

NU SKIN ENTERPRISES INC
Form DEF 14A
April 16, 2004

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant [X]
Filed by a Party other than the Registrant [___]
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

NU SKIN ENTERPRISES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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14a-6(1)(4) and 0-11.

(1) Title of each class of securities to which
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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the
amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF
NU SKIN ENTERPRISES, INC.**

May 17, 2004

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the Annual Meeting) of Nu Skin Enterprises, Inc., a Delaware corporation will be held at 4:00 p.m., Mountain Daylight Time, on May 17, 2004, at our corporate offices, 75 West Center Street, Provo, Utah 84601, for the following purposes, which are more fully described in the Proxy Statement:

1. To elect a Board of Directors consisting of eight directors to serve until the next annual meeting of stockholders or until their successors are duly elected and qualified;
2. To ratify the selection of PricewaterhouseCoopers LLP as our independent accountants for the fiscal year ending December 31, 2004; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on March 29, 2004, as the record date for determining the stockholders entitled to receive notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

You are cordially invited to attend the Annual Meeting in person. However, to ensure your representation at the Annual Meeting, please mark, sign, date, and return the accompanying proxy as promptly as possible in the enclosed postage-prepaid envelope. If you attend the Annual Meeting you may, if you wish, withdraw your proxy and vote in person.

By Order of the Board of Directors,

/s/Blake M. Roney
BLAKE M. RONEY
Chairman of the Board

Provo, Utah, April 16, 2004

PROXY STATEMENT

NU SKIN ENTERPRISES, INC.

**ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 17, 2004**

SOLICITATION OF PROXIES

The accompanying proxy is solicited on behalf of the Board of Directors of Nu Skin Enterprises, Inc. for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held at our corporate offices, 75 West Center Street, Provo, Utah 84601, on May 17, 2004, at 4:00 p.m., Mountain Daylight Time, and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. Each proposal is described in more detail in this Proxy Statement. These proxy solicitation materials were first sent or given to our stockholders on or about April 16, 2004.

All shares represented by each properly executed, unrevoked proxy received in time for the Annual Meeting will be voted as directed by the stockholder. If no specific voting instructions are given, the proxy will be voted **FOR**:

- (1) The election of the eight nominees to the Board of Directors listed in the proxy; and
- (2) The ratification of the selection of PricewaterhouseCoopers LLP as our independent accountants for the fiscal year ending December 31, 2004.

If any other matters properly come before the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place, the persons named in the accompanying proxy will vote on such matters in accordance with their best judgment.

Any proxy duly given pursuant to this solicitation may be revoked by the person or entity giving it at any time before it is voted by delivering a written notice of revocation to our Corporate Secretary, by executing a later-dated proxy and delivering it to our Corporate Secretary, or by attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of the proxy).

We will bear the cost of solicitation of proxies. Expenses include reimbursements paid to brokerage firms and others for their expenses incurred in forwarding solicitation material regarding the Annual Meeting to beneficial owners of our voting stock. Solicitation of proxies will be made by mail. Our regular employees may further solicit proxies by telephone or in person and will not receive additional compensation for such solicitation.

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OUTSTANDING SHARES AND VOTING RIGHTS

Only stockholders of record at the close of business on March 29, 2004 (the Record Date) are entitled to vote at the Annual Meeting. As of the Record Date, 71,366,309 shares of our Class A Common Stock and no shares of our Class B Common Stock were issued and outstanding. Each outstanding share of Class A Common Stock will be entitled to one vote on each matter submitted to a vote of the stockholders at the Annual Meeting. Certain of our subsidiaries hold an aggregate of approximately 156,734 shares of our Class A Common Stock. In accordance with the General Corporation Law of the State of Delaware, these shares may not be voted with respect to any of the matters presented at the Annual Meeting and shall not be counted in determining the presence of a quorum.

Prior to October 2003, we had shares of Class B Common Stock outstanding in addition to the Class A Common Stock. The Class B Common Stock, which was owned exclusively by our original stockholder group, enjoyed 10-to-1 voting rights and represented more than 90 percent of the voting power.

On October 22, 2003, we agreed to repurchase approximately 10.8 million shares of Class A Common Stock from certain members of our original stockholder group. In a separate transaction, the same stockholder group negotiated a private sale of approximately 6.2 million additional shares of Class A Common Stock. Closing conditions were subsequently met, and the transactions closed on October 27, 2003. The terms and conditions of the repurchase were approved by a special committee of our Board of Directors comprised solely of independent directors.

