purchaser in this Agreement shall be true and correct in all material respects as of the date of this Agreement and shall be true and correct in all material respects as of the Closing Date. Purchaser shall have delivered to the Sellers a certificate, dated as of the Closing Date and signed by an executive officer of Purchaser ("Purchaser's Closing Certificate"), which certifies that (a) such representations and warranties were true in all material respects as of the date of this Agreement, and (b) such representations and warranties are true in all material respects as of the Closing Date.

7.2 Purchaser's Performance.

Purchaser shall have performed and complied in all material respects with all applicable covenants and agreements required by this Agreement to be performed or complied with by Purchaser prior to Closing.

7.3 Proceedings.

All proceedings of Purchaser approving the transactions contemplated by this Agreement shall be in form and substance reasonable satisfactory to Seller and such Seller's legal counsel.

7.4 Consents and Approvals.

Sellers' Notices and Consents shall have been furnished and/or obtained and shall be in full force and effect at Closing and all other permits, approvals, consents or authorizations of any Governmental Authority or from any other Person necessary for consummation of the transactions contemplated by this Agreement shall have been obtained.

7.5 No Governmental Action or Other Adverse Proceedings.

No Governmental Authority shall have threatened or issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the performance of this Agreement, which has not been resolved to the Governmental Authority's satisfaction. There shall not be any other action or claim instituted with respect to the transactions contemplated by this Agreement by any Governmental Authority or other Person or order enacted, entered, enforced or deemed applicable to the transactions contemplated hereunder by any Governmental Authority or arbitrator or any preliminary or permanent injunction or order entered by any federal or state court which prohibits consummation of the transactions as contemplated hereunder or makes the consummation of such transactions illegal or reasonably likely to result in damages of a material amount to Seller.

7.6 No Termination of this Agreement.

This Agreement shall not have been terminated pursuant to Section 9 hereof.

7.7 Nu Skin Enterprises Guarantee.

Purchaser shall have caused Nu Skin to execute and deliver to Sellers the Guarantee.

SECTION 8. CLOSING

8.1 The Closing.

Provided that all conditions to Closing hereunder have been satisfied or appropriately waived, the Closing of the transactions contemplated by this Agreement shall occur at the offices of Purchaser's legal counsel, Bennett Tueller Johnson & Deere, located at 3865 South Wasatch Blvd., Suite 300, Salt Lake City, Utah 84109, at 10:00 a.m., Mountain Time, or such other time and place as the parties shall agree on the Closing Date. All acts, deliveries and confirmations comprising the Closing, including all conditions precedent to Closing, regardless of chronological sequence, shall be deemed to occur contemporaneously and simultaneously at 11:59 p.m., Mountain Time, on the Closing Date.

8.2 Seller's Obligations At Closing.

At the Closing, each of the Sellers shall deliver, or cause to be delivered, to Purchaser the following items as applicable to such Seller:

(l) Seller's Closing Certificates. The Seller's Closing Certificate duly executed by each Seller;

(m) Agreements. Originals of properly executed Consulting Agreements.

(n) Stock Certificates and Assignments. The stock certificate representing the Shares and the related stock assignment(s) separate from certificate, duly executed in blank by Seller;

(o) Resignation of the Company's Officers and Directors. The written resignations of all of the members of the Board of Directors of the Company and the officers of the Company set forth in Section 6.13 hereof, effective on or before the Closing Date; and

(e) Side Indemnification Agreement. The Indemnification Agreement attached hereto as Exhibit D whereby the Sellers (other than the UURF) agree to indemnify the UURF for certain losses.

8.3 Purchaser's Obligations At Closing.

At the Closing, Purchaser shall deliver, or cause to be delivered, to the Sellers the following items:

(p) Resolutions. Duly certified copies of the proceedings of Purchaser authorizing the execution, delivery and performance of this Agreement and approving all of the transactions contemplated hereby;

(q) Purchaser's Closing Certificate. Purchaser's Closing Certificate duly executed by an executive officer of Purchaser;

(r) Purchase Price. The portion of the Purchase Price to be paid at Closing, which amount shall be paid to Sellers in accordance with Section 2 hereof;

(d) Nu Skin Enterprises Guarantee. Purchaser shall have caused Nu Skin to execute and deliver to Sellers the Guarantee; and

(e) Other Documents. Such other instruments, assignments and documents as Seller may reasonably request, consistent with the intent and purposes of this Agreement.

SECTION 9. TERMINATION

9.3 Mutual Agreement.

Purchaser and all Sellers may, by mutual written consent, terminate this Agreement at any time before the Closing.

9.4 By Purchaser.

Purchaser may terminate this Agreement prior to Closing effective upon the giving of written notice to Seller if:

(s) Any condition precedent set forth in Section 6 hereof has not been satisfied on or prior to March 15, 2002, unless such non-satisfaction is directly attributable to a material breach by Purchaser of any of its respective obligations under the Transaction Agreements; or

(t) There has been a material breach by any Seller or the Company of any obligation, agreement or covenant, or a material inaccuracy in any representation or warranty of Sellers or the Company, respectively, contained in this Agreement and such breach or inaccuracy has not been waived by Purchaser or cured to Purchaser's reasonable satisfaction within thirty (30) days of written notice from Purchaser of such breach or inaccuracy, but in no case later than March 15, 2002.

9.5 By Sellers.

Sellers may terminate this Agreement prior to Closing effective upon the giving of written notice to Purchaser if:

(a) Any condition precedent set forth in Section 7 hereof has not been satisfied on or prior to March 15, 2002, unless such non-satisfaction is directly attributable to a material breach by a Seller or the Company of any of their obligations under the Transaction Agreements; or

(b) There has been a material breach by Purchaser of any obligation, agreement or covenant, or a material inaccuracy in any representation or warranty of Purchaser, contained in this Agreement and such breach or inaccuracy has not been waived by Sellers or cured to the reasonable satisfaction of Sellers within thirty (30) days of written notice from Sellers of such breach or inaccuracy, but in no case later than March 15, 2002.

9.6 Confidential Information.

The parties hereto each agree that they shall at all times take all reasonably necessary steps to safeguard the confidentiality of proprietary information of the other parties disclosed by or on behalf of such party in connection with the Transaction Agreements, that such information will be used solely for the purpose of the transaction described herein, and that such information will not be disclosed to any third party without the prior written consent of the disclosing party; *provided, however*, that a party may disclose:

(a) Information which at the time of the disclosure is part of the public knowledge and readily accessible to such third party; and

Information that is required by law to be disclosed. The parties agree that all information related to the parties' negotiation of this Agreement and the terms and conditions

hereof are confidential and proprietary information for purposes of this Section 9.6. The parties further agree that if the Closing does not occur, each of them will return to the other party any and all material containing or reflecting such information. Notwithstanding any termination of this Agreement, if the Closing does not occur, Sellers and the Company agree to keep confidential at all times all information related to Purchaser and its Affiliates, including the identities of Purchaser and such Affiliates.

SECTION 10. POST-CLOSING COVENANTS

10.1 Expenses.

Except as otherwise provided in Section 11 hereof, the parties agree that they will each bear their own respective costs and expenses incurred at any time in connection with the transaction contemplated by this Agreement and the other Transaction Agreements, including the fees and expenses of legal counsel and

accountants.

10.2 Further Assignments and Assurances.

If at any time after the Closing legal counsel for Purchaser or Sellers shall deem it necessary, advisable or appropriate to take further or additional steps for the purpose of assigning, transferring, conveying, perfecting and/or confirming or reducing to possession the Shares or the Assets, as the case may be, then the other party shall execute, acknowledge and deliver any such assignments, conveyances, certificates or other documents or instruments of transfer consistent with the terms of this Agreement as may reasonably be requested by legal counsel.

10.3 Seller's Notices and Consents.

In the event that any of Sellers' Notices and Consents were not furnished or obtained prior to Closing, then Sellers shall furnish any applicable notices as soon as practicable and take appropriate actions to obtain any applicable consents as promptly as possible. Sellers shall use their best good faith efforts to diligently prosecute to full completion any of Seller's Notices and Consents not furnished or obtained prior to Closing. In the prosecution of Sellers' Notices and Consents, Purchaser shall, or shall cause the Company to, promptly comply with all reasonable requests for information or documentation and all other commercially reasonable requests required by the Person whose consent or approval is required. Notwithstanding the foregoing, this Section 10.3 shall not apply to UURF.

10.4 Required Provisions of Scanner Licenses.

Prior to the earlier of the fourth anniversary of the Scanner Production Date or the date on which Purchaser has paid the Sellers an aggregate of $5,000,000 pursuant to Sections 2.2(a), 2.2(b) and 2.2(c) hereof, subject to the terms of the License, Purchaser agrees that it will not transfer, assign or sublicense the License to any third party unless (i) such third party agrees in writing to fulfill Purchaser's obligations to the Sellers under this Agreement and (ii) such third party is prohibited from using the Scanner for the promotion and marketing of products which compete with the Nutritional Supplements. Notwithstanding this Section 10.4, Purchaser and its

Affiliates must comply with the terms of the License regarding any transfer, assignment, or sublicense of the License to any third party.

10.5 Acceleration of Purchase Price Payment in the Event of the Sale of the Company.

Following the Closing, in the event that all of the outstanding stock of the Company or all or substantially all of the assets of the Company are sold (an "Acquisition") to a third party (the "Acquirer"), Purchaser shall pay to Sellers, at the time of the consummation of the Acquisition, any unpaid portion of the Purchase Price (assuming for this purpose that the aggregate amount to be paid to Sellers under Sections 2.2(a), 2.2(b) and 2.2(c) hereof is $5,000,000), unless one or both of the following conditions are met:

(a) Sellers consent to the Acquisition in writing prior to or upon the consummation of the Acquisition; or

(b) Nathan W. Ricks maintains a significant managerial role in the development, marketing, and use of the Intellectual Property Assets by the Acquirer after the consummation of the Acquisition.

For the avoidance of doubt, the Sellers hereby acknowledge their consent to the acquisition of Purchaser by Nu Skin Enterprises, Inc. or its Affiliate, whether by stock purchase, merger or otherwise, and agree that such transaction will not accelerate the payment of the Purchase Price under this Section 10.5.

10.6 Multi-Level Marketing Distributorships.

In the event that Purchaser begins to market its products through a multi-level marketing network of independent distributors, Purchaser shall offer a distributorship to each Seller on the same terms and conditions as the distributorships offered to third parties.

10.7 Survival.

The covenants and obligations of this Section 10 (other than the obligations described in Sections 10.2, 10.3 and 10.6 hereof, which shall survive until satisfied) shall survive the Closing until the four-year anniversary of the Closing Date.

SECTION 11. INDEMNIFICATION

11.1 General Indemnification Obligations.

(a) Indemnification by Sellers. Purchaser, its Affiliates and their successors and assigns, and the officers, directors, employees and agents of Purchaser, its Affiliates and their successors and assigns (each a "Purchaser Indemnified Party") shall be indemnified and held harmless by each Seller (other than UURF who shall have no obligation under this Section 11.1), severally and not jointly, for any and all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable (collectively, "Liabilities"), losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, reasonable attorneys' fees and expenses)

suffered or incurred by them (including, without limitation, any claim, action, suit, injury, proceeding or investigation before any Governmental Authority or taxing authority brought or otherwise initiated by any of them) (hereinafter a "Loss"), arising out of or resulting from:

(i) the breach by the indemnifying Seller of the representations and warranties contained in Section 3.2 and Section 3.6 hereof and the breach by any Seller of any representation or warranty made elsewhere in Section 3 hereof; or

(ii) the breach by the indemnifying Seller of any covenant or agreement made by such Seller in this Agreement; or

(iii) any Liabilities whether arising before or after the Closing Date, arising from or relating to the ownership or actions or inactions of the Company or the LLC or the conduct of their respective businesses prior to the Closing Date; or

(iv) any or all Losses suffered or incurred by reason of or in connection with any claim or cause of action of any third party

to the extent (A) arising out of any action, inaction, event, condition, liability or obligation of the indemnifying Seller (to the extent such action, inaction, event, condition, liability or obligation is attributable to one or more specific Sellers), or (B) arising out of any action, inaction, event, conditon, liability or obligation of any Seller (to the extent such action, inaction, event, condition, liability or obligation is attributable to all Sellers or the Company), but only if occurring or existing prior to the Closing Date; or

(v) any and all Losses suffered or incurred as a result of the failure of the indemnifying Seller, the Company or the LLC to obtain prior to the Closing Date the consent of all third-parties who are parties to contracts with the Company or the LLC (including, but not limited to, the License), the terms of which such contracts require the consent of such third-parties to the transactions contemplated by this Agreement; or

(vi) any and all Taxes with respect to any taxable period or a portion thereof, of the Company ending on or before the Closing Date; or

(vii) any and all Losses suffered or incurred as a result of any claim by any current or former stockholder, employee or consultant of Caroderm or the Company or any current or former member, employee or consultant of Spectrotek that relates to or arises out of any claim of entitlement by such stockholder or member to any fees, royalties or other compensation not expressly contemplated by the Transaction Agreements; or

(viii) any and all Losses suffered or incurred that relate to or arise out of any controversy with respect to the clarification of the scope of the fields of uses of the various licenses that is set forth in the MOU.

Any right of a Purchaser Indemnified Party to be indemnified and held harmless for Liabilities or

Losses pursuant to this Section 11.1(a) that arises under more than one of clauses (i) through (viii) above shall be deemed to arise out of each and every such clause that is applicable, so that the Purchaser Indemnified Party shall be entitled to indemnification under any applicable clause.

(b) Indemnification by Purchaser. Purchaser and its Affiliates shall defend and indemnify Sellers (other than UURF) and hold Sellers (other than UURF) harmless from and against any Losses caused by third-party claims resulting from or arising out of (i) any Covenant Breach or Warranty Breach by Purchaser or (ii) claims arising from the operations of the Company after the Closing Date, including from the Company's failure to pay any liabilities owed by it, provided that such liabilities relate to periods after the Closing Date.

(c) Except for any Losses arising out of a breach in the representations contained in Section 3.6 hereof, arising as a result of fraud or a breach of any covenant or agreement made by the applicable Sellers in this Agreement (including, without limitation, the convenant made by the applicable Sellers in Section 2.3 hereof), or arising as a result of any claim or controversy covered by Section 11.1(a)(vii) or Section 11.1(a)(viii) hereof, no claim may be made against the Sellers for indemnification pursuant to Section 11.1(a) hereof with respect to any claims of Losses, unless, and then only to the extent that, the aggregate amount of all such Losses of the Purchaser Indemnified Parties exceeds $100,000. The indemnification obligations of any Seller under Section 11.1(a)(i) and Section 11.1(a)(iii) through (vi) hereof related to a breach of a representation or warranty (excluding those arising out of a breach of the representations contained in Section 3.6 hereof or as a result of fraud or a breach of any covenant or agreement made by the applicable Sellers in this Agreement), and of the Purchaser to any Seller under Section 11.1(b) hereof, shall be effective only until the dollar amount paid by such Seller in respect of Losses indemnified against in Section 11.1(a) hereof, or by Purchaser to any Seller in respect of Losses indemnified against in Section 11.1(b) hereof, aggregates to an amount equal to the total Purchase Price paid to such Seller; *provided*, to the extent that Purchaser's Losses exceed the total Purchase Price paid, such Losses will be deducted from any future payments of Purchase Price otherwise payable to such Seller under Section 2.2 hereof. To the extent that any person's undertaking set forth in this Section 11.1 may be unenforceable, such person shall contribute the maximum amount that they are permitted to contribute under applicable law to the payment and satisfaction of all Losses incurred by a Seller, Purchaser or the Company, as the case may be.

(d) Any person entitled to indemnification pursuant to Sections 11.1(a) or 11.1(b) hereof (an "Indemnified Party") shall give the indemnifying party notice of any matter which an Indemnified Party has determined has given or could give rise to a right of indemnification under this Agreement, within 45 days of such determination, stating the amount of the Loss, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; *provided*, however, that the failure to provide such notice shall not release any indemnifying party from any of its obligations under this Section 11.1 except to the extent such indemnifying party is materially prejudiced by such failure and shall not relieve any indemnifying party from any other obligation or Liability that they may have to any Indemnified Party otherwise than under this Section 11.1. The obligations and Liabilities of the parties under this Section 11.1 with respect to Losses arising from claims of any third party which are subject to the indemnification provided for in this Section 11.1 ("Third Party Claims") shall be governed

by the following additional terms and conditions: if an Indemnified Party shall receive notice of any Third Party Claim, the Indemnified Party shall give the indemnifying party notice of such Third Party Claim within 30 days of the receipt by the Indemnified Party of such notice; *provided*, *however*, that the failure to provide such notice shall not release any indemnifying party from any of its obligations under this Section 11.1 except to the extent such indemnifying party is materially prejudiced by such failure and shall not relieve any indemnifying party from any other obligation or Liability that they may have to any Indemnified Party otherwise than under this Section 11.1. If an indemnifying party acknowledges in writing its obligation to indemnify the Indemnified Party hereunder against any Losses that may result from such Third Party Claim, then such indemnifying party shall be entitled to assume and control the defense of such Third Party Claim at their expense and through counsel of its choice and reasonably acceptable to the Indemnified Party if it gives notice of its intention to do so to the Indemnified Party within 15 days of the receipt of such notice from the Indemnified Party; *provided*, *however*, that if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate in the judgment of the Indemnified Party, in its sole and absolute discretion, for the same counsel to represent both the Indemnified Party and any indemnifying party, then the Indemnified Party shall be entitled to retain its own counsel, in each jurisdiction for which the Indemnified Party determines counsel is required, at the expense of the indemnifying party. In the event the indemnifying party exercises the right to undertake any such defense against any such Third Party Claim as provided above, the Indemnified Party shall cooperate with the indemnifying party in such defense and make available to the indemnifying party, at the indemnifying party's expense, all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the indemnifying party. Similarly, in the event the Indemnified Party is, directly or indirectly, conducting the defense against any such Third Party Claim, the indemnifying party shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the indemnifying party's expense, all such witnesses, records, materials and information in the indemnifying party's possession or under the indemnifying party's

control relating thereto as is reasonably required by the Indemnified Party. No such Third Party Claim may be settled by any indemnifying party without the prior written consent of the Indemnified Party.

11.2 Satisfaction of Indemnification Claims.

In addition to any other recourse or actions available to a Purchaser Indemnified Party, Purchaser may collect any amounts owed by any Sellers (other than UURF) to a Purchaser Indemnified Party pursuant to Section 11.1(a) hereof by reducing the Purchase Price (if any) payable to such Seller under the terms of this Agreement upon notice to the Seller of such fact.

11.3 Indemnification Limitations.

Neither Purchaser nor Sellers shall have liability or obligation to indemnify the other for any claims presented for payment or indemnification after the later of (i) the three-year anniversary of the Closing Date or (ii) the date that Purchaser's obligation to Sellers under Section 2.2 hereof are satisfied.

SECTION 12. GENERAL PROVISIONS

12.1 Notices.

Any and all notices, requests, consents, demands or other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered, if sent by United States registered or certified mail (return receipt requested), (b) when delivered, if delivered personally by commercial courier, (c) on the second following business day, if sent by United States Express Mail or overnight courier, in each case to the parties at the following addresses (or at such other addresses as shall be specified by like notice) with postage or delivery charges prepaid or (d) upon the date reflected on a fax confirmation from the transmitting fax machine, if sent by facsimile transmission and delivery of the facsimile transmission is confirmed telephonically within one (1) business day, in each case to the parties at the following addresses or facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice) with applicable postage or delivery charges prepaid:

If to Purchaser:

Worldwide Nutritional Science, LLC
Attn: Nathan W. Ricks
2491 River Front Drive
Santa Clara, Utah 84765
Fax: (435) 627-1901

with copies to:

Bennett Tueller Johnson & Deere
Attn: Paul M. Johnson
3865 South Wasatch Blvd., Suite 300
Salt Lake City, Utah 84109
Fax: (801) 278-1541

and

Nu Skin Enterprises, Inc.
Attn: Matthew Dorny
One Nu Skin Plaza
75 West Center Street
Provo, Utah 84601
Fax: (801) 345-3099

and

Simpson Thacher & Bartlett
Attn: Kevin Kennedy
3330 Hillview Avenue
Palo Alto, CA 94304
Fax: (650) 251-5002

If to Sellers:

Anderson & Karrenberg
Attn: Steve Dougherty
50 West Broadway, Suite 700
Salt Lake City, Utah 84101
Fax: (801) 364-7697

If to UURF:

University of Utah Research Foundation
615 Arapeen Drive, Suite 110
Salt Lake City, UT 84108
Fax: (801) 581-7538>

with copies to:

Snell & Wilmer, L.L.P.
Attn. John Weston
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101
Fax: (801) 257-1800

12.2 Time of the Essence.

Time is of the essence with respect to each and every provision of this Agreement.

12.3 Amendments.

This Agreement shall not be amended, modified, revised or supplemented, in any minor or material respect, except pursuant to a dated written instrument executed by Purchaser and Sellers.

12.4 Waivers.

Either Purchaser, on the one hand, or Sellers, on the other hand, may waive: (a) the time for the performance of any of the obligations or other actions of the other under this Agreement; (b) any inaccuracies in the representations or warranties of the other contained in this Agreement, in any certificate delivered pursuant to this Agreement or in connection with the transactions contemplated hereunder; (c) compliance with any of the conditions or covenants of the other contained in this Agreement; or (d) performance of any of the obligations of the other under this Agreement provided that, in each case, a waiver must be evidenced by a dated written instrument duly executed by the party granting such waiver. The waiver by any party hereto of a breach of any provision hereunder shall not operate or be construed as a waiver of any prior or subsequent breach of the same or any other provision hereunder.

12.5 Integrated Agreement.

This Agreement, together with the exhibits and schedules hereto and the Statement of Representations and Warranties, constitute the final written integrated expression of all of the agreements between Purchaser and Sellers with respect to the purchase and sale of the Shares and the other subjects addressed herein and is a complete and exclusive statement of those terms. This Agreement, together with the exhibits and schedules hereto, supersedes all prior or contemporaneous, written or oral memoranda, arrangements, contracts or understandings between the parties hereto relating to the subject matter hereof. Any representations, promises, warranties or statements made by any party which differ in any way from the terms of this Agreement, together with the exhibits and schedules hereto, shall be given no force or effect. The parties specifically represent, each to the other, that there are no additional or supplemental agreements or contracts between them related in any way to the matters herein contained unless specifically included or referred to herein.