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In connection with these transactions, we negotiated the conversion, on a 1-to-1 basis, of all remaining outstanding shares of super-voting Class B Common Stock into the publicly traded shares of Class A Common Stock, which is the only class of stock outstanding as of the Record Date. As a result of these transactions, approximately 58 percent of our outstanding economic and voting interests are now publicly held, with the original stockholder group retaining approximately 42 percent.

In order to constitute a quorum for the conduct of business at the Annual Meeting, a majority of the issued and outstanding shares of the Class A Common Stock entitled to vote at the Annual Meeting must be represented, either in person or by proxy, at the Annual Meeting. Under Delaware law, shares represented by proxies that reflect abstentions or broker non-votes (which are shares held by a broker or nominee that are represented at the Annual Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our Class A Common Stock as of March 15, 2004, by (i) each person (or group of affiliated persons) who is known by us to own beneficially more than 5% of the outstanding shares of the Class A Common Stock, (ii) each of our directors and director nominees, (iii) each of our executive officers whose name appears in the summary compensation table under the caption Executive Compensation, and (iv) all of our executive officers and directors as a group. Unless otherwise indicated in the footnotes to the table, the business address of the 5% stockholders is 75 West Center Street, Provo, Utah 84601, and the stockholders listed have direct beneficial ownership and sole voting and investment power with respect to the shares beneficially owned.

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<u>Directors, Executive Officers, 5% Stockholders</u>	<u>Number of Shares</u>	<u>%</u>
Blake M. and Nancy L. Roney ⁽¹⁾	10,617,368	14.9
Sandra N. Tillotson ⁽²⁾	6,231,144	8.7
Steven J. Lund ⁽³⁾	2,037,332	2.9
Brooke B. Roney ⁽⁴⁾	1,000,001	1.4
M. Truman Hunt ⁽⁵⁾	347,112	*
Corey B. Lindley ⁽⁶⁾	313,625	*
Daniel W. Campbell ⁽⁷⁾	40,000	*
E.J. "Jake" Garn ⁽⁷⁾	40,000	*
Paula F. Hawkins ⁽⁷⁾	40,000	*
Andrew D. Lipman ⁽⁸⁾	37,000	*
Jose Ferreira, Jr	2,500	*
Royce and Associates, LLC ⁽⁹⁾	7,523,000	10.5
All directors and officers as a group (20 persons) ⁽¹⁰⁾	19,223,781	26.5

*Less than 1%

- (1) Includes 10,558,720 shares of Class A Common Stock held by a family limited liability company in which Mr. Roney has sole voting and investment control over 50% of such securities and may be deemed to share voting and investment control over the other 50% with his spouse, Nancy L. Roney. Also includes 58,648 shares of Class A Common Stock held indirectly by Blake M. Roney as trustee and with respect to which he has sole voting and investment power.
- (2) Includes 40,000 shares of Class A Common Stock held indirectly as co-trustee and with respect to which Ms. Tillotson shares voting and investment power; and 500,000 shares of Class A Common Stock held indirectly as manager of a limited liability company and with respect to which she has sole voting and investment power.
- (3) Includes 1,950,499 shares of Class A Common Stock held by a family limited liability company in which Mr. Lund has voting and investment control over 50% of such securities and may be deemed to share voting and investment control over the other 50% with his spouse, Kalleen Lund. Also includes 72,462 shares of Class A Common Stock held indirectly as trustee and with respect to which he has sole voting and investment power; and 14,371 shares of Class A Common Stock held indirectly as co-trustee and with respect to which he shares voting and investment power with his spouse.
- (4)

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Includes 1,000,001 shares of Class A Common Stock held by a family limited liability company in which Mr. Roney has voting and investment control over 50% of such securities and may be deemed to share voting and investment control with his spouse, Denise Roney, with respect to the other 50%.

- (5) Includes 200,750 shares of Class A Common Stock that may be acquired by Mr. Hunt pursuant to presently exercisable non-qualified stock options.
- (6) Includes 301,625 shares of Class A Common Stock that may be acquired by Mr. Lindley pursuant to presently exercisable non-qualified stock options.
- (7) Includes 37,500 shares of Class A Common Stock that may be acquired by each of Mr. Campbell, Mr. Garn and Ms. Hawkins pursuant to presently exercisable non-qualified stock options.

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- (8) Includes 32,500 shares of Class A Common Stock that may be acquired by Mr. Lipman pursuant to presently exercisable non-qualified stock options.
- (9) The information regarding the number of shares beneficially owned or deemed to be beneficially owned by Royce and Associates, LLC was taken from a Schedule 13G filed by that entity with the Securities and Exchange Commission dated March 8, 2004. The address of Royce and Associates, LLC is 1414 Avenue of the Americas, New York, NY 10019.
- (10) Includes 1,177,542 shares of Class A Common Stock that may be acquired upon exercise of non-qualified options presently exercisable or exercisable within the next 60 days.

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PROPOSAL 1 ELECTION OF DIRECTORS

Directors are elected at each annual meeting of stockholders and hold office until their successors are duly elected and qualified at the next annual meeting of stockholders. Our Bylaws provide that the Board of Directors will consist of a minimum of five and a maximum of eleven directors, with the number being designated by the Board of Directors. Each of the nominees for election to the Board of Directors is currently serving as a director of our company and was previously elected to his or her present term of office by our stockholders. Takashi Bamba elected to retire from his position as President of Nu Skin Japan and as a board member as of December 31, 2003. The Board of Directors reduced the number of authorized directors from ten to nine following Mr. Bamba's retirement. Brooke B. Roney has also elected to retire from his position on the Board of Directors, and his tenure will end as of the date of our 2004 Annual Meeting. He will, however, continue in his position as Senior Vice President. We had intended to name a new independent director nominee in this Proxy Statement to fill the vacant seat created as a result of Mr. Roney's retirement. We were recently informed, however, that the nominee we had selected will be unable to serve on our Board of Directors due to constraints related to this person's current employment. In light of recent changes to the New York Stock Exchange listing standards requiring that a majority of our directors be independent as of the date of the Annual Meeting, our Board of Directors will endeavor to fill this vacant seat with an independent director as of such date to serve until such director's successor is elected by the stockholders or otherwise as provided in our Bylaws.

Directors will be elected by a favorable vote of a plurality of the shares of Class A Common Stock present and entitled to vote, in person or by proxy, at the Annual Meeting. The eight nominees receiving the highest number of votes will be elected to serve as directors. Accordingly, abstentions and broker non-votes as to the election of directors will not affect the election of the candidates receiving the plurality of votes. Unless instructed to the contrary, the shares represented by proxies will be voted **FOR** the election of the eight nominees named below. Although it is anticipated that each nominee will be able to serve as a director, should any nominee become unavailable to serve, proxies will be voted for such other person or persons as may be designated by the Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR EACH OF THE EIGHT NOMINEES TO OUR BOARD OF DIRECTORS.

Set forth below are the name, age, and business experience of each of the eight nominees for election as our directors, listed in alphabetical order.

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Daniel W. Campbell, 49, has served as a director of our company since March 1997, and was recently appointed to serve as the Lead Independent Director. Mr. Campbell has been a Managing General Partner of EsNet, Ltd., a privately held investment company, since 1994. From 1992 to 1994, Mr. Campbell was the Senior Vice President and Chief Financial Officer of WordPerfect Corporation, a software company, and prior to that was a partner of Price Waterhouse LLP. He currently serves as a director of The SCO Group, Inc., a provider of software solutions for small businesses. He received a B.S. degree from Brigham Young University.

Jose Ferreira, Jr., 47, has served as a director of our company since May 2003. Since February 2001, Mr. Ferreira has been the President and Chief Executive Officer of the Woodclyffe Group, LLC, a management consulting and investment firm founded by Mr. Ferreira. In addition, since September 2003 Mr. Ferreira has been the President and Chief Executive Officer of Eos International, Inc., a holding company for consumer product marketing companies. Prior to founding the Woodclyffe Group, LLC, Mr. Ferreira was employed by Avon Products, Inc., a direct seller of personal care and other products, for more than 20 years. During his tenure at Avon Products, he held various key positions, including Chief Operating Officer International and New Business Development and was a member of the Board of Directors from December 1999 through January 2001, Executive Vice President and President of Europe, Asia and Africa from December 1998 to December 1999, and Executive Vice President and President of Asia Pacific from 1995 to 1998. He received a B.S. degree from Central Connecticut University and an M.B.A. degree from Fordham University.

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E.J. Jake Garn, 71, has served as a director of our company since March 1997. Senator Garn has been the managing director of Summit Ventures, LLC, a lobbying firm, since the beginning of 2000. He previously served as the Vice Chairman of Huntsman Corporation, one of the largest privately held companies in the United States, from 1993 to 2000. He currently serves on the board of directors of Franklin Covey Co., a provider of time management seminars and products. From 1974 to 1993, Senator Garn was a member of the United States Senate and served on numerous Senate Committees. He received a B.S. degree from the University of Utah.

Paula F. Hawkins, 77, has served as a director of our company since March 1997. Senator Hawkins has been the President of Paula Hawkins & Associates, Inc., a management consulting company, since 1988. From 1980 to 1987, Senator Hawkins was a member of the United States Senate and served on numerous Senate Committees. Prior to her election to the United States Senate, Ms. Hawkins served on the Board of the Rural Electric Administration, the Federal Energy Administration (founding member), and as Vice Chairman of the Republican National Committee. She also served as Chairman of the Florida Public Service Commission. Senator Hawkins attended Utah State University and holds honorary degrees from Utah State University, Rollins College, Nova University and Bethune Cookman College.