12.6 Severability.

In the event that any provision in this Agreement shall be found by a Governmental Authority or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable, such provision shall be construed and enforced as if it had been narrowly drawn so as to not be invalid, illegal or unenforceable, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

12.7 Governing Law.

This Agreement shall be governed by and construed in accordance with the internal laws of the State of Utah and federal law where state law is pre-empted or applicable, without regard to principles of conflicts of law.

12.8 Successors and Assigns.

This Agreement shall be binding upon the parties hereto and their respective successors, successors-in-interests, transferees and assigns.

12.9 Construction.

This Agreement has been drafted with the joint participation of each of the parties hereto and shall be construed to be neither against nor in favor of any party hereto, but rather in accordance with the fair meaning hereof.

12.10 Section Headings.

The section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

12.11 No Rights in Third Parties.

Nothing in this Agreement, whether expressed or implied, is intended to confer upon any third party any rights or remedies under or by reason of this Agreement.

12.12 Counterparts.

This Agreement may be executed in two or more counterparts, by original or facsimile signature, each of which shall be deemed to be an original, but all of which together shall be considered one and the same agreement.

12.13 Attorney's Fees.

In the event of any litigation by any party hereto to enforce the terms of this Agreement, the prevailing party in such litigation shall be entitled to receive from the other party payment of attorneys' fees incurred (whether before or after commencement of such litigation) by the prevailing party.

[Signature pages follow immediately]

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective for all purposes as of the date first written above.

PURCHASER:

WORLDWIDE NUTRITIONAL SCIENCE, INC.

By: /s/Nathan W. Ricks
Name: Nathan W. Ricks
Title: President

COMPANY:

NUTRISCAN, INC.
By: /s/Werner Gellermann
Name: Werner Gellermann
Title: President

SELLERS:

/s/Robert McClane
ROBERT McCLANE

/s/Werner Gellerman
WERNER GELLERMANN

/s/Dallin Bagley
DALLIN BAGLEY

/s/ Jon Parberry
JON PARBERRY

/s/Steve Ingleby
STEVE INGLEBY

/s/George Nelson
GEORGE NELSON

[Signature Page to Reconstituted Stock Purchase Agreement]

UNIVERSITY OF UTAH RESEARCH FOUNDATION

By: /s/ Raymond F. Gesteland
Name: Raymond F. Gesteland
Title: President

[Signature Page to Reconstituted Stock Purchase Agreement]

LIST OF SCHEDULES AND EXHIBITS:

Schedule 2.2 - Allocation of Purchase Price; address and wiring instructions of each Seller.

Exhibit A - Schedule of Exceptions

Exhibit B - Form of Consent and General Release

Exhibit C - Form of Nu Skin Enterprises, Inc. Guarantee

Exhibit D - Form of Side Indemnification Agreement

Schedules omitted from this filing will be furnished to the Commission upon its request.

CERTAIN PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

Among

NU SKIN ENTERPRISES, INC.

NIKSUN ACQUSITION CORPORATION

and

WORLDWIDE NUTRITIONAL SCIENCE, INC.

Dated as of March 6, 2002

TABLE OF CONTENTS

TABLE OF CONTENTS
(CONTINUED)

TABLE OF CONTENTS
(CONTINUED)

*Schedules omitted from this filing will be furnished to the Commission upon its request.

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of March 6, 2002 (the "Agreement"), among Nu Skin Enterprises, Inc., a Delaware corporation ("Parent"), Niksun Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Parent ("Sub"), Worldwide Nutritional Science, Inc., a Utah corporation (the "Company"), Nathan W. Ricks, as trustee of The Joyce Ricks Family Trust, Nathan W. Ricks, as trustee of the Buckhorn Holdings Trust (each a "Stockholder" and collectively the "Stockholders") and Nathan W. Ricks, in his individual capacity (the "Stockholder Representative").

WHEREAS, the Boards of Directors of Parent, Sub and the Company have declared this Agreement to be advisable, and the Boards of Directors of Parent and Sub have each approved the merger of the Company with and into Sub (the "Merger") in accordance with the General Corporation Law of the State of Delaware ("DGCL") and the Board of Directors of the Company has approved the Merger in accordance with the Utah Revised Business Corporation Act ("URBCA"), in each case upon the terms and subject to the conditions set forth herein;

WHEREAS, as a condition and inducement to Parent's willingness to enter into this Agreement, Parent, the Stockholders and the Stockholder Representative are entering into an agreement dated as of the date hereof and substantially in the form of Exhibit A, pursuant to which each Stockholder has agreed, among other things, to vote all shares of Common Stock of the Company ("Company Common Stock") owned or acquired by him in favor of the adoption of this Agreement and the transactions contemplated hereby (the "Voting Agreement" and, together with this Agreement, the "Transaction Agreements");

WHEREAS, as a condition and inducement to Parent's willingness to enter into this Agreement, on the Effective Date (as defined below) Parent and Dr. Robert C. McClane and Dr. Werner Gellermann have agreed to enter into agreements substantially in the forms of Exhibit C (the "Consulting Agreement"); and

WHEREAS, for Federal income tax purposes, it is intended that the Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Parent, Sub, the Company, the Stockholders and the Stockholder Representative hereby agree as follows:

ARTICLE I

THE MERGER

Section 1.1 The Merger.

Upon the terms and subject to the conditions of this Agreement and in accordance with the DGCL and URBCA, at the Effective Time (as defined in Section 1.2), the Company shall be merged with and into Sub. As a result of the Merger, the separate corporate existence of the Company shall cease and Sub shall continue as the surviving corporation of the Merger (the "Surviving Corporation"). At Parent's election, the Merger may alternatively be structured so that any direct wholly owned subsidiary of Parent may be substituted for Sub as a constituent corporation in the Merger. In the event of such an election, the parties agree to execute an appropriate amendment to this Agreement in order to reflect such election.

Section 1.2 Effective Time.

As soon as practicable after the satisfaction or waiver of the conditions set forth in Article VII, the parties hereto shall cause the Merger to be consummated by (i) filing a certificate of merger (the "Certificate of Merger") with the Secretary of State of the State of Delaware, in such form as required by and executed in accordance with the relevant provisions of the DGCL and (ii) filing articles of merger with the Utah Division of Corporations and Commercial Code, in such form as required by and executed in accordance with the relevant provisions of the URBCA (the date and time of the filing of the Certificate of Merger with the Secretary of State of the State of Delaware (or such later time as is specified in the Certificate of Merger and mutually agreed upon by the parties hereto) being the "Effective Time").

Section 1.3 Effects of the Merger.

The Merger shall have the effects set forth in the applicable provisions of the DGCL and the URBCA. Without limiting the generality of the foregoing and subject thereto, at the Effective Time all the property, rights, privileges, immunities, powers and franchises of the Company and Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Sub shall become the debts, liabilities and duties of the Surviving Corporation.

Section 1.4 Certificate of Incorporation; By-Laws.

(a) At the Effective Time and without any further action on the part of the Company and Sub, the Certificate of Incorporation of Sub as in effect immediately prior to the Effective Time shall be the Certificate of Incorporation of the Surviving Corporation until thereafter and further amended as provided therein and under the DGCL.

(b) At the Effective Time and without any further action on the part of the Company and Sub, the By-Laws of Sub shall be the By-Laws of the Surviving Corporation and thereafter may be amended or repealed in accordance with their terms or the Certificate of Incorporation of the Surviving Corporation and as provided by law.

Section 1.5 Directors and Officers.

The directors of Sub immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation, each to hold office in accordance with the Certificate of Incorporation and By-Laws of the Surviving Corporation, and the officers of the Company immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation, in each case until their respective successors are duly elected or appointed (as the case may be) and qualified. If any such person shall for any reason be unable or unwilling to serve, such person's replacement shall be selected before the Effective Time by Parent.

Section 1.6 Conversion of Securities.

At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Sub, the Company or the holders of any of their securities:

(a) Subject to Section 1.7, all of the Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Company Common Stock to be canceled in accordance with Section 1.6(b) hereof) shall be converted into the right to receive an aggregate of (x) 106,667 fully paid and nonassessable shares (the "Stock Consideration") of Parent's Class A Common Stock, par value $0.001 per share (the "Parent Common Stock"), and (y) $700,000 in cash (the "Cash Consideration" and, together with the Stock Consideration, the "Merger Consideration"). As of the Effective Time, all such shares of Company Common Stock shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and each holder of a certificate representing any such shares of Company Common Stock shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration and any cash in lieu of fractional shares of Parent Common Stock to be issued or paid in consideration therefor upon surrender of such certificate in accordance with Section 1.8, without interest. The per share Merger Consideration to be paid to each holder of a share of Company Common Stock shall be determined by dividing the total Stock Consideration and the total Cash Consideration by the total number of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time and shall be payable to each holder of Company Common Stock upon the surrender of the certificate formerly representing such share of Company Common Stock.

(b) Each share of Company Common Stock that is held in the treasury of the Company immediately prior to the Effective Time, shall be cancelled and retired without any conversion thereof and no payment or distribution shall be made with respect thereto.

(c) Each share of common stock of Sub issued and outstanding immediately prior to the Effective Time shall remain outstanding and shall thereafter constitute all of the issued and outstanding capital stock of the Surviving Corporation.

(d) Notwithstanding Section 1.6(a), if the cash portion of the Merger Consideration is worth more than the stock portion of such payment at the Effective Time, then the cash and stock amounts shall be adjusted so that the cash portion represents less than 50% of such Merger Consideration at such time.

Section 1.7 Fractional Interests.

No certificates or scrip representing fractional shares of Parent Common Stock shall be issued in connection with the Merger, and such fractional interests will not entitle the owner thereof to any rights of a stockholder of Parent. In lieu of any such fractional interests, each holder of shares of Company Common Stock exchanged pursuant to Section 1.6(a) who would otherwise have been entitled to receive a fraction of a share of Parent Common Stock (after taking into account all shares of Company Common Stock then held of record by such holder) shall receive cash (without interest) in an amount equal to the product of such fractional part of a share of Parent Common Stock multiplied by the closing price of a share of Parent Common Stock on the New York Stock Exchange Inc. (the "NYSE") as reported by The Wall Street Journal (or if not reported thereby, any other authoritative source) on the Closing Date, rounded to the nearest cent.

Section 1.8 Surrender of Shares of Company Common Stock.

(a) Parent shall act as agent for the holders of shares of Company Common Stock in connection with the Merger to deliver the shares of Parent Common Stock and cash to which holders of shares of Company Common Stock shall become entitled pursuant to Sections 1.6(a) and 1.7.

When and as needed, Parent will make available sufficient shares of Parent Common Stock and cash to make all exchanges pursuant to Section 1.8(b).

(b) Promptly after the Effective Time, the Stockholder Representative shall cause each record holder, as of the Effective Time, of an outstanding certificate or certificates which immediately prior to the Effective Time represented shares of Company Common Stock (the "Certificates"), to deliver all such Certificates to Parent. Upon surrender to Parent of a Certificate, and any other documents as may be required by Parent, the holder of such Certificate shall be entitled to receive in exchange therefor, (i) a certificate representing that number of whole shares of Parent Common Stock which such holder has the right to receive pursuant to the provisions of Section 1.6(a), (ii) the cash which such holder has the right to receive pursuant to the provisions of Section 1.6(a) and (iii) cash in lieu of any fractional shares of Parent Common Stock to which such holder is entitled pursuant to Section 1.7, after giving effect to any required tax withholdings, and the Certificate so surrendered shall forthwith be cancelled. If the exchange of certificates representing shares of Parent Common Stock is to be made to a person other than the person in whose name the surrendered Certificate is registered, it shall be a condition of exchange that the Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer and that the person requesting such exchange shall have paid any transfer and other taxes required by reason of the exchange of certificates representing shares of Parent Common Stock to a person other than the registered holder of the Certificate surrendered or shall have established to the satisfaction of the Surviving Corporation that such tax either has been paid or is not applicable.

(c) At any time following six months after the Effective Time, Parent shall not be required to make available shares of Parent Common Stock and cash for disbursement to holders of Certificates who have not delivered their Certificates to Parent, and thereafter such holders shall be entitled to look only to the Surviving Corporation (subject to abandoned property, escheat or other similar laws) as general creditors thereof with respect to the shares of

Parent Common Stock and any cash payable upon due surrender of their Certificates. Notwithstanding the foregoing, to the extent permitted by law, none of the Surviving Corporation or Parent shall be liable to any holder of a Certificate for shares of Parent Common Stock or cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(d) At the Effective Time, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers of shares of Company Common Stock on the records of the Company. From and after the Effective Time, the holders of Certificates evidencing ownership of shares of Company Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares of Company Common Stock except as otherwise provided for herein or by applicable law.

(e) No dividends or other distributions declared or made after the Effective Time with respect to shares of Parent Common Stock shall be paid to the holder of any unsurrendered Certificate with respect to the whole shares of Parent Common Stock it is entitled to receive and no cash payment (whether as the Cash Consideration or in lieu of fractional interests pursuant to Section 1.7) shall be paid until the holder of such Certificate shall surrender such Certificate in accordance with the provisions of this Agreement. Subject to the effect of applicable law, promptly upon such surrender, there shall be paid to the person in whose name the certificates representing such whole shares of Parent Common Stock shall be issued, any dividends or distributions with respect to such shares of Parent Common Stock which have a record date after the Effective Time and shall have become payable between the Effective Time and the time of such surrender. In no event shall the person entitled to receive such dividends or distributions be entitled to receive interest thereon.

(f) If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either Sub or the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of each of Sub and the Company or otherwise, all such deeds, bills of sale, assignments and assurances and to take and do, in such names and on such behalves or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out the purposes of this Agreement.

Section 1.9 Closing and Closing Date.

Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to the provisions of Section 8.1, the closing (the "Closing") of this Agreement shall take place (a) at 9:00 a.m. (Mountain Standard Time) as soon as practicable after all of the conditions to the respective obligations of the parties set forth in Article VII hereof shall have been satisfied or waived or (b) at such other time and date as Parent and the Company shall agree (such date and time on and at which the Closing occurs

being referred to herein as the "Closing Date"). The Closing shall take place at such location as Parent and the Company shall agree.

Section 1.10 Certain Adjustments.

If, between the date of this Agreement and the Effective Time (and as permitted by Section 5.1), the outstanding shares of Parent Common Stock or the outstanding shares of Company Common Stock shall have been increased, decreased, changed into or exchanged for a different number of shares or different class, in each case, by reason of any reclassification, recapitalization, stock split, reverse stock split, split-up, combination or exchange of shares or a stock dividend or dividend payable in any other securities shall be declared with a record date within such period, or any similar event shall have occurred, the Merger Consideration shall be appropriately adjusted to provide to holders of Company Common Stock and Parent Common Stock, the same economic effect as contemplated by this Agreement prior to such event.

Section 1.11 Exemption from Registration.

The shares of Parent Common Stock to be issued in conjunction with the Merger and as a part of any Contingent Payments pursuant to Article II will be issued in a transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), by reason of Section 4(2) thereof. At the Effective Time, each Stockholder will have executed a letter agreement substantially in the form attached hereto as Exhibit B (the "Letter Agreement") governing the registration rights granted with respect to, and the restricted status of, the Shares of Parent Common Stock to be issued to the Stockholders hereunder.

Section 1.12 Appointment of Stockholders' Representative.

The Stockholders hereby appoint the Stockholder Representative as, and the Stockholder Representative hereby agrees to serve as, each Stockholder's legal representative and Attorney-in-Fact to do any and all things and execute all documents and papers, in each Stockholder's name, place and stead, in any way such Stockholder could do if personally present, in connection with this Agreement and the transactions contemplated hereby, including, without limitation, to (i) amend, cancel or extend, or waive the terms of this Agreement, the Voting Agreement or any other ancillary documents or agreements prepared in connection with this Agreement, (ii) provide the notices of dispute and adjustments to the consideration pursuant to Section 2.3(c), (iii) accept and deliver shares or cash in the amounts due to each Stockholder, on behalf of such Stockholders, (iv) act on behalf of each Stockholder with respect to claims (including the settlement thereof) made by an Indemnified Party (as defined in Section 9.1) for indemnification pursuant to Article IX and with respect to any actions to be taken by the Stockholders pursuant to the terms of the Voting Agreement, (v) accept, on behalf of each Stockholder, all notices required to be delivered to such Stockholder under this Agreement, and (vi) execute and deliver the Stock Pledge Agreement (as defined below) on behalf of each Stockholder. Each Stockholder hereby consents to the taking of any and all actions and the making of any decisions required or permitted to be taken by the Stockholder Representative under this Agreement or the Voting Agreement. Each Stockholder shall be bound by all actions taken by the Stockholder Representative in his capacity thereof. Parent and Sub shall be entitled to rely, as being binding upon each Stockholder, any document or other paper believed by it to

be genuine and correct and to have been signed or sent by the Stockholder Representative, and neither Parent nor Sub shall be liable to any Stockholder for any action taken or omitted to be taken by it in such reliance.

ARTICLE II

CONTINGENT PAYMENTS

Section 2.1 Contingent Payments relating to the Scanner.

If (and only if) (i) the Scanner is marketed and sold by Parent and its subsidiaries under Parent's current distribution system within the United States or Japan, (ii) the Patent and the License Agreement continue to be valid and enforceable by Parent and Nutriscan, Inc. in all respects, and (iii) Parent, together with its subsidiaries, achieve each of the milestones set forth below (the "Scanner Milestones") prior to the earlier of (x) the **[Confidential Treatment Requested]** anniversary of the date the Scanner is first available for sale in both the United States and Japan or (y) the **[Confidential Treatment Requested]** anniversary of the Scanner Production Date, then Parent shall pay, with respect to such Scanner Milestone, to the Stockholders the additional contingent payment amounts set forth opposite such Scanner Milestone (the "Scanner Contingent Payment"). Subject to Section 2.3(d), the Scanner Contingent Payments shall be comprised of cash and shares of Parent Common Stock in the proportions set forth below.

Scanner Milestone	**Scanner Contingent Payment**
Scanner Production Date	$750, 000 and 300,000 shares of Parent Common Stock
The Sale of the [**Confidential Treatment Requested**] Scanner	$250, 000 and 75,000 shares of Parent Common Stock
The Sale of the [**Confidential Treatment Requested**] Scanner	$250, 000 and 75,000 shares of Parent Common Stock
The Sale of the [**Confidential Treatment Requested**] Scanner	$250, 000 and 75,000 shares of Parent Common Stock
The Sale of the [**Confidential Treatment Requested**] Scanner	$250, 000 and 75,000 shares of Parent Common Stock

Notwithstanding the foregoing, if (i) at the Scanner Production Date the total cost to Parent per Scanner (as stated in an invoice as the total cost per unit, including without limitation the total cost of any separately purchased component parts, as delivered to Parent's facilities in accordance with Parent's specifications) is **[Confidential Treatment Requested]** or more and Parent (at its sole discretion) decides to market and sell the Scanner in the United States or Japan, the amount of cash and the number of Shares of Parent Common Stock in the Scanner Contingent Payment to be paid on the Scanner Production Date shall be reduced by 50% and the

amount of each subsequent Scanner Contingent Payment, if payable pursuant to the terms of this Section 2.1, shall be increased by $93,750 in cash and 37,500 shares of Parent Common Stock, (ii) the validity and/or enforceability of the Patent or the License Agreement is at any time contested in a bona fide dispute not initiated by or arising through the fault of Parent or any affiliate thereof, any obligation of Parent to make Scanner Contingent Payments hereunder shall be suspended pending the outcome of such dispute, and (iii) the Patent or the License Agreement is at any time invalidated, terminated or otherwise rendered unenforceable by Parent or Nutricscan, Inc. through no fault of Parent or any affiliate thereof, Parent shall have no obligation to make any further Scanner Contingent Payments hereunder. For purposes of the preceding sentence, no entity that becomes an affiliate of Parent as a result of the transactions contemplated by this Agreement shall be deemed to have been an affiliate of Parent prior to the date hereof.

Section 2.2 Contingent Payments relating to Sales.

If (and only if) (i) the Scanner is marketed and sold by Parent and its subsidiaries under Parent's current distribution system within the United States or Japan, (ii) the Patent and the License Agreement continue to be valid and enforceable by Parent or Nutriscan, Inc. in all respects, and (iii) Parent, together with its subsidiaries, achieve each of the milestones set forth below (the "Sales Milestones" and, together with Scanner Milestones, the "Milestones") prior to the earlier of (x) the **[Confidential Treatment Requested]** anniversary of the date the Scanner is first available for Sale in both the United States and Japan or (y) the **[Confidential Treatment Requested]** anniversary of the Scanner Production Date, then Parent shall pay, with respect to such Scanner Milestone, to the Stockholders the additional contingent payment amounts set forth opposite such Sales Milestone (the "Sales Contingent Payment" and, together with the Scanner Contingent Payments, the "Contingent Payments"). Subject to Section 2.3(d), the Sales Contingent Payments shall be comprised of cash and shares of Parent Common Stock in the proportions set forth below.

Scanner Milestone	Scanner Contingent Payment
New Lines of Sponsorship Volume exceeds [**Confidential Treatment Requested**] points	$437,500 and 150,000 shares of Parent Common Stock
New Lines of Sponsorship Volume exceeds [**Confidential Treatment Requested**] points	$437,500 and 150,000 shares of Parent Common Stock
New Lines of Sponsorship Volume exceeds [**Confidential Treatment Requested**] points	$437,500 and 150,000 shares of Parent Common Stock
New Lines of Sponsorship Volume exceeds [**Confidential Treatment Requested**] points	$437,500 and 150,000 shares of Parent Common Stock

Notwithstanding the foregoing, if (i) the validity and/or enforceability of the Patent or the License Agreement is at any time contested in a bona fide dispute not initiated by or arising through the fault of Parent or any affiliate thereof, any obligation of Parent to make Sales

Contingent Payments hereunder shall be suspended pending the outcome of such dispute, and (ii) the Patent or the License Agreement is at any time invalidated, terminated or otherwise rendered unenforceable by Parent or Nutriscan, Inc. through no fault of Parent or any affiliate thereof, Parent shall have no obligation to make any further Sales Contingent Payments hereunder. For purposes of the preceding sentence, no entity that becomes an affiliate of Parent as a result of the transactions contemplated by this Agreement shall be deemed to have been an affiliate of Parent prior to the date hereof.

Section 2.3 Provisions Applicable to Contingent Payments.

(a) As used in this Article II, the term:

"Distribution Agreement" shall mean any distribution agreement entered into by a Distributor with Nu Skin International, Inc., Nu Skin United States, Inc. or their affiliates for the sale and distribution of Parent's products or the products of Parent's affiliates.