M. Truman Hunt, 45, has served as our President since January 2003 and our Chief Executive Officer since May 2003. He has also served as a director of our company since May 2003. Mr. Hunt previously served as Vice President and General Counsel from May 1998 to January 2003 and as an Executive Vice President from January 2001 until January 2003. He served as Vice President of Legal Affairs and Investor Relations from September 1996 until May 1998. He also served as Counsel to the President of Nu Skin International, Inc. (NSI) from 1994 until 1996. From 1991 to 1994, Mr. Hunt served as President and Chief Executive Officer of Better Living Products, Inc., an NSI affiliate involved in the manufacture and distribution of houseware products sold through traditional retail channels. Prior to that time, he was a securities and business attorney in private practice. He received a B.S. degree from Brigham Young University and a J.D. degree from the University of Utah.

Andrew D. Lipman, 52, has served as a director of our company since May 1999. Since 1988, Mr. Lipman has been a partner and head of the Telecommunications Group of Swidler Berlin Shereff Friedman, LLP, a Washington, D.C. law firm. He is currently Vice Chairman of the firm. From 1987 to 1997, Mr. Lipman also served as Senior Vice President for Legal and Regulatory Affairs for MFS Communications, Co., a competitive telecommunications provider. He also currently serves as a member of the boards of directors of Allegiance Telecom, a provider of local and long distance telecommunications to business customers, and Management Network Group, Inc., a telecommunications-related consulting firm. He received a B.A. degree from the University of Rochester and a J.D. degree from Stanford University. Mr. Lipman's law firm provides legal services to us from time to time.

Blake M. Roney, 46, has served as Chairman of the Board since our inception in 1996. Mr. Roney was a founder of NSI in 1984 and served as its Chief Executive Officer and President until we acquired NSI in March 1998. Since we acquired NSI, Mr. Roney has retained his position as Chairman of the Board of our company. He received a B.S. degree from Brigham Young University.

Sandra N. Tillotson, 47, has served as a director of our company since its inception in 1996 and as Senior Vice President since May 1998. Ms. Tillotson was a founding shareholder of NSI and served as a Vice President of NSI from its formation until we acquired NSI in 1998. She earned a B.S. degree from Brigham Young University.

We are not aware of any family relationships among any of our directors or executive officers, except that Brooke B. Roney, who currently serves as a director and Senior Vice President of our company, is a brother of Blake M. Roney. Our Certificate of Incorporation contains provisions eliminating or limiting the personal liability of directors for violations of a director's fiduciary duty to the extent permitted by the Delaware General Corporation Law.

Affirmative Determinations Regarding Director Independence

The Board of Directors has determined each of the following directors to be an independent director under the listing standards of the New York Stock Exchange:

Daniel W. Campbell
E.J. Jake Garn
Paula F. Hawkins
Andrew D. Lipman

In assessing the independence of the directors, the Board of Directors determines whether or not any director has a material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us). The Board of Directors considers all relevant facts and circumstances in making independence determinations, including the existence and scope of any commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships.

Andrew D. Lipman is a partner in the law firm Swidler Berlin Shereff Friedman LLP (Swidler Berlin). Swidler Berlin provides legal services to us in connection with contractual and regulatory issues associated with the telecommunications and enhanced data and voice communications of our Big Planet division. The Board has determined that Mr. Lipman's relationship with us is not material based on all relevant facts and circumstances, including the following: (i) the fees we paid to Swidler Berlin during 2003 were less than 1% of Swidler Berlin's consolidated gross revenues, (ii) the fees we paid for these services were not paid directly to Mr. Lipman, rather they were paid to the law firm at which Mr. Lipman is a partner, (iii) substantially all of the legal services provided to us by Swidler Berlin were provided by attorneys other than Mr. Lipman, and (iv) these legal services relate to our telecommunications business activities, which do not represent a material part of our business.

Board of Directors Meetings and Committees

The Board of Directors held four meetings during the fiscal year ended December 31, 2003. Each incumbent director attended at least 75% of the aggregate of the total number of meetings of the Board of Directors held during such period and the total number of meetings held during such period by all committees of the Board of Directors on which that director served. Although we encourage board members to attend our annual meetings of stockholders, we do not have a formal policy regarding director attendance at annual stockholder meetings. Six of the ten directors attended our 2003 annual meeting of stockholders.

The non-management directors meet regularly in executive sessions, as needed, without the management directors or other members of management. The Lead Independent Director presides at such executive sessions.

In 2003 we had standing Audit and Compensation Committees, and in 2004 we established a Nominating and Corporate Governance Committee (collectively, the Committees). Each member of the Committees, except for Jose Ferreira, Jr., is independent within the meaning of the listing standards of the New York Stock Exchange currently applicable to us.

The following table identifies the current membership of the Committees and states the number of committee meetings held during 2003.

Director	Audit	Compensation	Nominating and Corporate Governance
Daniel W. Campbell	X*	X*	X
Jose Ferreira, Jr		X	
E.J. "Jake" Garn	X	X	X*
Paula F. Hawkins	X	X	

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Director	Audit	Compensation	Nominating and Corporate Governance
Andrew D. Lipman	X	X	X
Number of Meetings in 2003	13	11	0

* Committee Chair

Recently enacted New York Stock Exchange Listing standards provide that all members of the Committees must be independent as defined by such standards, effective as of the date of our Annual Meeting. In addition, Audit Committee members must also satisfy additional, heightened Securities and Exchange Commission independence requirements, which provide that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from us or any of our subsidiaries other than compensation for services as a director. The Nominating and Corporate Governance Committee has reevaluated committee assignments based on these new requirements. Based on such reevaluations, we anticipate that the membership of the Committees as of our Annual Meeting will be as follows:

Director	Audit**	Compensation	Nominating and Corporate Governance
Daniel W. Campbell	X*		X
Jose Ferreira, Jr			
E.J. "Jake" Garn	X	X*	
Paula F. Hawkins		X	X
Andrew D. Lipman		X	X*

* Committee Chair

** As described above under the heading "Proposal 1, Election of Directors", the Board of Directors intends to fill the vacancy created by Brooke B. Roney's retirement with an independent director. We anticipate that this director will be qualified to serve and will be appointed as the third member of the Audit Committee.

The Board of Directors has adopted a written charter for each of the Committees, which are available at our website at <<http://www.nuskinenterprises.com>>. The Audit Committee charter is attached hereto as **Appendix A**. In addition, stockholders may obtain a print copy of any of these charters by making a written request to Scott Pond, Investor Relations Manager, Nu Skin Enterprises, Inc., 75 West Center Street, Provo, Utah 84601.

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The Board of Directors has determined that Daniel W. Campbell is an audit committee financial expert as such term is defined in Item 401(h) of Regulation S-K promulgated by the Securities and Exchange Commission. The Audit Committee's responsibilities include, among other things:

selecting our independent public accountants;

reviewing the activities and the reports of the independent public accountants;

reviewing our quarterly and annual financial statements and our significant accounting policies, practices and procedures;

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approving in advance the audit and non-audit services provided by the independent public accountants; and reviewing the adequacy of our internal controls and internal auditing methods and procedures.

The Compensation Committee's responsibilities include, among other things:

establishing the salaries, bonuses, and other compensation to be paid to our chief executive officer as well as approving the compensation for the other executive officers; and

administering our Second Amended and Restated 1996 Stock Incentive Plan.

In January 2004, the Board of Directors established the Nominating and Corporate Governance Committee to oversee corporate governance and director nominations. The Nominating and Corporate Governance Committee's responsibilities include, among other things:

making recommendations to the Board of Directors about the size and membership criteria of the Board of Directors or any committee thereof;

identifying and recommending candidates for the Board of Directors and committee membership, including evaluating director nominations received from stockholders;

determining the compensation and benefits for services as a director;

developing and recommending to the Board of Directors corporate governance principles applicable to us; and

leading the process of identifying and screening candidates for a new chief executive officer when necessary, and evaluating the performance of the chief executive officer.

Our Director Nominations Process

As indicated above, the Nominating and Corporate Governance Committee of the Board of Directors oversees the director nomination process. This committee is responsible for identifying and evaluating candidates for membership on the Board of Directors and recommending to the Board of Directors nominees to stand for election.

Minimum Criteria for Members of the Board of Directors. Each candidate to serve on the Board of Directors must possess the highest personal and professional ethics, integrity and values, and be committed to serving the long-term interests of our stockholders. Other than the foregoing, there are no stated minimum criteria for director nominees, although the Nominating and Corporate Governance Committee may consider such other factors as it may deem appropriate, which may include, without limitation, professional experience, diversity of

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backgrounds, skills and experience at policy making levels in business, government, financial, and in other areas relevant to our global operations, experience and history with our company, and stock ownership.