"Distributors" shall mean the independent distributors who have entered into Distribution Agreements.

"Global Compensation Plan" shall mean Parent's "Global Compensation Plan," as amended by Parent from time to time after the date hereof, pursuant to which Distributors are compensated by Parent.

"New Lines of Sponsorship Volume" shall mean the cumulative point volume (as determined under the Parent's global distributor compensation plan as it may be modified from time to time) of all Scanned New Distributors and all Distributors in such Scanned New Distributors' downlines, net of all returns.

"Patent" shall mean the U.S. Patent number **[Confidential Treatment Requested]** and the Patent Cooperating Treaty application number **[Confidential Treatment Requested]**, and any patents that have been issued, or will be issued, under such application.

"Sale" shall mean a final sale to a Distributor or other person (subject only to normal warranties) on pricing terms established by the Parent at its sole discretion, net of all returns; provided, that if a Scanner has been leased from Parent or any of its affiliates or financed by Parent or any of its affiliates (including a financing by a third party in reliance (in full or in part) upon the credit support of Parent or any of its affiliates), no Sale shall be recognized until the **[Confidential Treatment Requested]** anniversary of the lease or financed sale, provided that (x) all obligations of the purchaser under the terms of the lease or financing during such **[Confidential Treatment Requested]** period (including, without limitation, as to payment) have been fully satisfied, and (y) the Scanner is not returned before the end of such **[Confidential Treatment Requested]** period. Any placement of a Scanner with a Distributor by Parent or any of its affiliates in such a manner that grants to the recipient of the Scanner the right to use the Scanner for a period of **[Confidential Treatment Requested]** or more for no consideration shall be deemed a final sale of such Scanner for purposes of this definition.

"Scanned New Distributor" shall mean (i) a new Distributor who signs a Distribution Agreement within **[Confidential Treatment Requested]** after being scanned by the

Scanner, (ii) a new Distributor who is scanned within **[Confidential Treatment Requested]** after the Sign-Up Date, and (iii) a new Distributor who purchases a starter kit with scan certificates or other Scanner materials and is scanned within **[Confidential Treatment Requested]** of the Sign-Up Date. For purposes of this Agreement, an individual who is or has been a Distributor will only qualify as a Scanned New Distributor for purposes of this Article II if such individual has not purchased products during the required period and is eligible to become a Distributor under a new sponsor pursuant to the rules applicable to such individual under the Global Compensation Plan as in effect from time to time. In addition, Scanned New Distributors shall include any new distributor in a country where Nu Skin plans to announce the launch of the Scanner who (i) signs up during the period beginning **[Confidential Treatment Requested]** prior to the date a general announcement is made to all distributors in such country regarding the launch of the Scanner and ending on the date the Scanner is available for distribution and (ii) is scanned within **[Confidential Treatment Requested]** after the date the Scanner is available for distribution in such market.

" Scanner" shall mean a [**Confidential Treatment Requested**] that implements or makes use of the technology described in the Patent.

"Scanner Production Date" shall mean the date that Parent receives from a manufacturer designated by Parent in is sole discretion a workable Scanner that (x) complies with production specifications acceptable to Parent in its sole discretion, and (y) is capable of being produced by such manufacturer at a total cost to Parent (as stated in an invoice as the total cost per unit, including without limitation the total cost of any separately purchased component parts, as delivered to Parent's facilities in accordance with Parent's specifications) per unit that Parent, in its sole discretion acting in good faith, believes is acceptable. Without limiting Parent's discretion to determine an "acceptable" total cost for the Scanner in any way, the parties agree and acknowledge that Parent currently estimates that it's current distribution network is not suitable for a Scanner with a total cost in excess of **[Confidential Treatment Requested]**. Whether a Scanner is "workable" shall be determined in the discretion of Parent acting in good faith. In making this determination, Parent will evaluate, among others, the following factors the achievement of which shall be determined by Parent in its sole discretion acting in good faith:

(i) [**Confidential Treatment Requested**];

(ii) [**Confidential Treatment Requeste**d];

(iii) [**Confidential Treatment Requested**];

(iv) Sufficient safeguards to prevent harm or injury to the operator, the scanned person or other persons;

(v) Reasonable unit reliability and lifetime;

(vi) The ability to be manufactured on a scale that will allow distribution satisfactory to Parent (i.e., at least 2,000 units on or before March 1, 2003);

(vii) Manufactured under an agreement acceptable to Parent in its sole discretion, which agreement shall include the manufacturer's warranty of performance of the Scanner within the applicable specifications and against defective parts and workmanship on each Scanner produced for a period of at least one year after the production of such Scanner;

(viii) [**Confidential Treatment Requested**]; and

(ix) The ability to be legally marketed and sold under applicable governmental regulations without registration as a medical device.

"Sign-Up Date" shall mean the first to occur of the following: (i) the date a Distributor executes and dates a Distribution Agreement if such Distributor initially signs up by submitting a written Distribution Agreement (the Sign-Up Date shall be the date Parent receives the Distribution Agreement if the Distributor fails to date the Distribution Agreement or post-dates the Distribution Agreement), (ii) the date the Distributor establishes a temporary account by telephone or other means, or (iii) the date the Distributor signs up as a Distributor electronically via the Internet.

(b) During the period following the Scanner Production Date in which Contingent Payments may become due and payable under this Agreement, Parent shall, within 45 days of the end of the first, second and third quarter of each fiscal year, and within 90 days of the last quarter of each fiscal year, deliver to the Stockholder Representative a notice (a "Contingent Payment Notice") setting forth the number of Scanners sold and the New Line of Sponsorship Volume achieved, if any, during such quarter. Parent shall cause all Contingent Payments then due and payable to be paid to the Stockholders on the date such Contingent Payment Notice is delivered and will be allocated among the Stockholders as set forth on Schedule 2.3(b) to this Agreement. The cash portion of any Contingent Payment shall be made by wire transfer of immediately available funds to the accounts set forth on Schedule 2.3(b).

(c) If a Stockholder wishes to dispute the amount of any Contingent Payment due then, within twenty (20) days of the receipt of the Contingent Payment Notice, the Stockholder Representative must deliver to Parent a written notice setting forth, in reasonable detail, the basis for the dispute. The failure of the Stockholder Representative to deliver such written notice within the specified time period shall be deemed to constitute acceptance by each Stockholder and the Stockholder Representative of the information and calculations set forth in the Contingent Payment Notice for such quarter. Promptly after the receipt of such notice, an appropriate officer of Parent and the Stockholder Representative shall attempt to reconcile their differences and any resolution by them as to the dispute shall be final, binding and conclusive on Parent, each Stockholder and the Stockholder Representative. If Parent and the Stockholder Representative are not able to resolve the dispute within fifteen (15) Business Days of the delivery of the notice indicating a dispute, Parent and the Stockholder Representative shall submit the items remaining in dispute for resolution to an independent third party knowledgeable in such matters (which may be an independent accounting firm or consultant of national reputation) mutually acceptable to Parent and the Stockholder Representative, which shall, within ninety (90) days of such submission, report in writing to Parent and the Stockholder

Representative as to the resolution of such dispute, and such report shall be final, binding and conclusive on Parent, each Stockholder and the Stockholder Representative. The fees and disbursements of such third party shall be allocated between Parent, on the one hand, and the Stockholders, on the other, in the same proportion that the aggregate amount of the disputed items submitted to such third party which are unsuccessfully disputed by Parent and the Stockholder Representative (as determined by the third party) bears to the total amount of disputed items so submitted.

(d) Notwithstanding the provisions of Sections 2.1 and 2.2, if the cash portion of any Contingent Payment is worth more than the stock portion of such payment, then the cash and stock amounts shall be adjusted so that the cash portion represents less than 50% of such Contingent Payment. For the purposes of this Article II, the value of each share of Parent Common Stock shall be the closing price of Parent Common Stock on the NYSE on the trading day immediately prior to the date such Contingent Payment is made.

(e) At the Effective Date, Parent (or an affiliate of Parent), the Stockholder Representative, and any entity or entities controlled by the Stockholder Representative that the Stockholder Representative desires to have execute such agreements and that are reasonably acceptable to Parent shall enter into (i) a consulting agreement, substantially in the form attached hereto as Exhibit D, pursuant to which the Stockholder Representative agrees to assist in the development of the Scanner and to actively promote the Scanner and the use of the Scanner among Parent's Distributors to generate sales of nutritional and other products marketed by Parent and its affiliates to end consumers (the "Stockholder Consulting Agreement"), and (ii) a Stock Pledge Agreement, substantially in the form attached hereto as Exhibit E (the "Stock Pledge Agreement"). Each Stockholder and the Stockholder Representative acknowledges and agrees that, other than the specific obligations of Parent under this Section 2.3, the responsibility for achieving the Milestones rests solely with the Stockholder Representative and his efforts under the Stockholder Consulting Agreement and as a Distributor. Parent and its affiliates expressly disclaim any obligation to take any actions or perform any duties that are the responsibility of the Stockholder Representative under the Stockholder Consulting Agreement and, notwithstanding anything to the contrary in this Agreement, none of Parent or any of its affiliates shall have any liability to any Stockholder or the Stockholder Representative for the failure to achieve any Milestone other than liabilities which are a direct result of Parent's material breach of its obligations under Section 2.3(f).

(f) Subject to the limitations set forth below, the sole obligations of Parent and its affiliates with respect to the development, marketing and sale of the Scanner, shall be as follows:

(i) To the extent Parent does not enter into a separate research agreement with the University of Utah, Parent shall use its commercially reasonable best efforts in cooperation with the Stockholder Representative, Dr. Werner Gellerman and Dr. Robert C. McClane, to

organize a skunkworks in Salt Lake City, Utah within a reasonable distance of the University of Utah campus to complete the development of the Scanner and to cooperate with the

Stockholder Representative, Dr. Gellerman and Dr. McClane in such development.

(ii) Subject to any regulatory, safety or other restrictions that would prevent Parent's Pharmanex division from promoting the Scanner, for a period of three years following the introduction of the Scanner in a country, to include promotional material on the Scanner in all introductory information packs provided to potential or new Pharmanex distributors.

(g) Notwithstanding anything to the contrary in this Agreement, Parent shall not have any obligation to manufacture a Scanner or introduce a Scanner into a country if (i) the Scanner cannot be marketed under all applicable government regulations and without registration as a medical device or (ii) if Parent's Board of Directors, acting in good faith, determines in its sole business judgment that the final design of the proposed Scanner is not suitable for marketing through Parent's network or if it determines that the introduction of the Scanner at such time is not in the best business interests of the Parent, taking into consideration such factors as the Board of Directors determines relevant including, without limitation, the ability to produce a Scanner that satisfies factors identified in the definition of Scanner Production Date above and general business and market conditions. Nothing in this Agreement shall prevent Parent or its affiliates from acquiring, producing, marketing or selling any device that is similar to, serves a similar function as, or directly or indirectly competes (in terms of market share or otherwise) with, the Scanner.

(h) Parent's obligations under Section 2.3(f) shall be subject to Parent's (or its subsidiary's) rights under the License Agreement and shall be conditioned on the Stockholder Representative, all employees of the skunkworks and other persons conducting research sponsored by Parent on the Patent and/or Scanner or marketing or distributing the Scanner (i) executing confidentiality, non-competition and assignment of invention agreements in a form satisfactory to Parent and (ii) taking (or refraining from taking) any other actions which Parent deems reasonably necessary or advisable to protect its intellectual property. Parent's obligation under Section 2.3(f)(i) shall cease on the earlier of (x) the Scanner Production Date and (y) the date that Parent determines, in its sole discretion acting in good faith, that a Scanner meeting the requirements set forth in the definition of Scanner Production Date cannot be produced on a commercially reasonable basis; provided, that Parent will consider maintaining the skunkworks and/or establishing an appropriate budget to perform future research on the Scanner and the technology described in the Patent. Any decision of Parent regarding the future research and the maintenance of the skunkworks after the Scanner Production Date will be made by Parent in its sole discretion, in consideration of those factors that Parent deems relevant.

(i) Each Stockholder and the Stockholder Representative expressly agrees and acknowledges that Parent and its affiliates may, in their sole discretion exercised in good faith, emphasize or de-emphasize the use of the Scanner in the development of its business and in the effort to recruit new entrants, based on the market conditions, the success of the Scanner, other products and promotions available to the Parent and its affiliates and other business factors. In addition, each Stockholder and the Stockholder Representative acknowledges and agrees that there are significant risks and uncertainties that could adversely affect the achievement of the

Milestones and that are beyond the control of the parties hereto, including, without limitation, governmental regulations that prevent or restrict the ability of Parent and its affiliates to market the Scanner or utilize the technology described in the Patent or used in the Scanner, general economic conditions, downturns in Parent's business and competitive conditions and products. Each Stockholder and the Stockholder Representative agrees that (i) it will not promote the Scanner in any manner that violates applicable law or Parent's and its affiliates' policies and procedures governing distributor conduct and marketing practices, as in effect from time to time, or tarnishes Parent's business reputation, and (ii) it will not make any representations or warranties concerning the Scanner, the technology described in the Patent or used in the Scanner or Parent's and its affiliate's products that could not be derived from or attributed to materials that have been approved by Parent in writing in advance.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company, each Stockholder and the Stockholder Representative hereby, jointly and severally, represent and warrant to Parent and Sub that:

Section 3.1 Organization and Qualification.

The Company is a corporation duly organized, validly existing and in good standing under the laws of Utah and has the requisite power and authority and any necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted and as currently proposed to be conducted. The Company is duly qualified or licensed as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary.

Section 3.2 Certificate of Incorporation and By-Laws.

The Company has heretofore furnished to Parent true, complete and correct copies of the Articles of Incorporation of the Company (the "Certificate of Incorporation") and the By-Laws of the Company (the "By-Laws") as currently in effect. Such Certificate of Incorporation and By-Laws are in full force and effect and no other organizational documents are applicable to or binding upon the Company.

Section 3.3 Capitalization; Subsidiaries

(a) The authorized capital stock of the Company consists of 10,000 shares of Company Common Stock. As of the date hereof, 999 shares of Company Common Stock were issued and outstanding, all of which shares were duly authorized, validly issued, fully paid and nonassessable and were issued free of preemptive (or similar) rights. Except as set forth above, there are outstanding (a) no shares of capital stock or other voting securities of the Company, (b) no securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company, (c) no options, warrants or other rights to acquire from the Company, and no obligation of the Company to issue, any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company

and (d) no equity equivalents, interests in the ownership or earnings of the Company or other similar rights (collectively, "Company Securities"). There are no outstanding obligations of the Company to repurchase, redeem or otherwise acquire any Company Securities. There is no voting trust or other agreement or understanding to which the Company or any of its subsidiaries is a party or is bound with respect to the voting of the capital stock of the Company of any of its subsidiaries. There are no other options, calls, warrants or other rights, agreements, arrangements or commitments of any character relating to the issued or unissued capital stock of the Company to which the Company is a party.

(b) The Company has no subsidiaries and does not own, directly or indirectly, any equity interest in any other entity. Other than the Company's obligations under the Stock Purchase Agreement (as defined in Section 3.4(a) below), there are no outstanding contractual obligations of the Company to purchase, redeem or otherwise acquire any shares of capital stock of any entity or to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any other entity.

(c) The Stockholders own all of the issued and outstanding shares of Company Common Stock. Except as set forth on Schedule 3.3(c) no person has ever owned any Company Securities.

Section 3.4 Authority Relative to This Agreement and the Stock Purchase Agreement.

(a) The Company has all necessary corporate power and authority to execute and deliver each of the Transaction Agreements, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of each of the Transaction Agreements and the Reconstituted Stock Purchase Agreement, dated as of March ___, 2002, by and among the Company, Nutriscan, Inc., a Utah corporation ("Nutriscan") and the Sellers party thereto (the "Stock Purchase Agreement") by the Company and the consummation by the Company of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action and no other corporate proceedings on the part of the Company are necessary to authorize any of the Transaction Agreements or the Stock Purchase Agreement or to consummate the transactions so contemplated (other than, with respect to the Merger, the adoption of this Agreement by the holders of a majority of the outstanding shares of Company Common Stock, and the filing of appropriate merger documents as required by the DGCL and URBCA). Each of the Transaction Agreements has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery hereof and thereof by Parent and Sub, constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with their respective terms.

(b) The Stock Purchase Agreement was duly and validly executed and delivered by the Company and each other party thereto and constitutes a legal, valid and binding obligation of the Company and each other party thereto, enforceable against the Company and each other party in accordance with its terms. The Stock Purchase Agreement will be assigned to the Surviving Corporation at the Effective Time without any action on the part of any party thereto, and the rights and obligations of the Surviving Corporation under the Stock Purchase Agreement will be identical to the rights and obligations of the Company.

Section 3.5 No Conflict; Required Filings and Consents.

(a) The execution, delivery and performance of the Transaction Agreements and the Stock Purchase Agreement by the Company do not and will not: (i) conflict with or violate the Certificate of Incorporation or By-Laws; (ii) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Company or by which its properties are bound or affected (assuming that all consents, approvals and authorizations contemplated by subsection (b) below have been obtained and all filings described in such clauses have been made); or (iii) result in any breach or violation of or constitute a default (or an event which with notice or lapse of time or both could become a default) or result in the loss of any benefit under, or give rise to any right of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of the Company pursuant to any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company is a party or by which the Company or any of its properties are bound or affected.

(b) The execution, delivery and performance of the Transaction Agreements and the Stock Purchase Agreement by the Company and the consummation of the Merger by the Company does not and will not require any consent, approval, authorization or permit of, action by, filing with or notification to, any governmental or regulatory authority, domestic or foreign (a "Governmental Entity"), except for the filing and recordation of appropriate merger or other documents as required by the DGCL and URBCA.

Section 3.6 Compliance.

The Company is in compliance with, and is not in default or violation of, (i) the Certificate of Incorporation and By-Laws, (ii) all laws (including, without limitation, Environmental Laws), rules, regulations, orders, judgments and decrees applicable to them or by which any of their respective properties are bound or affected and (iii) all notes, bonds, mortgages, indentures, contracts, agreements, leases, licenses, permits, franchises and other instruments or obligations to which it is a party or by which any of it or any of its properties are bound or affected. The Company has not received notice of any revocation or modification of any federal, state, local or foreign governmental license, certification, tariff, permit, authorization or approval. The Company has all permits, licenses, authorizations, consents, approvals and franchises from governmental agencies required to conduct its business currently proposed to be conducted.

Section 3.7 Financial Statements.

True and complete copies of the unaudited balance sheet of the Company and the Company's predecessor in interest, Worldwide Nutritional Science, LLC, a Utah limited liability company (the "LLC"), for the period ended as of January 31, 2002, together with all related notes and schedules thereto (the "Balance Sheet") have been delivered by the Stockholder Representative to Parent. The Balance Sheet was prepared in accordance with the books and records of the Company and the LLC, is complete and correct and fairly and accurately reflects the assets and liabilities of the Company as of the Balance Sheet date. As of the date of this Agreement there are no debts, liabilities or obligations, whether accrued or fixed, absolute or

contingent, matured or unmatured or determined or determinable (collectively, "Liabilities") of the Company other than Liabilities reflected on the Balance Sheet or disclosed on Schedule 3.7, and immediately prior to the Effective Time there will be no Liabilities of the Company whatsoever.

Section 3.8 Absence of Litigation.

Except as disclosed on Schedule 3.8 hereto, there are no suits, claims, actions, proceedings or investigations pending or, to the best knowledge of the Company, threatened against the Company or the LLC, or any properties or rights of the Company or the LLC, before any court,

arbitrator or administrative, governmental or regulatory authority or body, domestic or foreign. Neither the Company nor any of its properties is or are subject to any order, writ, judgment, injunction, decree, determination or award.

Section 3.9 Employees.

The Company has no, and neither the Company nor the LLC has ever had, any employees or entered into any contract, agreement, plan or arrangement (written or otherwise) with any Person regarding employment with the Company or the LLC, as the case may be.

Section 3.10 Tax Matters.

The Company has timely filed all Tax Returns required to be filed by it in the manner provided by law and has timely paid all Taxes (including interest and penalties) due. All such Tax Returns were true, correct and complete. No deficiencies for any Taxes have been proposed, asserted or assessed against the Company. There are no liens with respect to Taxes upon any of the assets or properties of the Company. The Company has not been a member of an affiliated group filing a consolidated federal income Tax Return. The LLC was converted into the Company under Utah law on October 26, 2001, and the Company has been a validly electing S corporation within the meaning of Sections 1361 and 1362 of the Code for U.S. federal purposes and for state purposes at all times since October 26, 2001 and will be an S corporation for U.S. federal purposes and for state purposes up to and including the day before the Closing Date. No consent to the application of Section 341(f)(2) of the Code has been made or filed by or with respect to the Company or any of its assets or properties. As used herein, "Taxes" shall mean (A) any taxes of any kind, including but not limited to those on or measured by or referred to as income, gross receipts, capital, sales, use, ad valorem, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, value added, property or windfall profits taxes, customs, duties or similar fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any governmental authority, domestic or foreign and (B) any liability of the Company or any subsidiary for the payment of any amount of the type described in clause (A) by contract or otherwise. As used herein, "Tax Return" shall mean any return, report or statement required to be filed with any governmental authority with respect to Taxes.

Section 3.11 No Operations.

Neither the Company, nor the LLC, has ever engaged in any business activities or conducted any operations, other than in connection with the transactions contemplated hereby

and under the Stock Purchase Agreement. The LLC has been duly converted under the laws of Utah into the Company and the Company has all rights and obligations of the LLC in accordance with applicable law. Neither the Company nor the LLC has ever owned any assets (whether tangible or intangible) or had any Liabilities other than its rights and obligations under the Stock Purchase Agreement or as reflected on the Balance Sheet.

Section 3.12 Brokers.

No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by the Transaction Agreements or the Stock Purchase Agreement based upon arrangements made by or on behalf of the Company or the LLC.

Section 3.13 Vote Required.

The affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock entitled to vote thereon is the only vote of the holders of any class or series of the Company's capital stock necessary to approve or adopt this Agreement, the Merger and the Stock Purchase Agreement and to consummate the Merger and the other transactions contemplated hereby and under the Stock Purchase Agreement. The Board of Directors of the Company (the "Company Board"), by resolutions duly adopted by unanimous vote of those voting at a meeting duly called and held and not subsequently rescinded or modified in any way has duly (i) approved and declared advisable the Transaction Agreements, (ii) determined that the transactions contemplated hereby and thereby, including the Merger, are advisable, fair to and in the best interests of the holders of Company Common Stock, (iii) resolved to recommend adoption of the Transaction Agreements, the Merger and the other transactions contemplated hereby and thereby to such holders and (iv) directed that adoption of this Agreement be submitted to the Company's stockholders.