Process for Identifying, Evaluating and Recommending Candidates. The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders if properly submitted to the committee. Stockholders wishing to recommend candidates should do so in writing to the Nominating and Corporate Governance Committee, c/o D. Matthew Dorny, Corporate Secretary, Nu Skin Enterprises, Inc., 75 West Center Street, Provo, Utah 84601. Recommendations must include the proposed candidate's name, detailed biographical data, work history, qualifications and corporate and charitable affiliations. The committee may also consider candidates proposed by current directors, management, employees and others. The committee evaluates and screens all potential candidates in the same manner regardless of the source of recommendation. All such candidates who, after evaluation, are then recommended by the Nominating and Corporate Governance Committee and approved by the Board of Directors, will be included in our recommended slate of director nominees in our proxy statement.

Procedures for Stockholders to Nominate Director Candidates at our Annual Meetings. Stockholders of record may also nominate director candidates at our annual meetings of stockholders by following the procedures set forth in our Bylaws. Please refer to the section below entitled

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Stockholder Proposals for 2005 Annual Meeting for further information.

Additional Corporate Governance Information

We have also adopted the following:

Codes of Ethics and Business Conduct. These codes apply to all of our employees, officers and directors, including our subsidiaries.

Code of Ethics for Financial Professionals. This code applies to our Chief Executive Officer, Chief Financial Officer and all other financial professionals we employ. As noted below, this code is available on our website. In addition, any substantive amendments we make to this code, and any material waivers we grant (including implicit waivers) will be disclosed on our website.

Corporate Governance Guidelines. These guidelines govern our company and our Board of Directors on matters of corporate governance, including responsibilities, committees of the Board of Directors and their charters, director independence, director qualifications, director compensation and evaluations, director orientation and education, director access to management, director access to outside financial, business and legal advisors and management development and succession planning.

Each of the above is available on our website at <<http://www.nuskinenterprises.com>>. In addition, stockholders may obtain a print copy of any of the above, free of charge, by making a written request to Scott Pond, Investor Relations Manager, Nu Skin Enterprises, Inc., 75 West Center Street, Provo, Utah 84601.

Communications with Directors

Stockholders or other interested parties wishing to communicate with the Board of Directors, the non-management directors as a group, or any individual director may do so in writing by addressing the correspondence to that individual or group, c/o D. Matthew Dorny, Corporate Secretary, Nu Skin Enterprises, Inc., 75 West, Center Street, Provo, Utah 84601 or by e-mail at nus@openboard.info. All such communications will be initially received and processed by the office of our General Counsel, and our Lead Independent Director will be copied on all e-mails sent to the above address. Accounting, audit, internal accounting controls and other financial matters will be referred to our Audit Committee chairperson. Other matters will be referred to the Board of Directors, the non-management directors, or individual directors as appropriate.

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Compensation of Directors

Each director who does not receive compensation as an officer or employee of our company or its affiliates is entitled to receive an annual fee of \$35,000 for serving on the Board of Directors, a fee of \$1,500 for each meeting of the Board of Directors or any committee meeting thereof attended, and an additional fee of \$1,000 for each committee meeting attended if such director is the chairperson of that committee. In addition, we may compensate a director \$1,500 per day for corporate events or travel we require. Each director may be reimbursed for certain expenses incurred in attending Board of Directors and committee meetings. We may also compensate directors for services performed for work on special committees at hourly rates and make available corporate resort properties for use of directors. In 2003, we paid Mr. Lipman \$15,985 in board fees for work as a member of the Special Litigation Committee, which was formed to review, investigate and address the Kindt derivative action.

In addition, directors are granted options annually under the Second Amended and Restated 1996 Stock Incentive Plan. On May 20, 2003, we granted each of E.J. Jake Garn, Paula F. Hawkins, Daniel W. Campbell, Andrew D. Lipman and Jose Ferreira, Jr. options to acquire 10,000 shares of Class A Common Stock under the Second Amended and Restated 1996 Stock Incentive Plan at an exercise price of \$9.96 per share. All of such options vest on the day before the next annual meeting of the stockholders following the date of grant. All options were granted with an exercise price equal to the fair market value of the Class A Common Stock on May 20, 2003, the date of the grant. In addition, each new director receives a stock grant of 2,500 shares of Class A Common Stock upon initial election to the Board of Directors.

Our Board of Directors periodically reviews director compensation. The Nominating and Corporate Governance Committee is evaluating the current levels of director compensation and will recommend to the Board of Directors any adjustments it determines are appropriate.

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EXECUTIVE OFFICERS OF THE COMPANY

Our executive officers as of March 31, 2004 were as follows:

Name	Age	Position
Blake M. Roney	46	Chairman of the Board
M. Truman Hunt	45	President and Chief Executive Officer
Brooke B. Roney	42	Senior Vice President
Sandra N. Tillotson	47	Senior Vice President
Ritch N. Wood	38	Chief Financial Officer
Corey B. Lindley	39	Executive Vice President and President, Greater China
Robert S. Conlee	37	President, North Asia and President, Nu Skin Japan
Lori H. Bush	47	President, Nu Skin
Joseph Y. Chang	51	President, Pharmanex
Larry V. Macfarlane	39	President, Big Planet
Michael D. Smith	58	Regional Vice President, South Asia and Pacific and Vice President Global Government Affairs
Mark A. Wolfert	47	Regional Vice President, Americas and Europe
Mark L. Adams	52	Chief Administrative Officer
D. Matthew Dorny	40	Vice President and General Counsel
Richard W. King	47	Chief Information Officer

Set forth below is the business background of each of our executive officers. Information on the business background of each of Blake M. Roney, M. Truman Hunt and Sandra N. Tillotson is set forth previously under the caption Election of Directors.

Brooke B. Roney has served as a director of our company since its inception in 1996 and has been a Senior Vice President since May 1998. He was a founding shareholder of NSI and served as a Vice President and director of NSI until we acquired NSI in 1998.

Ritch N. Wood has served as our Chief Financial Officer since November 2002. Prior to this appointment, Mr. Wood served as Vice President, Finance from July 2002 to November 2002. Mr. Wood also previously served as Vice President, New Market Development from June 2001 to July 2002, and as the Controller, Pharmanex Division as well as Director of Finance, New Market Development from 1998 to June 2001. Mr. Wood was our European Regional Controller From 1995 to 1998 and Assistant Director of Tax from 1993 to 1995. Mr. Wood is a Certified Public Accountant. Prior to joining us, he worked for the accounting firm of Grant Thornton LLP. Mr. Wood earned a B.S. and a Master of Accountancy degree from Brigham Young University.

Corey B. Lindley has served as Executive Vice President since January 2000 and President, Greater China since August 2002. From September 1996 to November 2002, Mr. Lindley served as our Chief Financial Officer. From 1993 to 1996, he served as Managing Director, International, of NSI. From 1991 to 1994, Mr. Lindley served NSI as International Controller and Regional Managing Director of the Asia Region, during which time he oversaw the launch and development of NSI's business in the Asia region. Mr. Lindley is a Certified Public Accountant. Prior to joining NSI, he worked for the accounting firm of Deloitte & Touche LLP. He earned a B.S. degree from Brigham Young University and an M.B.A. degree from Utah State University.

Robert S. Conlee has served as President, North Asia Region since August 2003 and President, Nu Skin Japan since January 2004. Previously, Mr. Conlee served as the President of Big Planet, our technology division from July 2002 until September 2003. Prior to May 2001, he served our company in various capacities from 1996 to May 2001, including: Vice President of Operations in Japan; Senior Vice President, Marketing and Sales, Pharmanex Division; and Chief Operating Officer, Pharmanex Division. Mr. Conlee has a B.A. degree from Brigham Young University and an M.B.A. degree from Temple University (Tokyo Campus).

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Lori H. Bush has served as the President of Nu Skin, our personal care product division, since May 2001. Prior to such appointment, she served as Vice President, Marketing (Nu Skin division) from February 2000 until her appointment as President of the Nu Skin division. Prior to joining us, Ms. Bush served as Executive Director, Worldwide Skin Care Ventures, Johnson & Johnson Consumer Products from June 1998 until February 2000. Ms. Bush also served as Vice President, Professional Marketing for Neutrogena, a Johnson & Johnson company, from May 1993 until June 1998. Ms. Bush received a B.S. degree from Ohio State University and an M.B.A. from Temple University.

Joseph Y. Chang has served as the President of Pharmanex, our nutritional supplement division, since April 2000. Prior to such appointment, Dr. Chang served as Vice President of Clinical Studies and Pharmacology of Pharmanex from 1997 until April 2000. He was the President and Chief Scientific Officer of Binary Therapeutics, Inc., a development stage company in the biotechnology industry, from 1994 until 1997. Dr. Chang has nearly 20 years of pharmaceutical experience. He received a B.S. degree from Portsmouth University and a Ph.D. degree

from the University of London.

Larry V. Macfarlane has served as President of Big Planet, our technology division, since September 2003. Prior to this appointment, Mr. Macfarlane worked for Wind River Systems since 1998 where he served as General Manager of network infrastructure and digital consumer markets. Previously, he served in executive positions at several high-tech companies, including President and CEO of Zinc Software, Inc. from 1994-1998, Vice President and General Manager of Computer Equipment Warehouse's Utah region from 1992-1994, and President of Computers Made Easy from 1985-1992.