Section 3.14 State Takeover Statutes.

The Utah Control Share Acquisition Act does not apply to any transaction contemplated hereunder or under any of the Transaction Agreements or the Stock Purchase Agreement. To the best of the Company's knowledge, no other state takeover statute or similar statute or regulation applies or purports to apply to the Merger, this Agreement, the Transaction Agreements, the Stock Purchase Agreement or any of the transactions contemplated hereunder or thereunder and no provision of the Certificate of Incorporation or By-Laws of the Company would, directly or indirectly, restrict or impair the ability of Parent to vote, or otherwise to exercise the rights of a stockholder with respect to, shares of the Company and its subsidiaries that may be acquired or controlled by Parent.

Section 3.15 Contracts.

Other than the Stock Purchase Agreement, the Company is not a party to any contracts (written or oral), plans, undertakings, commitments or agreements and no contracts, plans, undertakings, commitments or agreements is binding upon it or any of its properties. True and complete copies of the Stock Purchase Agreement have been delivered to Parent.

Section 3.16 Absence of Breaches or Defaults.

The Company is not and, to the knowledge of the Company, no other party is in default under, or in breach or violation of, the Stock Purchase Agreement and, to the best knowledge of the Company, no event has occurred which, with the giving of notice or passage of time or both would constitute a default under the Stock Purchase Agreement. The Stock Purchase Agreement is valid, binding and enforceable against the Company and, to the best of the Company's knowledge, against the other parties thereto, in accordance with its terms and is in full force and effect, and the Stock Purchase Agreement will continue to be valid, binding and enforceable in accordance with its terms and in full force and effect immediately following the consummation of the transactions contemplated hereby. All of the representations and warranties of the Company under the Stock Purchase Agreement are true and correct in all material respects as of the date hereof and the Company has satisfied all of its obligations (other

than the payment of the purchase price) and satisfied all conditions to closing applicable to it under the Stock Purchase Agreement. To the best knowledge of the Company, the other parties to the Stock Purchase Agreement have fulfilled, or are capable of fulfilling by March 15, 2002, all conditions applicable to such person under the Stock Purchase Agreement.

Section 3.17 Reorganization Qualification.

Neither Company, the Stockholders, the Stockholder Representative nor any of their affiliates, has taken or agreed to take any action, or knows of any circumstances, that (without regard to any action taken or agreed to be taken by Parent or any of its affiliates) would prevent the Merger from qualifying as a reorganization within the meaning of Section 368 of the Code. Each Stockholder and the Stockholder Representative has been given the ability to confer with, and has relied solely upon, his tax advisors regarding the potential tax implications of the Merger. Each Stockholder and the Stockholder Representative expressly acknowledges that Parent has in no way rendered any advice or guidance to them in this matter. Each Stockholder and the Stockholder Representative also hereby expressly acknowledges that it shall have no claim against Parent, Company or any of their affiliates for any adverse financial impact any Stockholder or the Stockholder Representative may incur by reason of the failure of any portion of this transaction to qualify as a reorganization within the meaning of Section 368 of the Code.

Section 3.18 Properties.

The Company does not own, lease, sublease or otherwise have any rights to, any real or personal property.

Section 3.19 Patent License Agreement.

The Patent License Agreement (the "License Agreement"), dated as of June 29, 2000, between the University of Utah Research Foundation (the "UURF") and Nutriscan L.C., a Utah limited liability company, has been duly and validly assigned to Nutriscan, is a valid, binding and enforceable agreement against each of Nutriscan and the University of Utah Research Foundation in accordance with its terms and is in full force and effect. Neither Nutriscan nor the University of Utah Research Foundation is in default under, or in breach or violation of the License Agreement and, to the best knowledge of Company (after reasonable

investigation) no event has occurred which, with the giving of notice or passage of time or both would constitute a default under the License Agreement or alter or impede the rights and obligations of the parties thereunder in any way. The License Agreement is binding upon Nutriscan's successors and assigns and, upon the consummation of the Merger and the consummation of the transactions contemplated under the Stock Purchase Agreement, will be a valid, binding and enforceable agreement of Nutriscan, as a wholly owned subsidiary of the Surviving Corporation, in accordance with its terms. Neither the transactions contemplated under the Transaction Agreements, nor the transactions contemplated by the Stock Purchase Agreement, individually or in the aggregate, will result in default under, or a breach or violation of the License Agreement (or an event or circumstance which, with the giving of notice or passage of time or both would constitute a default, breach or violation of the License Agreement), or trigger any right of early termination, acceleration or otherwise alter the rights and obligations of the parties thereto in any way.

Section 3.20 Disclosure.

Neither this Agreement nor any other written statements, documents or certificates made or delivered in connection with this Agreement or the Transaction Agreements contain or will contain any untrue statement of a material fact or omit or will omit to state any material fact necessary in order to make the statements contained therein not misleading. There is no fact known to the Company or the Stockholder that has or could reasonably be expected to have, a material adverse effect on the Company's business, properties, assets, condition (financial or otherwise), prospects or results of operations or that would impair the ability of the Company to perform its obligations hereunder or under the Stock Purchase Agreement that has not been set forth in this Agreement.

Section 3.21 Voting Agreement.

The Voting Agreement delivered by each Stockholder and the Stockholder Representative to Parent contemporaneously with the execution of this Agreement, has been duly and validly executed and delivered and constitutes a legal, valid and binding obligation of each Stockholder and the Stockholder Representative enforceable against such person in accordance with its terms.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND SUB

Parent and Sub hereby, jointly and severally, represent and warrant to the Company that:

Section 4.1 Corporate Organization.

(a) Each of Parent and Sub is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has the requisite corporate power and authority and any necessary governmental authority to own, operate or lease its properties and to carry on its business as it is now being conducted, except where the failure to have such power, authority and governmental approvals could not, individually or in the aggregate, reasonably be

expected to have a Parent Material Adverse Effect (as defined below). Each of Parent, Sub and each of their respective subsidiaries is duly qualified or licensed as a foreign corporation, limited liability company or limited partnership, as the case may be, to do business, and is in good standing, in each jurisdiction where the character of its properties owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except for such failures to be so duly qualified or licensed or in good standing which would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. When used in this Agreement or otherwise in connection with Parent or any of its subsidiaries (including Sub), the term "Parent Material Adverse Effect" that would materially impair the ability of Parent or Sub to perform its obligations hereunder.

(b) Parent has heretofore furnished to or made available to the Company a true, complete and correct copy of its certificate of incorporation and by-laws as currently in effect. Such certificate of incorporation and by-laws are in full force and effect and no other organizational

documents are applicable to or binding upon Parent.

(c) Sub has heretofore furnished to or made available to the Company a true, complete and correct copy of the certificate of incorporation of Sub and the by-laws of Sub as currently in effect. Such certificate of incorporation and bylaws are in full force and effect and no other organizational documents are applicable to or binding upon Sub.

Section 4.2 Capitalization.

The authorized capital stock of Sub consists of 1,000 shares of common stock, par value $0.01 per share, 100 shares of which are duly authorized, validly issued and outstanding, fully paid and nonassessable and owned by Parent free and clear of all liens, claims and encumbrances.

Section 4.3 Authority Relative to this Agreement.

Each of Parent and Sub has all necessary corporate power and authority to enter into the Transaction Agreements, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement by each of Parent and Sub and the consummation by each of Parent and Sub of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Parent and Sub and no other corporate proceedings on the part of Parent or Sub are necessary to authorize any of this Agreement or to consummate the transactions so contemplated (other than the filing of appropriate merger documents as required by the DGCL and URBCA). This Agreement has been duly executed and delivered by Parent and Sub and, assuming due authorization, execution and delivery by the Company, constitutes a legal, valid and binding obligation of each such corporation enforceable against such corporation in accordance with their respective terms.

Section 4.4 No Conflict; Required Filings and Consents.

The execution, delivery and performance of this Agreement by Parent and Sub do not and will not: (i) conflict with or violate the respective certificates of incorporation or by-laws of Parent or Sub, (ii) conflict with or violate any law, rule, regulation, order, judgment

or decree applicable to Parent or Sub or by which either of them or any of their respective properties are bound or affected; or (iii) result in any breach or violation of or constitute a default (or an event which with notice or lapse of time or both could become a default) or result in the loss of a material benefit under, or give rise to any right of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the property or assets of Parent or Sub pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Parent or Sub is a party or by which Parent or Sub or any of their respective properties are bound or affected, except, in the case of clauses (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences which would not, individually or in the aggregate, reasonably be expected to prevent the consummation of the Merger or to have a Parent Material Adverse Effect.

Section 4.5 Sub's Operations.

Sub was formed solely for the purposes of engaging in the transactions contemplated hereby and has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby.

Section 4.6 Vote Required.

No vote of the holders of any outstanding securities of Parent is necessary to approve this Agreement and the transactions contemplated hereby.

ARTICLE V

CONDUCT OF BUSINESS PENDING THE MERGER

Section 5.1 Conduct of Business of the Company Pending the Merger.

The Company covenants and agrees that, between the date hereof and the earlier of the termination of this Agreement and the Effective Time, unless Parent shall otherwise agree in writing in advance, it shall not engage in any business or operations or take any actions other than in the ordinary cause of business, in a manner consistent with past practice, in compliance with applicable law and necessary or advisable to fulfill its obligations hereunder and under the Stock Purchase Agreement. By way of amplification and not limitation, the Company shall not, between the date of this Agreement and the Effective Time, directly or indirectly do, or propose or commit to do, any of the following without the prior written consent of Parent:

(a) Amend its Certificate of Incorporation or By-Laws or equivalent organizational documents;

(b) Issue, deliver, sell, pledge, dispose of or encumber, or authorize or commit to the issuance, sale, pledge, disposition or encumbrance of, (A) any shares of capital stock of any class, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of capital stock, or any other ownership interest (including but not limited to stock appreciation rights or phantom stock), of the Company or (B) any property or assets, whether tangible or intangible, of the Company;

(c) Declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its or its subsidiaries' capital stock;

(d) Reclassify, combine, split, subdivide or redeem, purchase or issue or authorize or propose the issuance of any other securities in respect of, in lieu of, or in substitution for or otherwise acquire, directly or indirectly, any of its capital stock;

(e) (i) Acquire (by merger, consolidation or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof or any assets; (ii) sell, transfer, lease, mortgage, pledge, encumber or otherwise dispose of or subject to any lien any of its assets;

(iii) incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any person, or make any loans, advances or capital contributions to, or investments in, any other person; (iv) enter into, amend or renew any material contract or agreement or enter into, or amend or terminate any material joint venture arrangements; (v) enter into or amend any transaction, contract, commitment, arrangement or understanding with any affiliate of the Company; (vi) enter into any commitments or transactions; (vii) enter into any new line of business; (viii) authorize any capital expenditures; or (ix) enter into or amend any contract, agreement, lease, commitment or arrangement with respect to any of the matters set forth in this Section 5.1(e);

(f) Hire any employees or grant any retention, severance or termination pay or enter into, any employment, consulting or severance agreement or arrangement with any present or former director or officer of the Company, or establish, adopt, or enter into any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any directors or officers;

(g) Take any action that (without regard to any action taken or agreed to be taken by Parent or any of its affiliates) would prevent the Merger from qualifying as a reorganization within the meaning of Section 368 of the Code;

(h) Make or change any Tax election, file any amended Tax Return, settle or compromise any Tax liability (other than the payment in the ordinary course of business of Taxes that are due or payable), or change any method of Tax accounting;

(i) Settle or compromise any pending or threatened suit, action, claim, arbitration, investigation, audit, controversy or similar dispute or proceeding;

(j) Adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company (other than the Merger);

(k) Pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise);

(l) Enter into any agreements or arrangements that could, after the Effective Time, limit or restrict Parent or any of its affiliates (including the Company) or any successor thereto, from engaging or competing in any line of business or in any geographic area;

(m) Amend, modify or terminate the Stock Purchase Agreement or other contract or agreement binding upon the Company or any of its assets, or take any action, or fail to take any action, or allow to exist any circumstance that would cause any representation or warrants of the Company under the Stock Purchase Agreement to be untrue in any material respect, trigger any right of termination, cause any condition to become incapable of being fulfilled or otherwise jeopardize or compromise any rights of the Company under the Stock Purchase Agreement;

(n) Subject any Company assets to any security interests, liens, claims, pledges, agreements, charges or encumbrances of any type;

(o) Take any action, or fail to take any action, or allow to exist any circumstance which would trigger any right of termination, default, violation of the License Agreement or otherwise jeopardize any rights of Nutriscan under the License Agreement;

(p) Take, or offer or propose to take, or agree to take in writing or otherwise, any of the actions described in Sections 5.1(a) through 5.1(o) or any action which would make any of the representations or warranties of the Company contained in this Agreement untrue and incorrect as of the date when made if such action had then been taken or would result in any of the conditions set forth in Article VII not being satisfied.

ARTICLE VI

ADDITIONAL AGREEMENTS

Section 6.1 Stockholder Approval.

Within three (3) days of the date hereof, Company shall take all action necessary in accordance with the URBCA, the Articles of Incorporation and By-laws to approve this Agreement and the transactions contemplated hereby.

Section 6.2 Access to Information; Confidentiality.

(a) From the date hereof until the earlier to occur of the termination of this Agreement and the Effective Time, the Company shall, and shall cause its officers, directors, employees, auditors, attorneys and other agents to, afford the officers, employees, auditors and other agents of Parent complete access at all reasonable times to its officers, employees, agents, properties, offices, plants and other facilities and to all books and records, and shall furnish Parent with (i) all financial, operating and other data and information as Parent through its officers, employees or agents may from time to time request.

(b) Parent will hold and will cause its directors, officers, employees, agents and advisors (including, without limitation, counsel and auditors) to hold any such information which is nonpublic in confidence.

(c) No investigation pursuant to this Section 6.2 shall affect any representations or warranties of the parties herein or the conditions to the obligations of the parties hereto.

Section 6.3 Notification of Certain Matters.

The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (i) the occurrence or non-occurrence of any event the occurrence or non-occurrence of which would be likely to cause any representation or warranty contained in this Agreement to be untrue or inaccurate and (ii) any failure of the Company, Parent or Sub, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 6.3 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Section 6.4 Further Action; Reasonable Best Efforts.

(a) Subject to the terms and conditions of this Agreement, each party will use to the fullest extent permitted by law its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under this Agreement and applicable laws and regulations to consummate the Merger and the other transactions contemplated by the Transaction Agreements as soon as practicable after the date hereof, including (i) preparing and filing as promptly as practicable all documentation to effect all necessary applications, notices, petitions, filings, tax ruling requests and other documents and to obtain as promptly as practicable all consents, waivers, licenses, orders, registrations, approvals, permits, rulings, authorizations and clearances necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Merger or any of the other transactions contemplated by this Agreement (collectively, the "Required Approvals") and (ii) taking all reasonable steps as may be necessary to obtain all such Required Approvals. In furtherance and not in limitation of the foregoing, each party hereto agrees to make, as promptly as practicable all necessary filings with Governmental Entities relating to the Merger, and, in each case, to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to such laws or by such authorities and to use reasonable best efforts to cause the expiration or termination of the applicable waiting periods under any applicable regulations and the receipt of Required Approvals under such other laws or from such authorities as soon as practicable. Notwithstanding the foregoing, nothing in this Section 6.4 or the other provisions of this Agreement shall require, or be deemed to require, (x) Parent or any of its subsidiaries to agree to divest or hold separate any business or assets or to effect any such divestiture or action, (y) Parent or any of its subsidiaries to agree to any restrictions or conditions on the conduct of its or its subsidiaries' businesses or (z) Parent to take any other action if doing so would, individually or in the aggregate, reasonably be expected have an adverse effect on the business, properties, assets, condition (financial or otherwise), prospects or results of operations (individually or in the aggregate with its subsidiaries) of Parent after the Merger. The Company shall not take or agree to take any action identified in clause (x), (y) or (z) of the immediately preceding sentence without the prior written consent Parent.

(b) Each of Parent and the Company shall, in connection with the efforts referenced in Section 6.4(a) to obtain all Required Approvals, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party; (ii) promptly inform the other party of any communication received by such party from, or given by such party to, any Governmental Entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby; and (iii) consult with each other in advance to the extent practicable of any meeting or conference with any such Governmental Entity or, in connection with any proceeding by a private party, with any other person, and to the extent permitted by such applicable Governmental Entity or other person, give the other party the opportunity to attend and participate in such meetings and conferences.

(c) In furtherance and not in limitation of the covenants of the parties contained in Sections 6.4(a) and 6.4(b), if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any Regulatory Law (as defined below), or if any statute, rule, regulation, executive order, decree, injunction or administrative order is enacted, entered, promulgated or enforced by a Governmental Entity which would make the Merger or the other transactions contemplated hereby illegal or would otherwise prohibit or materially impair or materially delay the consummation of the Merger or the other transactions contemplated hereby, each of Parent and the Company shall to the fullest extent permitted by law, cooperate in all respects with each other and, subject to Section 6.4(a), seek to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Merger or the other transactions contemplated by this Agreement and to have such statute, rule, regulation, executive order, decree, injunction or administrative order repealed, rescinded or made inapplicable so as to permit consummation of the transactions contemplated by this Agreement. Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Section 6.4 shall limit a party's right to terminate this Agreement pursuant to Section 8.1(b) or 8.1(d) so long as such party has up to then complied with its obligations under this Section 6.5. For purposes of this Agreement, "Regulatory Law" means the Sherman Act, as amended, the EC Merger Regulation, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, and all other federal, state and foreign, if any, statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws that are designed or intended to prohibit, restrict or regulate (i) mergers, acquisitions or other business combinations, (ii) foreign investment or (iii) actions having the purpose or effect of monopolization or restraint of trade or lessening of competition.

Section 6.5 Public Announcements.

Parent and the Company shall consult with each other before issuing any press release or otherwise making any public statements with respect to the Merger and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by law or any listing agreement with its securities exchange, in which case the

issuing party shall use all reasonable efforts to consult with the other party before issuing any such release or making any public statement.

Section 6.6 S Corporation Status.

Neither the Company, any Stockholder nor the Stockholder Representative will revoke the Company's election to be taxed as an S corporation within the meaning of Sections 1361 and 1362 of the Code for U.S. federal purposes and for state purposes. Neither the Company, any Stockholder nor the Stockholder Representative will take or allow any action (other than the merger of the Company with and into Sub pursuant to this Agreement) that would result in the termination of the Company's status as a validly electing S corporation within the meaning of Sections 1361 and 1362 of the Code for U.S. federal purposes and for state purposes.

Section 6.7 Releases.

Prior to the Effective Time, each Stockholder, the Stockholder Representative and any other owners or members or former owners or members of the Company and the LLC shall deliver an unconditional and irrevocable waiver and release, in substantially the form attached hereto as Exhibit F (the "Releases") which shall forever discharge the Company and its officers, directors, employees, heirs, successors and assigns from any and all claims, liabilities and obligations, known or unknown, owing to such person or its heirs, legal representatives, successors and assigns arising out of the ownership, business and operations of the Company.

Section 6.8 Access to Records.

Subject to the confidentiality provisions set forth in Section 6.2, the Stockholders, the Stockholder Representative and their accountants shall be given reasonable access during regular business hours, and at Parent's premises, to such books and records of Parent and its affiliates, stored in tangible, electronic or any other form, as may be necessary to confirm whether any Milestone has been achieved. With respect to electronic

records, the Stockholders and the Stockholder Representative shall be entitled to reports and printouts of the requested records, but shall not be entitled to access the computer and software systems of Parent. All such reports and printouts shall be accompanied by a certificate made by an executive officer of Parent certifying that the contents of such printouts and reports are an accurate and complete response to the applicable request made by the requesting Stockholder or the Stockholder Representative, as applicable.

ARTICLE VII

CONDITIONS OF MERGER

Section 7.1 Conditions to Obligation of Each Party to Effect the Merger.

The respective obligations of each party to effect the Merger shall be subject to the satisfaction at or prior to the Closing Date of the following conditions:

(a) No statute, rule, regulation, executive order, decree, ruling, injunction or other order (whether temporary, preliminary or permanent) shall have been enacted, entered,

promulgated or enforced by any court or governmental authority of competent jurisdiction which prohibits, restrains, enjoins or restricts the consummation of the Merger or the transactions contemplated by the Stock Purchase Agreement; provided, however, that the parties shall use their reasonable best efforts to cause any such decree, ruling, injunction or other order to be vacated or lifted.

(b) The Company and Parent and their subsidiaries shall have timely obtained from each Governmental Entity all approvals, waivers and consents, if any, necessary for the consummation of or in connection with the Merger, the transactions contemplated hereby and by the Stock Purchase Agreement.

Section 7.2 Conditions to Obligations of the Company to Effect the Merger.

The obligation of the Company to effect the Merger shall be subject to the fulfillment, or waiver by the Company, at or prior to the Closing Date of the following additional conditions:

(a) Parent and Sub shall have performed or complied with in all material respects their agreements and covenants contained in this Agreement required to be performed or complied with at or prior to the Closing Date and the representations and warranties of Parent and Sub contained in this Agreement qualified as to materiality shall be true in all respects, and those not so qualified shall be true in all material respects, in each case when made and on and as of the Closing Date with the same force and effect as if made on and as of such date, except as expressly contemplated or otherwise expressly permitted by this Agreement. The Company shall have received a certificate signed on behalf of Parent by the general counsel and chief financial officer of Parent to such effect.

(b) Parent shall have duly executed and delivered the Stockholder Consulting Agreement and the Stock Pledge Agreement.

(c) Parent shall have duly executed and delivered the Consulting Agreement.

Section 7.3 Conditions to Obligations of Parent and Sub to Effect the Merger.

The obligations of Parent and Sub to effect the Merger shall be subject to the fulfillment, or waiver by Parent, at or prior to the Closing Date of the following additional conditions:

(a) The Company, each Stockholder and the Stockholder Representative shall have performed or complied with in all material respects their agreements and covenants contained in this Agreement required to be performed or complied with at or prior to the Closing Date and the representations and warranties of the Stockholders, the Stockholder Representative and the Company contained in this Agreement qualified as to materiality shall be true in all respects, and those not so qualified shall be true in all material respects, in each case when made and on and as of the Closing Date with the same force and effect as if made on and as of such date, except as expressly contemplated or otherwise expressly permitted by this Agreement. Parent shall have received a certificate signed on behalf of the Company by the president of the Company to such effect.