Michael D. Smith has served as Regional Vice President, South Asia and Pacific and Vice President, Global Government Affairs since September 2001. From December 1997 until September 2001, Mr. Smith served as Regional Vice President of North Asia and as Vice President of Global Government Affairs. Mr. Smith also served as our Vice President of Operations from September 1996 until December 1997. He served previously as Vice President of North Asian Operations for NSI. In addition, he served as General Counsel of NSI from 1992 to 1996 and as Director of Legal Affairs of NSI from 1989 to 1992. He earned B.S. and M.A. degrees from Brigham Young University and a J.D. degree from the University of Utah.

Mark A. Wolfert has served as Regional Vice President, Americas and Europe since May 2001. Prior to serving in this position, Mr. Wolfert served as our Vice President of New Market Development and Latin America Operations from January 1999 through May 2001. Mr. Wolfert was a Senior Director of New Market Development from December 1996 through January 1999. Prior to such time, Mr. Wolfert served as an attorney in our legal department. Prior to joining us, Mr. Wolfert was an attorney in private practice. Mr. Wolfert received a B.A. degree from the University of Utah and a J.D. degree from Brigham Young University.

Mark L. Adams has served as Chief Administrative Officer since January 2003. From May 2001 to January 2003, Mr. Adams served as Vice President, Corporate Services. From January 2000 to May 2001 he served as Vice President, Finance and Administration. He joined NSI in 1994 and has previously held positions as Vice President of Corporate Services, Vice President of Finance, and International Controller. Mr. Adams also worked for eight years in the audit division of a major national accounting firm in Salt Lake City. He earned a B.S. and an M.S. degree from Brigham Young University.

D. Matthew Dorny has served as our Vice President and General Counsel since January 2003. Mr. Dorny previously served as Assistant General Counsel from May 1998 to January 2003. Prior to joining us, Mr. Dorny was a partner in the law firm of Parr, Waddoups, Brown, Gee & Loveless in Salt Lake City, Utah. Mr. Dorny received B.A., M.B.A. and J.D. degrees from the University of Utah.

Richard W. King has served as our Chief Information Officer since January 2000. From its formation in October 1997 to July 2002, he also served as the President of Big Planet. From August 1996 to September 1997, Mr. King was President of Night Technologies International, Inc. From August 1993 to April 1996, Mr. King was an Executive Vice President of Novell, Inc., a leading network software company, where he had responsibility over NetWare, Novell's flagship product. Mr. King received a B.S. degree from Brigham Young University.

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**SECTION 16(a)
BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors and persons who own beneficially more than 10% of a registered class of our equity securities to file with the Securities and Exchange Commission and the New York Stock Exchange initial reports of ownership and reports of changes in ownership of our equity securities. Officers, directors, and greater than 10% beneficial owners are required to furnish us with copies of all Section 16(a) reports they file. Based solely upon a review of the copies of such reports furnished to us or written representations that no other reports were required, we believe that during the fiscal year ended December 31, 2003, all officers, directors, and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements, except as noted below.

In September 2003, Larry V. Macfarlane, President of our Big Planet division, received an option grant for 25,000 shares of Class A Common Stock. Mr. Macfarlane filed a delinquent Form 4 with the SEC with respect to the grant of this option.

In connection with a secondary public offering, Nancy L. Roney, spouse of Blake M. Roney, sold 2,848,699 shares of Class A Common Stock beneficially owned by her in July of 2002 and 535,071 shares of Class A Common Stock beneficially owned by her in August of 2002. In October 2003, Mrs. Roney filed a delinquent Form 5 with respect to these transactions. These transactions were, however, timely reported on a Form 4 by Blake M. Roney.

EXECUTIVE COMPENSATION

The following table sets forth certain information regarding the annual and long-term compensation for services rendered in all capacities during the fiscal years ended December 31, 2001, 2002, and 2003, of those persons who were our Chief Executive Officer and our other four most highly compensated executive officers (collectively, the Named Officers).

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation		
		Salary	Bonus (1)	Other Annual Compensation (2)	Restricted Stock Awards (3)	Securities Underlying Options	All Other Compensation
Blake M. Roney Chairman of the Board	2003	\$ 750,000	\$ 353,594	\$ 56,001	\$ --	--	\$ 3,259(4)
	2002	750,000	437,433	--	--	--	3,259(4)
	2001	750,000	371,404	--	--	--	3,259(4)
M. Truman Hunt President and Chief Executive Officer (12)	2003	488,797	305,279	--	3,112,500	250,000	61,000(5)
	2002	300,000	174,975	--	--	35,000	36,000(6)
	2001	275,185	133,923	--	--	35,000	34,555(7)
Corey B. Lindley Executive Vice President	2003	385,671(11)	842,595	569,141	--	35,000	36,000(8)