(b) There shall not have been enacted, entered, promulgated or enforced or be pending or, to the knowledge of the Company, any Stockholder or the Stockholder Representative, threatened by any court or governmental authority or any other third party any statute, rule, regulation, executive order, decree, ruling, injunction, order, suit, action or proceeding (whether temporary, preliminary or permanent), (i) challenging or seeking to restrain, enjoin, restrict or prohibit the consummation of the Merger or seeking to obtain from Parent or any of its subsidiaries any material damages, (ii) seeking to prohibit or limit the ownership or operation by the Company, Parent or any of their respective subsidiaries of any material portion of the business or assets of the Company, Parent or any of their respective subsidiaries, to dispose of or hold separate any significant portion of the business or assets of the Company, Parent or any of their respective subsidiaries, as a result of the Merger or any of the other transactions contemplated by this Agreement, or (iii) seeking to prohibit Parent or any of its subsidiaries from effectively controlling in any material respect the business or operations of the Company or its subsidiaries.

(c) All approvals or consents of any Governmental Entity or third party in connection with the Merger and the consummation of the other transactions contemplated hereby (including all relevant statutory, regulatory or other governmental waiting period expirations), shall have been obtained, have been declared or filed or be deemed to have occurred, as the case may be, and shall be in full force and effect.

(d) The Stock Purchase Agreement shall have been amended by the parties thereto so that it shall be in a form reasonably acceptable to Parent, shall, in such amended form, be in full force and effect and a binding and enforceable agreement of each party thereto, all conditions to closing of each of the parties under the Stock Purchase Agreement shall have been satisfied and no right of termination or event or circumstance giving rise to a right of termination of any party thereto shall have occurred. Parent shall have received (i) a certificate signed on behalf of the Company by the chief executive officer of the Company to such effect and (ii) a certificate signed on behalf of Nutriscan by the chief executive officer of Nutriscan to such effect.

(e) The License Agreement shall have been amended by the parties thereto so that it shall be in a form reasonably acceptable to Parent, shall, in such amended form, be in full force and effect and a binding and enforceable agreement of each party thereto, no default, violation or breach thereof shall have occurred, no dispute shall have arisen between Nutriscan and the University of Utah Research Foundation thereunder and no right of termination or event or circumstance giving rise to a right of termination of any party thereto shall have occurred. The University of Utah Research Foundation shall have acknowledged that neither the Merger nor the transactions set forth in the Stock Purchase Agreement shall, in any way, constitute a default, breach or violation of the License Agreement or in any way interfere with the validity or enforceability thereof. Parent shall have received a certificate signed on behalf of the University of Utah Research Foundation to such effect.

(f) The Stockholder Representative and any entity or entities controlled by the Stockholder Representative that become parties to such agreements pursuant to Section 2.2(e) hereof shall have duly executed and delivered the Stockholder Consulting Agreement and the Stockholder Representative shall have duly executed and delivered the Stock Pledge Agreement.

(g) Each of Robert McClane and Werner Gellerman shall have duly executed and delivered the Consulting Agreement.

(h) This Agreement and the Merger shall have been approved and adopted by the requisite vote of the Company's Stockholders under the URBCA.

(i) Each of the Stockholders shall have duly executed and delivered the Letter Agreement in accordance with Section 1.11 hereof.

(j) Parent shall have received an executed version of a Release from the Stockholders, the Stockholder Representative and any other owners or members or former owners or members of the Company and the LLC substantially in the form attached hereto as Exhibit F.

(k) Parent shall have received evidence satisfactory to it of the Company's timely Subchapter S filing for U.S. federal and state purposes.

(l) Each Stockholder shall have delivered to Parent a certificate in form and substance satisfactory to Parent, duly executed and acknowledged, certifying any facts that would exempt the transactions contemplated hereunder from withholding pursuant to the provisions of the Foreign Investment in Real Property Tax Act.

(m) Caroderm, Inc., a Utah corporation ("Caroderm"), each of the stockholders of Caroderm, Nutriscan, each of the stockholders of Nutriscan, the Company, Spectrotek, LLC, a Utah limited liability company ("Spectrotek"), and each of the members of Spectrotek shall have duly executed and delivered the Consent and General Release substantially in the form attached hereto as Exhibit G.

(n) The UURF, Caroderm and Nutriscan shall have duly executed and delivered the Interpretive Memorandum of Understanding substantially in the form attached hereto as Exhibit H

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

Section 8.1 Termination.

This Agreement may be terminated and the Merger contemplated hereby may be abandoned at any time prior to the Closing Date, whether before or after approval of matters presented in connection with the Merger by the Stockholders (except as otherwise stated herein):

(a) By mutual written consent of Parent and the Company;

(b) By either Parent or the Company, if the Merger shall not have been consummated on or before March 15, 2002 (other than due to the failure of the party seeking to

terminate this Agreement to perform its obligations under this Agreement required to be performed at or prior to the Effective Time);

(c) By Parent or the Company if any court or other governmental body of competent jurisdiction shall have issued a final order, decree or ruling or taken any other final action restraining, enjoining or otherwise prohibiting the Merger or the transaction contemplated under the Stock Purchase Agreement and such order, decree, ruling or other action is or shall have become final and nonappealable; provided, however, that the right to terminate this Agreement under this Section 8.1(c) shall not be available to any party whose failure to comply with any provision of this Agreement shall have been the cause of such order, decree, ruling or action;

(d) By the Company if a breach of any representation, warranty, covenant or agreement on the part of Parent set forth in this Agreement shall have occurred which would cause any of the conditions set forth in Sections 7.1 or 7.2 not to be satisfied, and such breach is incapable of being cured or, if capable of being cured, shall not have been cured within 20 days following receipt by the Parent of notice of such breach from the Company; or

(e) By Parent if a breach of any representation, warranty, covenant or agreement on the part of the Company, any Stockholder or the Stockholder Representative set forth in this Agreement shall have occurred which would cause any of the conditions set forth in Sections 7.1 or 7.3 not to be satisfied, and such breach is incapable of being cured or, if capable of being cured, shall not have been cured within 20 days following receipt by the Company or the Stockholder Representative of notice of such breach from Parent.

Section 8.2 Effect of Termination.

In the event of the termination of this Agreement pursuant to Section 8.1, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except as set forth in Sections 6.2, 8.3 and 9.1; provided, however, that nothing herein shall relieve any party from liability for any willful breach hereof.

Section 8.3 Fees and Expenses.

(a) Except as otherwise specifically provided herein, the Stockholders and the Stockholder Representative shall bear all expenses of the Company, the Stockholders and the Stockholder Representative, and Parent shall bear all expenses of Parent and Sub, incurred in connection with this Agreement and the transactions contemplated hereby.

(b) Each Stockholder shall be responsible for the timely payment of and to such extent shall indemnify and hold harmless Parent and Sub against, all sales, use, stamp, transfer, conveyance and other similar Taxes and fees arising out of or in connection with or attributable to the transactions effected pursuant to this Agreement.

Section 8.4 Amendment.

This Agreement may be amended by the parties hereto by action taken by or on behalf of their respective Boards of Directors; provided, however, that after any such approval,

there shall be made no amendment that by law requires further approval by the Company's Stockholders without the further approval of such Stockholders. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

Section 8.5 Waiver.

At any time prior to the Closing Date, any party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein, subject to the requirements of applicable law. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

ARTICLE IX

INDEMNIFICATION

Section 9.1 Indemnification by the Stockholders.

(a) Parent, its affiliates and their successors and assigns, and the officers, directors, employees and agents of Parent, its Affiliates and their successors and assigns (each an "Indemnified Party") shall be indemnified and held harmless by the Stockholders and the Stockholder Representative, jointly and severally, for any and all Liabilities, losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, reasonable attorneys' fees and expenses) suffered or incurred by them (including, without limitation, any claim, action, suit, injury, proceeding or investigation before any Governmental Entity or taxing authority brought or otherwise initiated by any of them) (hereinafter a "Loss"), arising out of or resulting from:

(i) the breach of any representation or warranty made by the Company, either Stockholder or the Stockholder Representative contained in the Transaction Agreements or by the Company, the LLC, Nutriscan or any Seller (as defined in the Stock Purchase Agreement) contained in the Stock Purchase Agreement (including, for the avoidance of doubt, the Statement of Representations and Warranties (as defined in the Stock Purchase Agreement)); or

(ii) the breach of any covenant or agreement by the Company, either Stockholder or the Stockholder Representative contained in the Transaction Agreements or by the Company, the LLC, Nutriscan or any Seller (as defined in the Stock Purchase Agreement) contained in the Stock Purchase Agreement (including, for the avoidance of doubt, the Statement of Representations and Warranties); or

(iii) any Liabilities whether arising before or after the Effective Date, arising from or relating to the ownership or actions or inactions of the Company or the LLC or the conduct of their respective businesses prior to the Effective Date; or

(iv) any or all Losses suffered or incurred by Parent or the Company by reason of or in connection with any claim or cause of action of any third party to the extent arising out of any action, inaction, event, condition, liability or obligation of any Stockholder or the Stockholder Representative occurring or existing prior to the Effective Date; or

(v) any and all Losses suffered or incurred by Parent as a result of the failure of any Stockholder, the Stockholder Representative, the Company or the LLC to obtain prior to the Effective Date the consent of all third-parties who are parties to contracts with the Company or Nutriscan (including, but not limited to, the License Agreement), the terms of which such contracts require the consent of such third-parties to the transactions contemplated by this Agreement; or

(vi) any and all Taxes with respect to any taxable period or a portion thereof, of the Company ending on or before the Effective Date including, without limitation, any Taxes of the Company resulting from the consummation of the transactions contemplated by this Agreement.

Notwithstanding the foregoing, if an Indemnified Party makes any claim for indemnification arising out of or resulting from (x) the breach of any representation or warranty made by Nutriscan or Seller contained in the Stock Purchase Agreement pursuant to Section 9.1(a)(i) or (y) the breach of any covenant or agreement by Nutriscan or the Sellers contained in the Stock Purchase Agreement pursuant to Section 9.1(a)(ii) (a "Seller Breach"), each Indemnified Party agrees that it will seek recovery from the Sellers pursuant to the terms of the Stock Purchase Agreement at the same time as it seeks recovery from the Stockholders and the Stockholder Representative hereunder; provided, however that to the extent the Losses suffered by an Indemnified Party as a result of a Seller Breach are less than the maximum amount of such Seller's indemnification obligations pursuant to Section 11.1(c) of the Stock Purchase Agreement, neither the Stockholders nor the Stockholders Representative hereunder shall be obligated to reimburse the Indemnified Party under such proceeding for any Loss caused by a Seller Breach unless such Indemnified Party is unable to recover from the Sellers for a period of one year after such Indemnified Party obtains a final judgment against the Sellers under such proceeding. Upon receiving any amount from the Stockholders or the Stockholder Representative in satisfaction of an indemnification

obligation for a Seller Breach, Parent shall assign to the Stockholders and the Stockholder Representative Parent's indemnification right against the Sellers with respect to such Seller Breach to the extent of the amount paid by the Stockholders or the Stockholder Representative to Parent for such Seller Breach together with the right, if any, to collect from the Sellers the amount of all costs incurred by the Stockholders and the Stockholder Representative in enforcing such indemnification right and collecting such indemnification payments from the Sellers.

(b) Except for any Losses arising as a result of fraud, a breach of a covenant or Losses for which indemnification is claimed under Sections 9.1(a)(vi) or 3.7, no claim may be made against the Stockholders or the Stockholder Representative for indemnification pursuant to

this Article IX with respect to any claims of liabilities or damages, unless, and then only to the extent that, the aggregate amount of all such Losses of the Indemnified Parties exceeds $50,000. The indemnification obligations of the Stockholders and the Stockholder Representative under this Article IX related to a breach of a representation or warranty (excluding those arising as a result of fraud, breach of a covenant or Losses for which indemnification is claimed under Sections 9.1(a)(vi) or 3.7) shall be effective only until the dollar amount paid by the Stockholders and the Stockholder Representative in respect of Losses indemnified against in this Article IX, aggregates to an amount (the "Cap") that is equal to (i) the sum of (x) the Merger Consideration, (y) the Contingent Payments earned and paid to the Stockholders, and (z) the lesser of (A) $5,000,000 and (B) 50% of (X) all amounts earned and paid to the Stockholder Representative (or an entity designated by the Stockholder Representative) pursuant to the Stockholder Consulting Agreement, minus (Y) the amounts so earned and paid that are in turn paid by the Stockholder Representative to Mr. J. Anthony Antonelli and/or other parties acceptable to Parent, which amounts shall not exceed 20% of the Bonus Commissions (as defined therein) that are earned and paid to the Stockholder Representative thereunder, less (ii) the sum of (x) $500,000 paid by the Stockholders for the shares of the Company Common Stock purchased by them from A&B Family Trust and (y) the amount, not to exceed $166,666, that is paid by the Stockholders to A&B Family Trust following the Stockholders' receipt of the Scanner Contingent Payment earned upon reaching the Scanner Production Date; provided, that if after the date of any claim for indemnification pursuant to this Article IX any additional consideration shall be payable to the Stockholders or the Stockholder Representative under this Agreement or the Stockholder Consulting Agreement, then 100% of any such amounts payable under this Agreement and 50% of any such amounts payable under the Stockholder Consulting Agreement shall be retained by Parent to the extent necessary to offset any Losses in respect of which Parent would have been entitled to have been, but was not, indemnified as a result of the Cap. To the extent that any person's undertaking set forth in this Article IX may be unenforceable, such person shall contribute the maximum amount that they are permitted to contribute under applicable law to the payment and satisfaction of all Losses incurred by an Indemnified Party.

(c) An Indemnified Party shall give the Stockholder Representative notice of any matter which an Indemnified Party has determined has given or could give rise to a right of indemnification under this Agreement, within 60 days of such determination, stating the amount of the Loss, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; provided, however, that the failure to provide such notice shall not release any Stockholder or the Stockholder Representative from any of its obligations under this Article IX except to the extent a Stockholder or the Stockholder Representative is materially prejudiced by such failure and shall not relieve such Stockholder or the Stockholder Representative from any other obligation or Liability that it may have to any Indemnified Party otherwise than under this Article IX. The obligations and Liabilities of the Stockholders and the Stockholder Representative under this Article IX with respect to Losses arising from claims of any third party which are subject to the indemnification provided for in this Article IX ("Third Party Claims") shall be governed by the following additional terms and conditions: if an Indemnified Party shall receive notice of any Third Party Claim, the Indemnified Party shall give the Stockholder Representative notice of such Third Party Claim within 30 days of the receipt by the Indemnified Party of such notice; provided, however, that the failure to provide such notice shall not release

any Stockholder or the Stockholder Representative from any of its obligations under this Article IX except to the extent a Stockholder or the Stockholder Representative is materially prejudiced by such failure and shall not relieve such Stockholder or the Stockholder Representative from any other obligation or Liability that it may have to any Indemnified Party otherwise than under this Article IX. If the Stockholder Representative acknowledges in writing the Stockholders' and its obligation to indemnify the Indemnified Party hereunder against any Losses that may result from such Third Party Claim, then the Stockholder Representative shall be entitled to assume and control the defense of such Third Party Claim at their expense and through counsel of its choice and reasonably acceptable to Parent if it gives notice of its intention to do so to the Indemnified Party within five days of the receipt of such notice from the Indemnified Party; provided, however, that if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate in the judgment of the Indemnified Party, in its sole and absolute discretion, for the same counsel to represent both the Indemnified Party and the Stockholder or the Stockholder Representative, then the Indemnified Party shall be entitled to retain its own counsel, in each jurisdiction for which the Indemnified Party determines counsel is required, at the expense of the Stockholders and the Stockholder Representative. In the event the Stockholder Representative exercises the right to undertake any such defense against any such Third Party Claim as provided above, the Indemnified Party shall cooperate with the Stockholder Representative in such defense and make available to the Stockholder Representative, at the Stockholders' and Stockholder Representative's expense, all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Stockholder Representative. Similarly, in the event the Indemnified Party is, directly or indirectly, conducting the defense against any such Third Party Claim, each Stockholder and the Stockholder Representative shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the Stockholders' and the Stockholder Representative's expenses, all such witnesses, records, materials and information in the Stockholders' and the Stockholder Representative's possession or under the Stockholders' and the Stockholder Representative's control relating thereto as is reasonably required by the Indemnified Party. No such Third Party Claim may be settled by the Stockholder Representative without the prior written consent of the Indemnified Party.

Section 9.2 Satisfaction of Indemnification Claims.

Parent may collect any amounts owed by any Stockholder to an Indemnified Party pursuant to this Article IX by reducing (i) the Contingent Payments (if any) payable to such Stockholder under the terms of this Agreement, and (ii) any amounts payable to such Stockholder under the Stockholder Consulting Agreement, in each case upon notice to the Stockholder Representative of such fact. Parent's right to reduce the payments to the Stockholders described in clauses (i) and (ii) of the immediately preceding sentence pursuant to this Section 9.2 shall not be exclusive and shall be cumulative and in addition to every other right, power or remedy available to Parent, whether at law, in equity, by statue or otherwise. The Stockholders and the Stockholder Representative shall have the right to satisfy part or all of any indemnification obligation of the Stockholders and Stockholder Representative under this Article IX by surrendering to the Indemnified Party shares of Parent's Class A Common Stock having a value equal to the portion of the indemnification obligation so satisfied. The value of the shares of Parent's Class A Common Stock shall be determined using the average closing price of the

Class A Common Stock on the NYSE on each of the ten (10) consecutive trading days immediately prior to the third (3rd) business day prior to the date the shares are surrendered.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 Survival of Representations, Warranties and Agreements.

Each of the representations, warranties and agreements in this Agreement shall survive beyond the Effective Time until the later of (x) the date Parent satisfies its obligations to the Stockholders under Sections 2.1 and 2.2 of this Agreement or (y) the fifth anniversary of the Effective Date, except that the representations and warranties set forth in Section 3.10 and the indemnity set forth in Section 9.1(a)(vi) shall survive until 60 days after the expiration of the applicable Tax statute of limitations with respect to the relevant taxable period and the representations and warranties set forth in Section 3.3 and the indemnity set forth in Section 9.1(a)(i) with respect to such representations and warranties shall survive indefinitely. Neither the period of survival nor the liability of the Stockholder with respect to the Company's representations and warranties shall be reduced by any investigation made at any time by or on behalf of Parent.

Section 10.2 Notices.

All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or by telecopy or facsimile, upon confirmation of receipt, (b) on the first business day following the date of dispatch if delivered by a recognized next-day courier service, or (c) on the tenth business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

if to Parent or Sub:

Nu Skin Enterprises, Inc.
One Nu Skin Plaza
75 West Center Street
Provo, Utah 84601
Attention: Matthew Dorny
Fax: (801) 345-3099

with an additional copy to:

Simpson Thacher & Bartlett
3330 Hillview Avenue
Palo Alto, California 94304
Attention: Kevin Kennedy, Esq.
Fax: (650) 251-5002

if to the Company:

Worldwide Nutritional Science, Inc.
2491 River Front Drive
Santa Clara, Utah 84765
Attention: Nathan W. Ricks
Fax: (435) 627-1901

with a copy to:

Bennett Tuller Johnson & Deere
3865 South Wasatch Boulevard, Suite 300
Salt Lake City, Utah 84109
Attention: Paul M. Johnson
Fax: (801) 278-1541

if to any Stockholder or the Stockholder Representative:

Nathan W. Ricks
2491 River Front Drive
Santa Clara, Utah 84765
Fax: (435) 627-1901

with a copy to:

Bennett Tueller Johnson & Deere
3865 South Wasatch Boulevard, Suite 300
Salt Lake City, Utah 84109
Attention: Paul M. Johnson
Fax: (801) 278-1541

Section 10.3 Certain Definitions.

For purposes of this Agreement, the term:

(a) "affiliate" of a person means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first mentioned person;

(b) "Business Day" shall mean any day other than a Saturday, a Sunday or a day in which banking institutions in Salt Lake City, Utah or New York, New York are authorized or obligated by law, executive order or regulation to close.

(c) "Control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management policies of a person, whether through the ownership of stock, as trustee or executor, by contract or credit arrangement or otherwise;

(d) "Environmental Laws" shall mean any and all laws, rules, orders, regulations, statutes, ordinances, guidelines, codes, decrees, or other legally enforceable requirement (including, without limitation, common law) of any foreign government, the United States, or any state, local, municipal or other governmental authority, regulating, relating to or imposing liability or standards of conduct concerning protection of the environment or of human health, or employee health and safety;

(e) "Person" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization, other entity or group (as defined in Section 13(d)(3) of the Exchange Act); and

(f) "Subsidiary" or "subsidiaries" of the Company, the Surviving Corporation, Parent or any other person means any corporation, partnership, joint venture or other legal entity of which the Company, the Surviving Corporation, Parent or such other person, as the case may be (either alone or through or together with any other subsidiary), owns, directly or indirectly, more than 50% of the stock or other voting or economic equity interests.

Section 10.4 Severability.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 10.5 Entire Agreement; Assignment.

This Agreement, together with the other Transaction Agreements, constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof. This Agreement shall not be assigned by operation of law or otherwise. Any attempted assignment which does not comply with the provisions of this Section 10.5 shall be null and void ab initio.

Section 10.6 Parties in Interest.

This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and, except as provided in the following sentence, nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement. The parties hereto expressly intend the provisions of Sections 9.1 and 9.2 to confer a benefit upon and be enforceable by the Indemnified Parties, as the only third party beneficiaries of this Agreement.

Section 10.7 Governing Law.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Utah, without regard to principles of conflicts of laws.

Section 10.8 Headings.

The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 10.9 Cumulative Remedies.

The remedies set forth in this Agreement (including, without limitation, the ability of Parent to suspend or terminate its obligation to make Contingent Payments pursuant to Section 2.1 and Section 2.2 hereof) shall in no way limit any other remedies that may be available to the non-breaching party at law, in equity, pursuant to the terms of this Agreement or otherwise. The rights and remedies provided for in this Agreement are cumulative and may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

Section 10.10 Counterparts.

This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Parent, Sub, the Company, the Stockholders and the Stockholder Representative have caused this Agreement to be executed as of the date first written above directly or by their respective officers thereunto duly authorized.

NU SKIN ENTERPRISES, INC.

Attest:
/s/Matthew Dorny

/s/Truman Hunt

Truman Hunt
Title: Executive Vice President

NIKSUN ACQUISITION CORPORATION

Attest:
/s/Matthew Dorny

/s/Truman Hunt
Truman Hunt
Title: Vice President

WORLDWIDE NUTRITIONAL SCIENCE, INC.

Attest:
/s/Paul M. Johnson

/s/Nathan W. Ricks
Nathan W. Ricks
Title: President

NATHAN W. RICKS

Attest:
/s/Paul M. Johnson

/s/Nathan W. Ricks
Nathan W. Ricks

BUCKHORN HOLDINGS TRUST
By: Nathan W. RIcks, Trustee

Attest:
/s/Paul M. Johnson

/s/Nathan W. Ricks
Nathan W. Ricks
Title: Trustee

THE JOYCE RICKS FAMILY TRUST
By: Nathan W. Ricks, Trustee

Attest:
/s/Paul M. Johnson

/s/Nathan W. Ricks
Nathan W. Ricks
Title: Trustee

MEMBERSHIP INTEREST
PURCHASE AGREEMENT

between

NU SKIN ENTERPRISES, INC.

and

FRANK L. DAVIS,
ROGAN TAYLOR,
TOM FELT,
DAVID L. MITTON,
DANIEL P. WHEELER,
KEVIN J. SUTTERFIELD,
***and* RONALD BASSETT**

APRIL 19, 2002

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (the "*Agreement*") is entered into on April 19, 2002, between Nu Skin Enterprises, Inc. (the "*Buyer*"), and Frank L. Davis, Rogan Taylor, Tom Felt, David L. Mitton, Daniel P. Wheeler, Kevin J. Sutterfield and Ronald Bassett, each individually a "*Seller*" and together the "*Sellers*." The Buyer and the Sellers are each referred to herein individually as a "*Party*" and collectively as the "*Parties*."

RECITALS

A. The Sellers in the aggregate own all of the outstanding limited liability company membership interests ("*Company Shares*") of First Harvest International, LLC, a Utah limited liability company (the "*Company*").

B. This Agreement contemplates a transaction in which the Buyer will purchase from the Sellers, and the Sellers will sell to the Buyer, all of the Company Shares in return for cash and the Buyer Shares (as defined below) on the terms and conditions set forth herein.

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows.

1. **Definitions.**

"*Accredited Investor*" has the meaning set forth in Regulation D promulgated under the Securities Act.

"*Adverse Consequences*" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and attorneys' fees and expenses.

"*Affiliate*" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act.

"*Affiliated Group*" means any affiliated group within the meaning of Code Section 1504(a) or any similar group defined under a similar provision of state, local or foreign law.

"*Agreement*" has the meaning set forth in the preface above.

"*Ambassador*" has the meaning set forth in Section 4.8.22 below.

"*Audited Closing Date Balance Sheet*" means the Company's balance sheet dated the date of the Closing and audited by the Buyer's independent auditor.

"*Basis*" means any past or present fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction that forms or could form the basis for any specified consequence.

"*Binding Royalty Report*" has the meaning set forth in Section 2.6.4.

"*Buyer*" has the meaning set forth in the preface above.

"*Buyer's Consolidated Realized After Tax Profit*" means total revenue from the sale of NTW Products by the Company, net of returns, minus (A) the cost of goods sold for NTW Products sold by the Company, (B) the greater of (i) an amount equal to Buyer's total revenue multiplied by Buyer's global commission rate expressed as percentage of its total revenue, or (ii) an amount equal to Buyer's total revenue multiplied by the actual commission rate paid in connection with the Company's sale of NTW Products, expressed as a percentage of the NTW Products sold, (C)

direct expenses of the Company, and (D) an overhead allocation of Buyer's selling, general and administrative expenses equal to (i) total sales of NTW Products by the Company multiplied by (ii) a percentage equal to (x) Buyer's total selling, general and administrative expenses divided by (y) Buyer's total revenue.

"*Buyer Shares*" has the meaning set forth in Section 2.2 below.

"*Closing*" has the meaning set forth in Section 2.3 below.

"*Closing Date*" has the meaning set forth in Section 2.3 below.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Company*" has the meaning set forth in the preface above.

"*Company Share*" means any limited liability company membership interest of the Company or other interest in the Company constituting an equity, capital, profit, voting or other interest.

"*Confidential Information*" means any information concerning the businesses and affairs of the Company and its Subsidiaries that is not already generally available to the public.

"Disclosure Schedule" has the meaning set forth in Section 4 below.

"*Distributed Inventory*" has the meaning set forth in Section 4.30 below.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

"*Faridi Purchase Orders*" means collectively, the invoices identified as nos. 00001374, dated 2/12/02 in the amount of $4,500,000; 00001503 dated 3/26/02 in the amount of $4,500,000; and 00001601 dated 4/9/02 in the amount of $3,000,000, each issued by the Company to Wellness America, Inc.

"*Financial Statement*" has the meaning set forth in Section 4.7 below.

"*GAAP*" means generally accepted accounting principles in the United States.

"*Hazardous Material*" has the meaning set forth in Section 4.26 below.

"*Indemnified Party*" has the meaning set forth in Section 6.4 below.

"*Indemnifying Party*" has the meaning set forth in Section 6.4 below.

"*Independent Accountant*" means the firm of Deloitte & Touche LLP or such other accounting firm of national standing appointed by the Buyer if Deloitte & Touche LLP is unable or unwilling to serve.

"*Intellectual Property*" has the meaning set forth in Section 4.13.1 below.

"*Invention Assignment Agreement*" has the meaning set forth in Section 4.13.3 below.

"*Knowledge*" with respect to a Seller means the Seller's actual knowledge, and with respect to the Company means the actual knowledge of Frank L. Davis after inquiry of the executive officers of the Company and the employee or employees having responsibility for the applicable subject matter.

"*Liability*" means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

"*Most Recent Balance Sheet*" has the meaning set forth in Section 4.7 below.

"*Most Recent Fiscal Year End*" has the meaning set forth in Section 4.7 below.

"*NTW Products*" has the meaning set forth in Section 2.7 below.

"*Objection Notice*" has the meaning set forth in Section 2.6.4 below.

"*Objection Notice Period*" has the meaning set forth in Section 2.6.4 below.

"*Operating Agreement*" means the Operating Agreement of the Company dated January 31, 2002.

"*Option Agreement*" has the meaning set forth in Section 4.30 below.

"*Ordinary Course of Business*" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

"*Organizational Documents*" means (i) the articles or certificate of incorporation and the bylaws of a corporation, (ii) the partnership agreement and any statement of partnership of a general partnership, (iii) the limited partnership agreement and the certificate of limited partnership of a limited partnership, (iv) the limited liability company agreement or operating agreement and articles or certificate of formation of a limited liability company, (v) any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person and (vi) any amendment to any of the foregoing.

"*Party*" has the meaning set forth in the preface above.

"*Person*" means an individual, a general or limited partnership, a corporation, a limited liability company, an association, a joint stock company, an estate, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

"*Purchase Agreement – 1999*" has the meaning set forth in Section 4.1 below.

"*Purchase Price*" has the meaning set forth in Section 2.2 below.

"*Requisite Sellers*" means Sellers holding a majority in interest of the Company Shares as set forth in Section 4.2 of the Disclosure Schedule.

"*Royalty*" has the meaning set forth in Section 2.7 below.

"*Royalty Allocation*" is set forth in Exhibit "A."

"*Royalty Schedule*" has the meaning set forth in Section 2.6.4 below.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Securities Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Security Interest*" means any mortgage, pledge, lien, encumbrance, charge, or other security interest, other than (a) mechanic's, materialmen's, and similar liens, (b) liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings, (c) purchase money liens and liens securing rental payments under capital lease arrangements, and (d) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

"*Seller*" has the meaning set forth in the preface above.

"*Sellers' Representative*" will be Frank L. Davis unless he is replaced by action of a majority in interest of the Sellers (determined based on percentage allocation of the Purchase Price in accordance with Exhibit "A" attached hereto).

"*Subsidiary*" means any corporation with respect to which a specified Person (or a Subsidiary thereof) owns a majority of the common stock or other equity security having voting power or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors.

"*Tax*" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"*Tax Return*" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"*Third Party Claim*" has the meaning set forth in Section 6.4 below.

"*Wellness Stock*" has the meaning set forth in section 4.30 below.

2. **Purchase and Sale of Company Shares.**

2.1. Basic Transaction. On and subject to the terms and conditions of this Agreement, the Buyer hereby purchases from each of the Sellers, and each of the Sellers hereby sells and transfers to the Buyer, all of his Company Shares for the consideration specified below in this Section 2.

2.2. Purchase Price. Buyer agrees to pay Sellers an aggregate amount equal to $3,500,000 minus (A) the Company's total liabilities as of the Closing Date as reflected on the Company's Audited Closing Date Balance Sheet and (B) the amount by which $825,000 exceeds the book value of the Company's current assets and those assets included on the Company's Audited Closing Date Balance Sheet under the classifications Property, Equipment, Furniture and Fixtures, Computer Equipment, and Building Improvements as reflected on the Audited Closing Date Balance Sheet net of depreciation (the "*Purchase Price*"). Subject to Section 2.4 below, the Buyer will pay Sellers the Purchase Price within five business days after issuance by the Buyer of the Audited Closing Date Balance Sheet as follows: (i) up to the first $1,000,000 of the Purchase Price will be paid in shares of Buyer's restricted Class A Common Stock based on the average closing price of Buyer's Class A Common Stock as quoted on the New York Stock Exchange for the ten trading days prior to the Closing Date (the "*Buyer Shares*") and (ii) any portion of the Purchase Price in excess of $1,000,000, if any, will be paid in cash by wire transfer or delivery of other immediately available funds. Any adjustment to the Purchase Price as provided in clauses (A) and (B) of this Section 2.2 will first be deducted from the cash portion of the Purchase Price and then from the Buyer's Shares. Sellers hereby acknowledge and agree that they have received prior to the date hereof a total of $25,000 from the Buyer and that such amount will be applied against payment of the Purchase Price (such amount to be applied first against the cash portion of the Purchase Price, if any). The Purchase Price will be allocated among the Sellers as provided in Exhibit "A" attached hereto.

2.3. The Closing. The closing of the transactions contemplated by this Agreement (the "*Closing*") shall take place at the offices of Dorsey & Whitney LLP in Salt Lake City, Utah, simultaneously with the execution of this Agreement by all of the Parties hereto (the "*Closing Date*").

2.4. Condition to Payment of Purchase Price. Buyer's obligation to pay the Purchase Price will be conditioned on the Buyer, in its sole discretion, being satisfied with the ownership of the Company and its predecessors and the ownership of the assets and properties used in the Company's business. No investigation by Buyer or any conclusion by Buyer that this condition is satisfied will prohibit Buyer from pursuing any and all of its remedies under this Agreement.

2.5. [Reserved]

2.6. Royalty Payments. Subject to the conditions stated below and in accordance with the Royalty Allocation listed in Exhibit "A" attached hereto, the Buyer agrees to pay the Sellers a royalty (the "*Royalty*") on all sales of Nourish the World products ("*NTW Products*") sold by the Company after the Closing Date and until termination of the Royalty as provided below.

2.6.1. Royalty Amount. The Royalty will be equal to the greater of (A) 1% of NTW Product sales by the Company net of returns, or (B) the amount by which the Buyer's Consolidated Realized After Tax Profit from the Company's sale of NTW Products exceeds 13% of total revenue generated from the sale of NTW Products by the Company. The Royalty will be paid in cash quarterly within 45 days after the end of each calendar quarter.

2.6.2. Royalty Conditions. Notwithstanding the foregoing, the Buyer will not be obligated to begin paying the Royalty until the Company has generated $3,500,000 of Buyer's Consolidated Realized After Tax Profit from the sale of NTW Products by the Company after the Closing Date.

2.6.3. Royalty Offset and Termination. The Royalty is subject to being offset as provided in Section 6.7 below. The Buyer will not be obligated to pay any Royalty after the earlier of (i) the end of a calendar year ending after 2002, in which the Company generates less than $5,000,000 in sales of NTW Products, or (ii) once cumulative Royalty payments paid by the Buyer to the Sellers exceed $25,000,000. Notwithstanding the foregoing, if the Royalty obligation terminates pursuant to clause (i) of this Section 2.6, Buyer's obligation to pay the Royalty will recommence if within either of the two calendar years following such termination the Company generates more than $10,000,000 in sales of NTW Products. If, after recommencement of the Royalty obligation, the Company generates in any calendar year after such recommencement less than $5,000,000 in sales of NTW Products, the Buyer's obligation to pay the Royalty will terminate and the Royalty will not under any circumstances recommence thereafter. The Buyer's obligation to pay the Royalty will in any event terminate pursuant to Clause (ii) of this Section 2.6.3.

2.6.4. Royalty Dispute Resolution. Each Royalty payment under this Section 2.6, will be accompanied by a schedule prepared by the Buyer (a "*Royalty Schedule*") indicating how the Royalty payment was calculated. Sellers' Representative will have five business days after the date such Royalty payment was paid (the "*Objection Notice Period*") to give Buyer a written objection to the calculation of such Royalty payment, specifically stating the reasons for such objection and requesting an opportunity to review such calculation (the "*Objection Notice*"). If the Sellers' Representative does not so object within the Objection Notice period, the Sellers will be deemed to have accepted and approved the Buyer's calculation of the Royalty payment and such calculation will be final and binding on the Sellers. If, within the Objection Notice Period for any Royalty payment, the Sellers' Representative delivers to Buyer an Objection Notice related to such Royalty payment, then Buyer and the Sellers' Representative will use reasonable efforts to resolve the objections. If the Buyer and the Sellers' Representative are unable to resolve such objections within ten business days of the date of the Objection Notice, either the Buyer or the Seller may submit such objections to the Independent Accountant for final resolution of any dispute regarding such objections and the calculation of such Royalty

payment. Within five business days after the submission of such objections to the Independent Accountant, both the Buyer and the Sellers' Representative will deliver to the Independent Accountant documents and information regarding the disputed Royalty calculation and their positions regarding the same. Upon receipt thereof, the Independent Accountant will promptly review the Buyer's and the Company's books and records and all documents and information provided to it by the Buyer and the Sellers' Representative in order to resolve any objections to the disputed Royalty payment. Upon completion of its review of relevant books, records and materials, the Independent Accountant will deliver a written report (the "*Binding Royalty Report*") to Buyer and Sellers' Representative summarizing the Independent Accountant's findings and determinations with respect to the disputed Royalty payment. The Binding Royalty Report will be final and binding on Buyer, the Company, and each of the Sellers. Buyer will promptly pay any Royalty owing to Sellers as indicated on the Binding Royalty Report and Sellers will refund any overpayment by Buyer. If the Binding Royalty Report concludes Buyer underpaid the Royalty in dispute by more than 5%, then Buyer will pay the costs and expenses of the Independent Accountant. If the Binding Royalty Report concludes that such disputed Royalty was underpaid by 5% or less, then Sellers will be jointly and severally responsible to pay the Independent Accountant's costs and expenses.

2.7. Preparation and Delivery of Audit. For purposes of Section 2, the Audited Closing Date Balance Sheet will be prepared by the Company and its management in accordance with GAAP and audited by Buyer's independent auditor. The Company and the Buyer agree to cooperate in good faith and diligently work to prepare the Audited Closing Date Balance Sheet and complete the audit thereof as promptly following the Closing as is reasonable practicable but in no event later than 45 days following the Closing Date unless agreed to in writing by the Buyer and the Sellers' Representative. The Buyer will pay for the costs and expenses of its independent auditor and any of its third party advisors in connection with the audit. Once the Audited Closing Date Balance Sheet is completed, the Buyer will deliver a copy thereof, together with a certificate stating the Purchase Price derived in accordance with this Section 2, to each Seller. Subject to Section 2.4 above, within five business days after the date of issuance of the Audited Closing Date Balance Sheet and such certificate, the Buyer will pay the Purchase Price to the Sellers in accordance with the allocations listed in Exhibit "A."

3. **Representations and Warranties Concerning the Transaction.**

3.1. Representations and Warranties of the Sellers. Each of the Sellers represents and warrants to the Buyer that, as to such Seller, the statements contained in this Section 3.1 are correct and complete as of the date of this Agreement with respect to himself, except as set forth in Section 3 of the Disclosure Schedule.

3.1.1. **[Reserved]**

3.1.2. Authorization of Transaction. The Seller has full power, authority and legal capacity to execute and deliver this Agreement and to perform his obligations hereunder. This Agreement constitutes the valid and legally binding obligation of the Seller, enforceable in accordance with its terms and conditions. The Seller need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

3.1.3. Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (A) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Seller is subject or, if the Seller is an entity, any provision of its Organizational Documents or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the

right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Seller is a party or by which he is bound or to which any of his assets is subject.

3.1.4. Brokers' Fees. The Seller has no Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Buyer could become liable or obligated.

3.1.5. Investment. The Seller (A) understands that the Buyer Shares have not been, and will not be, registered under the Securities Act, or under any state securities laws, and are being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering and that resale of the Buyer Shares is restricted in accordance with the Securities Act, (B) is acquiring the Buyer Shares solely for his own account for investment purposes, and not with a view to the distribution thereof, (C) is a sophisticated investor with knowledge and experience in business and financial matters, (D) has received certain information concerning the Buyer including the Buyer's recent filings under the Securities Exchange Act , copies of which are attached hereto as Exhibit "B," and has had the opportunity to obtain additional information as desired in order to evaluate the merits and the risks inherent in holding the Buyer Shares, (E) is able to bear the economic risk and lack of liquidity inherent in holding the Buyer Shares, and (F) is an Accredited Investor.

3.1.6. Company Shares. The Seller holds of record and owns beneficially the percentage interest in the total outstanding Company Shares as set forth next to his name in Exhibit "A," and upon transfer of the Seller's Company Shares to the Buyer, the Buyer will own good and marketable title to the Seller's Company Shares free and clear of any restrictions on transfer (other than any restrictions under the Securities Act and state securities laws), Taxes, Security Interests, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. The Seller is not a party to any option, warrant, purchase right, or other contract or commitment that could require the Seller to sell, transfer, or otherwise dispose of any Company Shares (other than this Agreement). The Seller is not a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any Company Shares. The Company has not issued and no Seller holds any certificate or other instrument (other than the Operating Agreement) evidencing a membership or other interest in the Company.

3.2. Representations and Warranties of the Buyer. The Buyer represents and warrants to the Sellers that the statements contained in this Section 3.2 are correct and complete as of the date of this Agreement.

3.2.1. Organization of the Buyer. The Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation.

3.2.2. Authorization of Transaction. The Buyer has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of the Buyer, enforceable in accordance with its terms and conditions. The Buyer need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

3.2.3. Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (A) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Buyer is subject or any provision of its Organizational Documents or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Buyer is a party or by which it is bound or to which any of its assets is subject, including, without limitation, the Company's network marketing plan and related policies and procedures.

3.2.4. Brokers' Fees. The Buyer has no Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which any Seller could become liable or obligated.

3.2.5. Investment. The Buyer is not acquiring the Company Shares with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act.

3.2.6. Valid Issuance. The Buyer's Shares, upon issuance in accordance with this Agreement, will be validly issued, fully paid and nonassessable.

4. Representations and Warranties Concerning the Company. The Sellers, jointly and severally, represent and warrant to the Buyer that the statements contained in this Section 4 are correct and complete as of the date of this Agreement, except as set forth in the disclosure schedule attached hereto as Schedule 1 and delivered by the Sellers (the "*Disclosure Schedule*"). Nothing in the Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or warranty made herein, however, unless the Disclosure Schedule identifies the exception with reasonable particularity and describes the relevant facts in reasonable detail. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item shall not be deemed adequate to disclose an exception to a representation or warranty made herein (unless the representation or warranty has to do with the existence of the document or other item itself). The Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 4.

4.1. Organization, Qualification, and Power. The Company is a limited liability company duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization. The Company is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where such qualification is required. The Company has the

requisite power and authority and all licenses, permits, and authorizations necessary to carry on the businesses in which it is engaged and in which it presently proposes to engage and to own and use the properties owned and used by it. Section 4.1 of the Disclosure Schedule lists the members, managers, directors and officers of the Company. The Sellers have delivered to the Buyer correct and complete copies of the Organizational Documents of the Company. The minute books (containing the records of meetings of the members and managers, the board of directors, and any committees of the board of directors) and records of the Company are correct and complete. The Company is not in default under or in violation of any provision of its Organizational Documents. Without limiting the generality of the foregoing, the Company (A) was formed on February 12, 1999, as White Harvest International, LLC, and (B) changed its name to First Harvest International, LLC on March 3, 1999, and (C) is the entity identified as First Harvest International, LLC in that certain Agreement for Sale of First Harvest International, LLC by and between First Harvest International, LLC, a Utah limited liability company, Bel Aire Investments, LLC and KKA Investments, LLC as Sellers and IMOV, LLC

as the buyer (the "*Purchase Agreement - 1999*"), a copy of which has been delivered to the Buyer. The Purchase Agreement – 1999 was executed and consummated and constitutes the legal, valid and binding obligation of the parties thereto.

4.2. Capitalization. All of the issued and outstanding Company Shares have been duly authorized and are held of record by the respective Sellers as set forth in Exhibit "A" and Section 4.2 of the Disclosure Schedule. The Sellers constitute all of the members of the Company and no other Person owns, beneficially or of record, any capital, equity, profits, voting or other interest in the Company. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require the Company to issue, sell, or otherwise cause to become outstanding any of its equity securities. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, royalty or similar rights with respect to the Company. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the securities of the Company having voting rights.

4.3. Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Company is subject or any provision of the Organizational Documents of the Company or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, network marketing plan or agreement, compensation plan or agreement, lease, license, instrument, or other arrangement to which the Company is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets). The Company is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement.

4.4. Brokers' Fees. The Company has no Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

4.5. Title to Assets. The Company has good and marketable title to, or a valid leasehold interest in, the properties and assets used by it, located on its premises, or shown on the Most Recent Balance Sheet or acquired after the date thereof, free and clear of all Security Interests, except for properties and assets disposed of in the Ordinary Course of Business since the date of the Most Recent Balance Sheet. No third party including any affiliate of the Company has any interest in any assets or properties used by the Company in connection with its business. Any assets or properties deemed to have been acquired by IMOV, LLC under the Purchase Agreement – 1999 have been validly transferred to the Company and IMOV, LLC has no further interest of any kind in such assets or properties. Without limiting the generality of the foregoing, Frank L. Davis has no interest of any kind in any assets or properties used by or necessary for the operation of the Company's business.

4.6. No Subsidiaries. The Company has no Subsidiary and does not own any shares of capital stock or other equity securities of any other Person.

4.7. Financial Statements. Attached hereto as Exhibit "C" are the following financial statements (collectively, the "*Financial Statements*"): (A) an unaudited balance sheet and an unaudited statement of income for the Company, as of and for the year ended December 31, 2001 (the "*Most Recent Fiscal Year End*") and (B) an unaudited balance sheet and an unaudited statement of income for the Company, as of and for the period ended March 31, 2002 (the "*Most Recent Balance Sheet*"). The Financial Statements have been prepared on a consistent basis throughout the periods covered thereby, and present fairly the financial condition of the Company as of such dates and the results of operations of the Company for such periods, contain adequate reserves, are correct and complete, and are consistent with the books and records of the Company (which books and records are correct and complete); provided, however, that the Financial Statements are subject to normal year-end adjustments (which will not be material individually or in the aggregate) and lack footnotes and other presentation items. No financial statements of any other Person are required to be included in the Financial Statements in accordance with GAAP.

4.8. Events Subsequent to Most Recent Fiscal Year End. Since the Most Recent Fiscal Year End, there has not been any material adverse change in the business, financial condition, operations, results of operations, or future prospects of the Company. Without limiting the generality of the foregoing, since that date:

4.8.1. the Company has not sold, leased, transferred, or assigned any of its assets, tangible or intangible, other than for a fair consideration in the Ordinary Course of Business;

4.8.2. the Company has not entered into any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) either involving more than $5,000 or outside the Ordinary Course of Business;

4.8.3. no party (including the Company) has accelerated, terminated, modified, or cancelled any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) involving more than $5,000 to which the Company is a party or by which it is bound;

4.8.4. the Company has not imposed any Security Interest upon any of its assets, tangible or intangible;

4.8.5. the Company has not made any capital expenditure (or series of related capital expenditures) either involving more than $10,000 or outside the Ordinary Course of Business;

4.8.6. the Company has not made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans, and acquisitions) either involving more than $5,000 or outside the Ordinary Course of Business;

4.8.7. the Company has not issued any note, bond, or other debt security or created, incurred, assumed, or guaranteed any indebtedness for borrowed money or capitalized lease obligation either involving more than $10,000 singly or $50,000 in the aggregate;

4.8.8. the Company has not delayed or postponed the payment of accounts payable and other Liabilities outside the Ordinary Course of Business;

4.8.9. the Company has not cancelled, compromised, waived, or released any right or claim (or series of related rights and claims) either involving more than $5,000 or outside the Ordinary Course of Business;

4.8.10. the Company has not granted any license or sublicense of any rights under or with respect to any Intellectual Property;

4.8.11. there has been no change made or authorized in the Organizational Documents of the Company;

4.8.12. the Company has not issued, sold, or otherwise disposed of any of its membership interests or equity securities, or granted any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of its membership interests or equity secuirities;

4.8.13. the Company has not declared, set aside, or paid any dividend or made any distribution with respect to its membership interests or equity secuirities (whether in cash or in kind) or redeemed, purchased, or otherwise acquired any of its membership interests or equity securities;

4.8.14. the Company has not experienced any damage, destruction, or loss (whether or not covered by insurance) to its property;

4.8.15. the Company has not made any loan to, or entered into any other transaction with, any of its members, managers, directors, officers, and employees;

4.8.16. the Company has not entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract or agreement;

4.8.17. the Company has not granted any increase in the base compensation of any of its members, managers, directors, officers, and employees outside the Ordinary Course of Business;

4.8.18. the Company has not adopted, amended, modified, or terminated any bonus, profit-sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its members, managers, directors, officers, and employees (or taken any such action with respect to any other “employee benefit plan” as such term is defined in ERISA);

4.8.19. the Company has not made any other change in employment terms for any of its members, managers, directors, officers, and employees outside the Ordinary Course of Business;

4.8.20. the Company has not made or pledged to make any charitable or other capital contribution outside the Ordinary Course of Business;

4.8.21. there has not been any other material occurrence, event, incident, action, failure to act, or transaction outside the Ordinary Course of Business involving the Company;

4.8.22. the Company has not agreed to or entered into any agreement with any network marketing distributor of the Company (“*Ambassador*”) providing for any compensation or other benefit or status or opportunity that is either inconsistent with terms offered to other Ambassadors generally under the Company’s network marketing plan or in violation of the Company’s network marketing plan; and

4.8.23. the Company has not committed to do any of the foregoing.

4.9. Undisclosed Liabilities. The Company does not have any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against it giving rise to any Liability), except for (i) Liabilities set forth on the face of the Most Recent Balance Sheet and (ii) Liabilities which have arisen after March 31, 2002 in the Ordinary Course of Business (none of which results from, arises out of, relates to, is in the nature of, or was caused by any breach of contract, breach of warranty, tort, infringement, or violation of law).

4.10. Legal Compliance. Each of the Company, its predecessors and Affiliates has complied with all applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof), and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed, commenced or threatened against any of them alleging any failure so to comply. Neither the Company nor any of the Sellers has had any contact of any kind or nature with any governmental body or authority in relation to the Company or its business.

4.11. Tax Matters.

4.11.1. The Company has filed all Tax Returns that it was required to file. All such Tax Returns were correct and complete in all respects. All Taxes, if any, owed by the

Company (whether or not shown on any Tax Return) have been paid. The Company currently is not the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Security Interests on any of the assets of the Company that arose in connection with any failure (or alleged failure) to pay any Tax.

4.11.2. The Company has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, member of the Company that is a non-U.S. person for Tax purposes, or other third party.

4.11.3. No Seller, or manager, member, director or officer (or employee responsible for Tax matters) of the Company expects any authority to assess any additional Taxes for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Tax Liability of the Company either (A) claimed or raised by any authority in writing or (B) as to which any of the Sellers and the members, managers, directors and officers (and employees responsible for Tax matters) of the Company has Knowledge based upon personal contact with any agent of such authority. Section 4.11 of the Disclosure Schedule lists all federal, state, local, and foreign income Tax Returns filed with respect to the Company for taxable periods ended on or after December 31, 1999, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit. The Sellers have delivered to the Buyer correct and complete copies of all federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by the Company since January 1, 1999.

4.11.4. The Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

4.11.5. The Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code Section 6662. The Company is not a party to any Tax allocation or sharing agreement.

4.11.6. Section 4.11 of the Disclosure Schedule sets forth the following information with respect to the Company as of the most recent practicable date: (A) the basis of the Company in its assets; and (B) any elections made by the Company with respect to Taxes.

4.11.7. The unpaid Taxes of the Company (A) did not, as of March 31, 2002 exceed the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) and (B) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company in filing its Tax Returns.

4.11.8. The Company is and has been since its formation taxable for U.S. federal income as a partnership (as defined in Treasury Regulation 7701-2(c)(1)) in accordance with Treasury Regulation Section 301.7701-3(b).

4.11.9. Neither the Company nor the Sellers has any reason to believe, and to the Knowledge of the Company and the Sellers no contention or assertion has been made, that any NTW Product donations or contributions made by Ambassadors or others affiliated with the Company in accordance with the Company's network marketing plan are not, will not or may not be deductible by such Ambassadors or other persons for U. S. income tax purposes.

4.12. Real Property.

4.12.1. The Company does not own any real property.

4.12.2. Section 4.12.2 of the Disclosure Schedule lists and describes briefly all fixtures and real property improvements owned and all real property leased or subleased to the Company. The Sellers have delivered to the Buyer correct and complete copies of the leases and subleases listed in Section 4.12.2 of the Disclosure Schedule (as amended to date). With respect to each lease and sublease listed in Section 4.12.2 of the Disclosure Schedule:

4.12.2.1 the lease or sublease is legal, valid, binding, enforceable, and in full force and effect;

4.12.2.2 the lease or sublease will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby;

4.12.2.3 no party to the lease or sublease is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

4.12.2.4 no party to the lease or sublease has repudiated any provision thereof;

4.12.2.5 there are no disputes, oral agreements, or forbearance programs in effect as to any lease or sublease;

4.12.2.6 to the Knowledge of any of the Sellers and the members, managers, directors and officers of the Company, there are no pending or threatened condemnation proceedings, lawsuits, or administrative actions relating to the property or other matters adversely affecting the current use or occupancy of the property that is the subject of any lease or sublease;

4.12.2.7 the Company has not assigned, transferred, conveyed, mortgaged, deeded in trust, or encumbered any interest in the leasehold or subleasehold or any fixture or real property improvement;

4.12.2.8 all facilities leased or subleased thereunder have received all approvals of governmental authorities (including licenses and permits) required in connection with the operation thereof and have been operated and maintained in accordance with applicable laws, rules, and regulations;

4.12.2.9 all facilities leased or subleased thereunder are supplied with utilities and other services necessary for the operation of said facilities; and

4.12.2.10 to the Knowledge of the Sellers, the owner of the facility leased or subleased has good and marketable title to the parcel of real property, free and clear of any Security Interest, easement, covenant, or other restriction, except for installments of special assessments not yet delinquent and recorded easements, covenants, and other restrictions which do not impair the current use, occupancy, or value, or the marketability of title, of the property subject thereto.

4.13. Intellectual Property.

4.13.1. The Company owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses (software or otherwise), information, processes, know-how, product formulations, microencapsulation processes, and similar proprietary rights ("*Intellectual Property*") necessary to the business of the Company as presently conducted, without any conflict with or infringement of the rights of others. The Company owns and has all rights to use the name and mark "Nourish the World." Section 4.13.1 of the Disclosure Schedule contains a complete list of (i) the Company's registered or common law, as applicable, patents, trademarks, copyrights and domain names and pending patent, trademark and copyright applications and (ii) all outstanding options, licenses or agreements relating to the Company's Intellectual Property or any options, licenses or agreements with respect to the Intellectual Property of any other Person by which the Company is bound or to which it is a party. The Company has not received any written communication alleging that the Company has violated any of the Intellectual Property of any other Person. The Company is not obligated to make any payments by way of royalties, fees or otherwise to any owner or licensor of or claimant to any Intellectual Property with respect to the use thereof in connection with the conduct of its business as presently conducted or as proposed to be conducted. There are no agreements, understandings, instruments, contracts, judgments, orders or

decrees to which the Company is a party or by which it is bound which involve indemnification by the Company with respect to infringements of Intellectual Property.

4.13.2. The Company, after reasonable investigation, is not aware that any of its employees is obligated under any contract or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would materially interfere with the use of his or her efforts to promote the interests of the Company or that would conflict with the Company's business as presently conducted or as proposed to be conducted. Neither the execution nor delivery of this Agreement, nor the carrying on of the Company's business by the employees of the Company, nor the conduct of the Company's business as presently conducted or as proposed to be conducted, will, to the Company's Knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated. It is not necessary, and will not

become necessary, for the Company to use any inventions of any of its employees made prior to their employment by the Company.

4.13.3. Each employee of the Company has executed a Proprietary Information and Inventions Agreement substantially in the form attached as Exhibit "D" (the "*Invention Assignment Agreement*"). No such employee has excluded works or inventions made prior to his or her employment with the Company from his or her assignment of inventions pursuant to such employee's invention assignment agreement which works or inventions are necessary to the business of the Company as presently conducted. Each member, manager, director or officer of and consultant to the Company has executed either an Invention Assignment Agreement or an Invention Assignment and Noncompetition Agreement.

4.14. Tangible Assets. The Company owns or leases all buildings, machinery, equipment, improvements, furniture, fixtures and other tangible assets necessary for the conduct of its businesses as presently conducted and as presently proposed to be conducted. Each such tangible asset is free from defects (patent and latent), has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear), and is suitable for the purposes for which it presently is used and presently is proposed to be used.

4.15. Inventory. The inventory of the Company consists of raw materials and supplies, manufactured and purchased parts, goods in process, and finished goods, all of which is merchantable and fit for the purpose for which it was procured or manufactured, and none of which is slow-moving, obsolete, damaged, defective, or of a quality that cannot be sold at full value, subject only to the reserve for inventory write down set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company.

4.16. Contracts. Section 4.16 of the Disclosure Schedule lists the following contracts and other agreements to which the Company is a party:

4.16.1. any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of $20,000 per annum;

4.16.2. any agreement (or group of related agreements) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, the performance of which will extend over a period of more than one year, result in a material loss to the Company, or involve consideration in excess of $20,000;

4.16.3. any agreement concerning a partnership or joint venture;

4.16.4. any agreement (or group of related agreements) under which it has created, incurred, assumed, or guaranteed any indebtedness for borrowed money, or any capitalized lease obligation, in excess of $20,000 or under which it has imposed a Security Interest on any of its assets, tangible or intangible;

4.16.5. any agreement concerning confidentiality or noncompetition;

4.16.6. any agreement with any of the Sellers and their Affiliates (other than the Company);

4.16.7. any profit sharing, stock option or equity incentive, stock purchase, stock appreciation, deferred compensation, severance, or other plan or arrangement for the benefit of its current or former members, managers, directors, officers, and employees;

4.16.8. any collective bargaining agreement;

4.16.9. any agreement for the employment of any individual on a full-time, part-time, consulting, or other basis providing annual compensation in excess of $20,000 or providing severance benefits;

4.16.10. any agreement under which it has advanced or loaned any amount to any of its members, managers, directors, officers, and employees outside the Ordinary Course of Business;

4.16.11. any agreement under which the consequences of a default or termination could have a material adverse effect on the business, financial condition, operations, results of operations, or future prospects of the Company;

4.16.12. any agreement with any creditor settling or compromising the claim of such creditor; or

4.16.13. any other agreement (or group of related agreements) the performance of which involves consideration in excess of $20,000.

The Sellers have delivered to the Buyer a correct and complete copy of each written agreement listed in Section 4.16 of the Disclosure Schedule (as amended to date) and a written summary setting forth the terms and conditions of each oral agreement referred to in Section 4.16 of the Disclosure Schedule. With respect to each such agreement: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect; (B) the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby; (C) no party is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration, under the agreement; and (D) no party has repudiated any

provision of the agreement. The Operating Agreement is the only agreement among the Sellers related to their rights and interests in the Company prior to the Closing and is in full force and effect immediately prior to the Closing.

4.17. Notes and Accounts Receivable. All notes and accounts receivable of the Company are reflected properly on its books and records, are valid receivables subject to no setoffs or counterclaims, are current and collectible, and will be collected in accordance with their terms at their recorded amounts, subject only to the reserve for bad debts set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company.

4.18. Powers of Attorney. There are no outstanding powers of attorney executed on behalf of the Company.

4.19. Insurance. Section 4.19 of the Disclosure Schedule sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements) to which the Company has been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past 3 years:

4.19.1. the name, address, and telephone number of the agent;

4.19.2. the name of the insurer, the name of the policyholder, and the name of each covered insured;

4.19.3. the policy number and the period of coverage;

4.19.4. the scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and

4.19.5. a description of any retroactive premium adjustments or other loss-sharing arrangements.

With respect to each such insurance policy: (A) the policy is legal, valid, binding, enforceable, and in full force and effect; (B) the policy will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby; (C) neither the Company nor any other party to the policy is in breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred which, with notice or the lapse of time, would constitute such a breach or default, or permit termination, modification, or acceleration, under the policy; and (D) no party to the policy has repudiated any provision thereof. The Company has been covered during the past 3 years by insurance in scope and amount customary and reasonable for the businesses in which it has engaged during the aforementioned period. Section 4.19 of the Disclosure Schedule describes any self-insurance arrangements affecting the Company.

4.20. Litigation. Section 4.20 of the Disclosure Schedule sets forth each instance in which the Company (i) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge or (ii) is a party or, to the Knowledge of any of the Sellers and the members, managers, directors and officers (and employees with responsibility for litigation matters) of the Company, is threatened to be made a party to any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator. None of the actions, suits, proceedings, hearings, and investigations set forth in Section 4.20 of the Disclosure Schedule could result in any material adverse change in the business, financial condition, operations, results of operations, or future prospects of the Company. None of the Sellers and the members, managers, directors and officers (and employees with responsibility for litigation matters) of the Company has any reason to believe that any such action, suit, proceeding, hearing, or investigation may be brought or threatened against the Company.

4.21. Product Warranty. Each product manufactured, sold, leased, or delivered by the Company has been in conformity with all applicable contractual commitments and all express and implied warranties, and the Company has no Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against any of them giving rise to any Liability) for replacement or repair thereof or other damages in connection therewith, subject only to the reserve for product warranty claims set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company. No product manufactured, sold, leased, or delivered by the Company is subject to any guaranty, warranty, or other indemnity beyond the applicable standard terms and conditions of sale or lease. Section 4.21 of the Disclosure Schedule includes copies of the standard terms and conditions of sale or lease for the Company (containing applicable guaranty, warranty, and indemnity provisions).

4.22. Product Liability. The Company has no Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against it giving rise to any Liability) arising out of any injury to individuals or property as a result of the ownership, possession, consumption or use of any product manufactured, sold, leased, or delivered by the Company or its Ambassadors or agents.

4.23. Employees. To the Knowledge of any of the Sellers and the members, managers, directors and officers (and employees with responsibility for employment matters) of the Company, no executive, key employee, or group of employees has any plans to terminate employment with the Company. The employment of each manager, officer and employee of the Company is terminable at will by the Company. The Company has not adopted a severance pay plan and the Company has not entered into any agreements or arrangements with any manager, officer or employee to provide severance pay to any terminated manager, officer or employee. The Company is not a party to or bound by any collective bargaining agreement, and has not experienced any strikes, grievances, claims of unfair labor practices, or other collective bargaining disputes. The Company has not committed any unfair labor practice. None of the Sellers and the members, managers, directors and officers (and employees with responsibility for employment matters) of the Company has any Knowledge of any organizational effort presently being made or threatened by or on behalf of any labor union with respect to employees of the Company. The Company has not violated any employment laws, antidiscrimination or harassment laws or any immigration laws in connection with its employees or independent contractors.

4.24. Employee Benefits. The Company presently does not maintain or contribute to, and has never maintained or contributed to, any "employee benefit plan" as such term is defined in ERISA.

4.25. Guaranties. The Company is not a guarantor or otherwise liable for any Liability or obligation (including indebtedness) of any other Person.

4.26. Environmental, Health, and Safety Matters. The Company is not in violation of any applicable federal, state, local or foreign statute, law or regulation relating to the environment or occupational health and safety, and no material expenditures are or will be

required in order to comply with any such existing statute, law or regulation. Other than common cleaning and office supplies, no Hazardous Materials (as defined below) are used or have been used, stored, disposed of or are present on any property leased by the Company or on any other Company facility and, to the knowledge of the Company after reasonable investigation, by any other Person on any property owned, leased or used by the Company. To the Company's Knowledge, no reasonable likelihood exists that any Hazardous Material present on other property will come to be present on any property owned, leased or used by the Company or on any other Company facility. To the Company's Knowledge, there are no underground storage tanks, asbestos or PCBs present on any property owned, leased or used by the Company or on any other Company facility. For the purposes of this Section 4.26, the term "*Hazardous Material*" shall mean any material or substance that is prohibited or regulated by any environmental law or that has been designated by any local, state, federal and/or foreign governmental authority to be radioactive, toxic, hazardous or otherwise a danger to health reproduction or the environment, and which poses a material risk to human health or safety.

4.27. Certain Business Relationships with the Company. None of the Sellers and their Affiliates has been involved in any business arrangement or relationship with the Company within the past 12 months other than as an officer, member or Ambassador of the Company, and none of the Sellers and their Affiliates owns any asset, tangible or intangible, which is used in the business of the Company.

4.28. Relations With Ambassadors. The Sellers have delivered to the Buyer a complete and accurate list of the names and status of each Ambassador or other Person involved or participating in the Company's network marketing plan. The Company has operated and is now operating in compliance with its network marketing plan and all related policies and procedures. No Ambassador or other person operating pursuant to the Company's network marketing plan or policies or procedures is in violation thereof. The Company has no agreement or arrangement or understanding with any of its Ambassadors entitling such Ambassador to compensation, benefits, exemptions, exceptions, special status or other privileges that are not generally available to all other Ambassadors otherwise similarly situated, including without limitation, any special commission, royalty, profit sharing or similar agreements or arrangements. The Company's network marketing plan may, by its terms be assigned and a change of control of the Company will not result in any termination or material change to such plan or any related policies or procedures. The Company's network marketing plan and all procedures and policies related thereto may be amended by the Company at any time in its sole discretion and without the prior approval of any other Person.

4.29. Settlements With Creditors. The terms and conditions of all settlements and agreements with creditors of the Company entered into by the Company since the Most Recent Fiscal Year End are summarized accurately and fairly in Section 4.29 of the Disclosure Schedule. The Company has settled the claim of Net Tronics and the terms of such settlement are summarized in Section 4.29 of the Disclosure Schedule. All such settlements and agreements are valid and enforceable agreements of the parties thereto and upon payment by the Company of amounts owing thereunder, the Company will have no other obligations or liabilities to the other parties thereto.

4.30. Faridi Purchase Orders. Prior to the date hereof, the Company has transferred, assigned and distributed to the Sellers (A) the Faridi Purchase Orders and the revenue associated therewith, (B) inventory related to the Faridi Purchase Orders having a maximum value of $600,000 (the "*Distributed Inventory*"), (C) the Option Agreement, dated April 10, 2002 by and between the Company and Tariq Faridi (the "*Option Agreement*"), (D) the 10 million shares of Common Stock of Wellness America Online, Inc. evidenced by Stock Certificate Number 5503 dated April 11, 2002 (the "*Wellness Stock*"), and (E) all obligations of the Company relating to the Faridi Purchase Orders. No other assets have been transferred or distributed to the Sellers or any other Person related to the Faridi Purchase Orders.

4.31. Disclosure. Neither the representations and warranties contained in this Section 4 nor the information provided to the Buyer by the Sellers in the Disclosure Schedule or otherwise prior to the Closing contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements and information contained in this Section 4 or otherwise provided to Buyer not misleading.

5. **Post-Closing Covenants**. The Parties agree as follows with respect to the period following the Closing.

5.1. General. In case at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as any other Party may reasonably request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under Section 6 below). The Sellers acknowledge and agree that from and after the Closing the Buyer will be entitled to possession of all documents, books, records (including Tax records), agreements, and financial data of any sort relating to the Company.

5.2. Litigation Support. In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with (A) any transaction contemplated under this Agreement or (B) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing involving the Company, each of the other Parties will cooperate with him or it and his or its counsel in the contest or defense, make available their personnel, and provide such testimony and access to their books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 6 below).

5.3. Transition. None of the Sellers will take any action that is designed or intended to have the effect of discouraging any Ambassador, lessor, licensor, customer, supplier, partner or other business associate of the Company from maintaining the same business relationships with the Company after the Closing as it maintained with the Company prior to the Closing. Each of the Sellers will refer all customer inquiries relating to the businesses of the Company to the Buyer from and after the Closing.

5.4. Confidentiality. Each of the Sellers will treat and hold as such all of the Confidential Information, refrain from using any of the Confidential Information except in connection with this Agreement, and deliver promptly to the Buyer or destroy, at the request and option of the Buyer, all tangible embodiments (and all copies) of the Confidential Information which are in his possession. In the event that any of the Sellers is requested or required (by oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process) to disclose any Confidential Information, that Seller will notify the Buyer promptly of the request or requirement so that the Buyer may seek an appropriate protective order or waive compliance with the provisions of this Section 5.4. If, in the absence of a protective order or the receipt of a waiver hereunder, any of the Sellers is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, that Seller may disclose the Confidential Information to the tribunal; provided, however, that the disclosing

Seller shall use his or its best efforts to obtain, at the reasonable request of the Buyer, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as the Buyer shall designate. The foregoing provisions shall not apply to any Confidential Information which is generally available to the public through no fault of a Seller immediately prior to the time of disclosure.

5.5. Covenant Not to Compete. Until the later of (A) five years from and after the Closing Date or (B) five years from and after termination of the Royalty pursuant to Section 2.6 above, none of the Sellers will engage directly or indirectly in any business that the Company conducts as of the Closing Date in any geographic area in which any of the Company conducts that business as of the Closing Date; provided, however, that no owner of less than 1% of the outstanding stock of any publicly-traded corporation shall be deemed to engage solely by reason thereof in any Competing businesses. If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section 5.5 is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

5.6. Buyer Shares. Each Buyer Share will be imprinted with a legend substantially in the following form:

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS, OR UNLESS AN EXEMPTION THEREFROM IS AVAILABLE, AS ESTABLISHED BY A WRITTEN OPINION OF COMPETENT SECURITIES COUNSEL REASONABLY ACCEPTABLE TO THE COMPANY."

Each Seller desiring to transfer Buyer Shares first must furnish the Buyer with customary factual certificates confirming that the Seller is eligible to use Rule 144.

5.7. Election of Frank L. Davis to Board of Managers. Upon the Closing, the Company will have a board of managers comprised of 3 persons. So long as Frank L. Davis is willing and able to serve, the Buyer agrees to vote all of the Company Shares now or hereafter directly or indirectly owned (of record or beneficially) by it at any regular or special meeting (or by written consent) to elect Frank L. Davis to serve on the Company's board of managers until he is removed by the Company's board of managers with or without cause.

5.8. Employment Offers. As promptly as reasonably practicable following the Closing, the Buyer will make offers of "at will" employment to the individuals listed in Exhibit "E." Such individuals will be offered the position listed in Exhibit "E" at the annual salary listed in Exhibit "E;" provided, however, the exact title and salary of such individuals is subject to review by the Buyer's human resource department and may be adjusted or modified if compensation levels and titles are not consistent with the Buyer's employee's comparative titles and salary levels. The Buyer will make available to each employee of the Company the opportunity to participate in the benefit plans offered by the Buyer to its employees generally, including health and dental insurance, 401(k) plan, cafeteria plan and other generally available benefit plans of similar nature. The Company's employees will be offered the opportunity to participate in the Buyer's cash and equity incentive plans at levels consistent with other similarly situated employees of the Buyer; provided, however, Frank L. Davis will not be eligible to participate in the Buyer's cash and equity incentive plans until the Buyer is no longer obligated to pay the Royalty. All employees of the Company must satisfy the same eligibility requirements for participating in the Buyer's benefit plans as are required of other employees of the Buyer.

5.9. Conversion of NTW Compensation Plan. As soon as is reasonably practicable following the Closing, the NTW compensation plan currently used by the Company will be converted to the Buyer's network marketing compensation plan. The terms and process of this conversion will be in the Buyer's sole discretion. However, the Sellers and the Buyer will cooperate in good faith and use reasonable efforts to retain the participation of those who prior to Closing had become Ambassadors of the Company. If any Ambassador wishes to be refunded any amounts invested by such Ambassador prior to the Closing for NTW Products or related sales aids, the Company will offer to reimburse any such Ambassador for such amounts upon return to the Company of such NTW Products and sales aids provided the returned NTW Products have not been opened or damaged.

5.10. Releases and Resignations. Each of the Sellers hereby releases the Company from any and all claims and causes of action the Sellers have or may have against the Company. The Sellers further hereby resign from any and all positions, offices and capacities with the Company including, without limitation, the offices of manager, members of the board of managers and other positions of authority with the Company.

5.11. Faridi Purchase Orders. Each of the Sellers hereby assumes all obligations and Liability associated with the Faridi Purchase Orders including, without limitation, the obligation to fulfill the Faridi Purchase Orders in accordance with their terms and all obligations and

Liability for commissions, sales taxes, shipping expenses, and other costs, obligations and Liability in any way related to the Fairdi Purchase Orders. Each of the Sellers hereby agrees, within 60 days after the Closing Date, to replace the Distributed Inventory with inventory satisfying the standard described in Section 4.15 and having a value of $600,000 and suitable for the Company's use in producing its humanitarian products. Each of the Sellers hereby agrees to indemnify the Buyer and Company for any Liability arising out of or in any way related to the Faridi Purchase Orders.

6. **Remedies for Breaches of This Agreement.**

6.1. Survival of Representations and Warranties. All of the representations and warranties of the Parties contained in this Agreement will survive the Closing hereunder (even if the damaged Party knew or had reason to know of any misrepresentation or breach of warranty or covenant at the time of Closing) and continue in full force and effect forever thereafter (subject to any applicable statutes of limitations).

6.2. Indemnification Provisions for Benefit of the Buyer.

6.2.1. In the event any of the Sellers breaches (or in the event any third party alleges facts that, if true, would mean any of the Sellers has breached) any of their representations, warranties, and covenants contained herein, and, if there is an applicable survival period pursuant to Section 6.1 above, provided that the Buyer makes a written claim for indemnification against any of the Sellers pursuant to Section 8.8 below within

such survival period, then each of the Sellers agrees to indemnify the Buyer and the Company from and against the entirety of any Adverse Consequences the Buyer may suffer through and after the date of the claim for indemnification (including any Adverse Consequences the Buyer may suffer after the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach (or the alleged breach).

6.2.2. Each of the Sellers agrees to indemnify the Buyer and the Company from and against the entirety of any Adverse Consequences the Buyer may suffer resulting from, arising out of, relating to, in the nature of, or caused by any Liability of the Company (x) for any Taxes of the Company with respect to any Tax year or portion thereof ending on or before the Closing Date (or for any Tax year beginning before and ending after the Closing Date to the extent allocable (determined in a manner consistent with Section 7.2) to the portion of such period beginning before and ending on the Closing Date), to the extent such Taxes are not reflected in the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) shown on the face of the Most Recent Balance Sheet, and (y) for the unpaid Taxes of any Person (other than the Company) under Reg. Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

6.2.3. Each of the Sellers agrees to indemnify the Buyer and the Company from and against the entirety of any Adverse Consequences the Buyer may suffer resulting from, arising out of, relating to, in the nature of, or caused by (A) any operations of the Company prior to the Closing Date, or (B) any Product sold, manufactured, distributed or licensed by the Company or any services provided by the Company prior to the Closing Date, or (C) any acts or

omissions of the Company or any of its managers, officers, employees, Ambassadors or agents, or the ownership, lease or control of property by the Company prior to the Closing Date, or (D) any claims by creditors of the Company that they are owed more than the settlement amounts listed in Section 4.29 of the Disclosure Schedule or on the Audited Closing Date Balance Sheet, or (E) any Ambassador of the Company claiming that he or she is exempt from or excepted out of any requirements of the Company's network marketing plan or any related policies or procedures or, following the Closing, is exempt from or excepted out of any requirements of the network marketing plan of the Buyer or any of its Affiliates or any related policies or procedures or any Ambassador claiming any special terms or compensation other than those terms and that compensation offered generally to participants in the standard network marketing plans of the Company or the Buyer or its Affiliates or any related policies and procedures or (F) any Liabilities not reflected on the Audited Closing Date Balance Sheet.

6.2.4. Each of the Sellers agrees to indemnify the Buyer and the Company from and against the entirety of any Adverse Consequences the Buyer may suffer resulting from, arising out of, relating to, in the nature of, or caused by the conversion of the Company's network marketing plan following the Closing to the Buyer's network marketing plan or the modification, amendment or alteration of the Company's network marketing plan by the Buyer following the Closing.

6.3. Indemnification Provisions for Benefit of the Sellers. In the event the Buyer breaches (or in the event any third party alleges facts that, if true, would mean the Buyer has breached) any of its representations, warranties, and covenants contained herein, and, if there is an applicable survival period pursuant to Section 6.1 above, provided that any of the Sellers makes a written claim for indemnification against the Buyer pursuant to Section 8.8 below within such survival period, then the Buyer agrees to indemnify each of the Sellers from and against the entirety of any Adverse Consequences the Seller may suffer through and after the date of the claim for indemnification (including any Adverse Consequences the Seller may suffer after the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach (or the alleged breach).

6.4. Matters Involving Third Parties.

6.4.1. If any third party shall notify any Party (the "*Indemnified Party*") with respect to any matter (a "*Third Party Claim*") which may give rise to a claim for indemnification against any other Party (the "*Indemnifying* Party") under this Section 6, then the Indemnified Party shall promptly notify each Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.

6.4.2. Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (A) the Indemnifying Party notifies the Indemnified Party in writing within 15 days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating

to, in the nature of, or caused by the Third Party Claim, (B) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder, (C) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief, (D) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice materially adverse to the continuing business interests of the Indemnified Party, and (E) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

6.4.3. So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 6.4.2 above, (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party, and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party.

6.4.4. In the event any of the conditions in Section 6.4.2 above is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it reasonably may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Parties will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Third Party Claim (including reasonable attorneys' fees and expenses), and (C) the Indemnifying Parties will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim to the fullest extent provided in this Section 6.

6.5. [Reserved]

6.6. Other Indemnification Provisions. The foregoing indemnification provisions are in addition to, and not in derogation of, any statutory, equitable, or common law remedy any Party may have with respect to the Company or the transactions contemplated by this Agreement. Each of the Sellers hereby agrees that he will not make any claim for indemnification against the Company by reason of the fact that he was a member, manager, director, officer, employee, or agent of any such entity or was serving at the request of any such entity as a partner, trustee, member, manager, director, officer, employee, or agent of another entity (whether such claim is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses, or otherwise and whether such claim is pursuant to any statute, charter document, bylaw, agreement, or otherwise) with respect to any action, suit, proceeding, complaint, claim, or demand brought by the Buyer against such Seller (whether such action, suit, proceeding, complaint, claim, or demand is pursuant to this Agreement, applicable law, or otherwise).

6.7. Offset Right Against Royalty. Upon notice to the Sellers, each of the Buyer and the Company will have the right to set off any amounts to which either of them may be entitled under this Agreement, including without limitation, any payments related to indemnification, against the Royalty amounts owing from time to time by the Company to the Sellers. If the Buyer or the Company exercises its offset right, such exercise shall affect the timing and amount of payments required by the Royalty as if the Buyer of the Company had made a prepayment of the Royalty. The exercise of such offset right by the Buyer or the Company in good faith, whether or not ultimately determined to be justified, will not constitute a breach or violation of this Agreement or the Royalty payable hereunder. Neither the exercise of, nor the failure to exercise, such right of offset will constitute an election of remedies or limit the Buyer or the Company in any manner in the enforcement of any other remedies that may be available to the Buyer or the Company.

6.8. Indemnification Cap for Certain Sellers. The liability under this Section 6 of each Seller holding, beneficially or of record, less than 5% of the membership interest of the Company prior to the Closing as reflected in Exhibit “A” attached hereto will be limited to the aggregate amounts such Seller receives or is entitled to receive under this Agreement.

7. **Tax Matters**. The following provisions shall govern the allocation of responsibility as between Buyer and Sellers for certain tax matters following the Closing Date:

7.1. Tax Periods Ending on or Before the Closing Date. Sellers will prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Company for all periods ending on or prior to the Closing Date which are filed after the Closing Date. Buyer will provide Sellers reasonable access to information necessary for the preparation of such Tax Return described in the preceding sentence prior to filing. To the extent permitted by applicable law, Sellers shall include any income, gain, loss, deduction or other tax items for such period on their Tax Returns in a manner consistent with the Schedule K-1s forwarded by the Company to the Sellers for such periods. Sellers shall reimburse Buyer for Taxes of the Company with respect to such periods within fifteen (15) days after payment by Buyer or the Company of such Taxes to the extent such Taxes are not reflected in the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) shown on the face of the Financial Statements. Sellers will submit all Tax Returns prepared pursuant to this Section 7.1 to Buyer for Buyer’s review and approval prior to filing such Tax Returns by Sellers. If Buyer has any objections to the positions proposed to be taken by any Seller in any of such Tax Returns, Buyer will notify the Seller within ten business days of receiving such disputed Tax Return. Buyer and such Seller will then work together in good faith to resolve any such objections. If such objections are not resolved by the Buyer and such Seller within ten business days after the date of Buyer’s written objections, either Buyer or such Seller may submit the disputed Tax Return to the Independent Accountant for resolution of any unresolved dispute. The Independent Accountant will review the disputed Tax Return and all other information reasonably necessary for the Independent Accountant to resolve any such disputes (which information the Parties agree to provide the Independent Accountant upon its request), and then the Independent Accountant will reach a determination of the proper form or substance of the disputed Tax Return. The Independent Accountant will provide the Parties a written copy of its conclusions. The determination and conclusions of the Independent Accountant will be final and binding on the Parties and the Parties agree to not take any position

on a Tax Return prepared pursuant to this Section 7.1 inconsistent with the position of the Independent Accountant on such Tax Return. The Parties agree to share the costs of the Independent Accountant under this Section 7.1 equally, with the Sellers together bearing one half of such costs and the Buyer bearing one half of such costs.

7.2. Tax Periods Beginning Before and Ending After the Closing Date. Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Company for Tax periods which begin before the Closing Date and end after the Closing Date. To the extent permitted by applicable law, Sellers shall include any income, gain, loss, deduction or other tax items for such period on their Tax Returns in a manner consistent with the Schedule K-1s forwarded by the Company to the Sellers for such periods. Sellers shall pay to Buyer within fifteen (15) days after the date on which Taxes are paid with respect to such periods an amount equal to the portion of such Taxes which relates to the portion of such taxable period ending on the Closing Date to the extent such Taxes are not reflected in the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) shown on the face of the Financial Statements. For purposes of this Section, in the case of any Taxes that are imposed on a periodic basis and are payable for a taxable period that includes (but does not end on) the Closing Date, the portion of such Tax which relates to the portion of such taxable period ending on the Closing Date shall (x) in the case of any Taxes other than Taxes based upon or related to income or receipts, be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in the entire taxable period, and (y) in the case of any Tax based upon or related to income or receipts be deemed equal to the amount which would be payable if the relevant taxable period ended on the Closing Date. Any credits relating to a taxable period that begins before and ends after the Closing Date shall be taken into account as though the relevant taxable period ended on the Closing Date. All determinations necessary to give effect to the foregoing allocations shall be made in a manner consistent with prior practice of the Company.

7.3. Cooperation on Tax Matters.

7.3.1. Buyer, the Company and Sellers shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Section and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party’s request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Company and Sellers agree (A) to retain all books and records with respect to Tax matters pertinent to the Company relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or Sellers, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, the Company or Sellers, as the case may be, shall allow the other party to take possession of such books and records.

7.3.2. Buyer and Sellers further agree, upon request, to use their best efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

7.3.3. Buyer and Sellers further agree, upon request, to provide the other party with all information that either party may be required to report pursuant to Section 6043 of the Code and all Treasury Department Regulations promulgated thereunder.

7.4. Tax Sharing Agreements. All tax sharing agreements or similar agreements with respect to or involving the Company shall be terminated as of the Closing Date and, after the Closing Date, the Company shall not be bound thereby or have any liability thereunder.

7.5. Certain Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement, shall be paid by Sellers when due, and Sellers will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable law, Buyer will, and will cause its affiliates to, join in the execution of any such Tax Returns and other documentation.

7.6. Treatment as to the Buyer. The Buyer, the Sellers and the Company agree that the purchase by the Buyer of the Company Shares from the Sellers for the Purchase Price shall be treated with respect to the Buyer, for U.S. federal income tax purposes, as the purchase by the Buyer of all of the assets of the Company (following a deemed liquidating distribution of such assets to the Sellers). Accordingly, the Purchase Price shall be allocated among the assets of the Company in accordance with Section 1060 of the Code and the Audited Closing Date Balance Sheet, and the Parties agree to negotiate in good faith and use all reasonable efforts to agree upon, within 30 days of the Closing, the allocation of the Purchase Price among the various classes of assets as required by Section 1060 of the Code. The Parties shall cooperate with each other in the preparation and filing of IRS Form 8594 in connection with the allocation of the Purchase Price. No Party, nor any of their respective affiliates, shall take any position (whether in financial statements, audits, tax returns or otherwise) which is inconsistent with the allocation of the Purchase Price unless required to do so by applicable Law.

8. **Miscellaneous**.

8.1. Nature of Certain Obligations.

8.1.1. The covenants of each of the Sellers in Section 2.1 above concerning the sale of his Company Shares to the Buyer and the representations and warranties of each of the Sellers in Section 3.1 above concerning the transaction are several obligations. This means that the particular Seller making the representation, warranty, or covenant will be solely responsible to the extent provided in Section 6 above for any Adverse Consequences the Buyer may suffer as a result of any breach thereof.

8.1.2. The remainder of the representations, warranties, and covenants in this Agreement are joint and several obligations. This means that each Seller will be responsible to

the extent provided in Section 6 above for the entirety of any Adverse Consequences the Buyer may suffer as a result of any breach thereof.

8.2. Press Releases and Public Announcements. Sellers shall not issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the Buyer and Buyer agrees not to use any of the Seller's names in any press release or public announcement relating to the subject matter of this Agreement without the prior written approval of such Seller; provided, however, that any Party may make any public disclosure it believes in good faith is required by applicable law or any listing or trading agreement concerning its publicly-traded securities (in which case the disclosing Party will use its reasonable best efforts to advise the other Parties prior to making the disclosure).

8.3. No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

8.4. Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

8.5. Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of his or its rights, interests, or obligations hereunder without the prior written approval of the Buyer and the Requisite Sellers; provided, however, that the Buyer may (i) assign any or all of its rights and interests hereunder to one or more of its Affiliates and (ii) designate one or more of its Affiliates to perform its obligations hereunder (in any or all of which cases the Buyer nonetheless shall remain responsible for the performance of all of its obligations hereunder).

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

8.7. Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

8.8. Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by overnight courier service (with proof of receipt) guaranteeing next day delivery, or registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below

If to Buyer:

Nu Skin Enterprises, Inc.
75 West Center Street
Provo, Utah 84601
Attn: M. Truman Hunt

Copy to:

Dorsey & Whitney, LLP
170 South Main Street, Suite 900
Salt Lake City, Utah 84101
Attn: Nolan S. Taylor

If to Sellers:

Frank L. Davis (Sellers' Representative)
44 North 1200 East
Orem, Utah 84097

Rogan Taylor
3303 North University Avenue
Provo, Utah 84604

Tom Felt
676 East 1725 North
Orem, Utah 84097

David L. Mitton
45 Teton Drive
Lindon, Utah 84042

Daniel P. Wheeler
401 Scenic Drive
Alpine, Utah 84004

Kevin J. Sutterfield
1075 South 1080 East
Springville, Utah 84663

Ronald Bassett
208 North 1150 East
Lindon, Utah 84042

Copy to:

Ray, Quinney & Nebeker
36 South State Street, Suite 1400
Salt Lake City, Utah 84111
Attn: Gregory E. Lindley

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

8.9. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Utah without giving effect to any choice or conflict of law provision or rule (whether of the State of Utah or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Utah.

8.10. Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Buyer and the Requisite Sellers. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.11. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

8.12. Expenses. Each of the Parties and the Company will bear his or its own costs and expenses (including legal fees, broker, agent, investment banker and finder fees, and any expenses related thereto) incurred in connection with this Agreement and the transactions contemplated hereby. The Sellers agree that the Company has not borne or will bear any of the Sellers' costs and expenses (including any of their legal fees, broker, agent, investment banker and finder fees, and any expenses related thereto) in connection with this Agreement or any of the transactions contemplated hereby, whether such services have been engaged in the name of the Seller or the name of the Company.

8.13. Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. The Sellers have been represented by legal counsel of their choice and have not been represented by the Buyer's in-house or outside legal counsel. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

8.14. Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

8.15. Specific Performance. Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are

not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement

and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity.

8.16. Submission to Jurisdiction. Each of the Parties submits to the jurisdiction of any state or federal court sitting in Salt Lake City, Utah, in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each Party also agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other Party with respect thereto. Each Party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity.

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SIGNATURE PAGE OF MEMBERSHIP INTEREST PURCHASE AGREEMENT

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

BUYER:

NU SKIN ENTERPRISES, INC.

By: /s/Truman Hunt
Truman Hunt

Its: Executive Vice President

SELLERS:

/s/ Frank L. Davis
Frank L. Davis

/s/ Rogan Taylor
Rogan Taylor

/s/ Tom Felt
Tom Felt

/s/ David L. Mitton
David L. Mitton

/s/ Daniel P. Wheeler
Daniel P. Wheeler

/s/ Kevin J. Sutterfield
Kevin J. Sutterfield

/s/ Ronald Bassett
Ronald Bassett

EXHIBIT INDEX

EXHIBIT A	Sellers' Membership Interest and Allocation of Purchase Price
EXHIBIT B	Buyer's Recent Filings Under the Securities Exchange Act
EXHIBIT C	Financial Statements
EXHIBIT D	Proprietary Information and Inventions Agreement
EXHIBIT A	Utah Employment Inventions Act
EXHIBIT B	Prior Matter
EXHIBIT E	At Will Employees
SCHEDULE 1	Disclosure Schedule provided by the Sellers pursuant to Section 4 of the Membership Interest Purchase Agreement between Sellers and Nu Skin Enterprises, Inc. dated April 19, 2002

Schedules omitted from this filing will be furnished to the Commission upon its request.