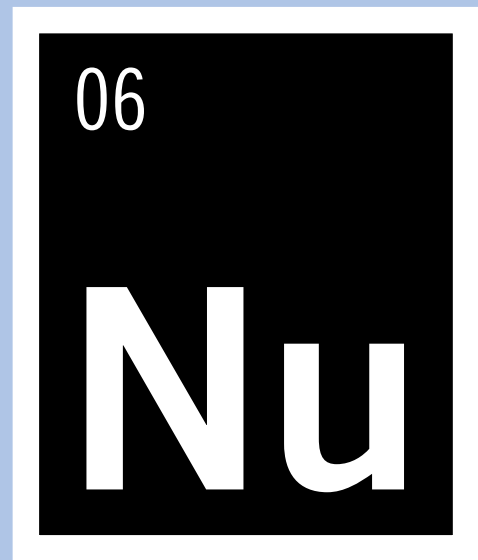


What's **Nu** ?



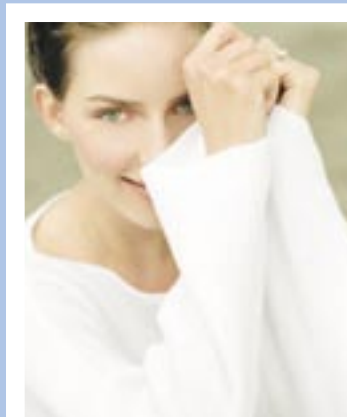
Letter to Shareholders 20

Protocol 24

Corporate Information 30

Glossary 32

06
Nu Sk In

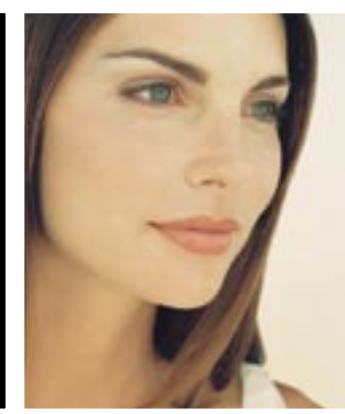


06
An Nu AI

06
Re Po Rt



06
To Sh Ar Eh Ol De Rs



06
20

06
06

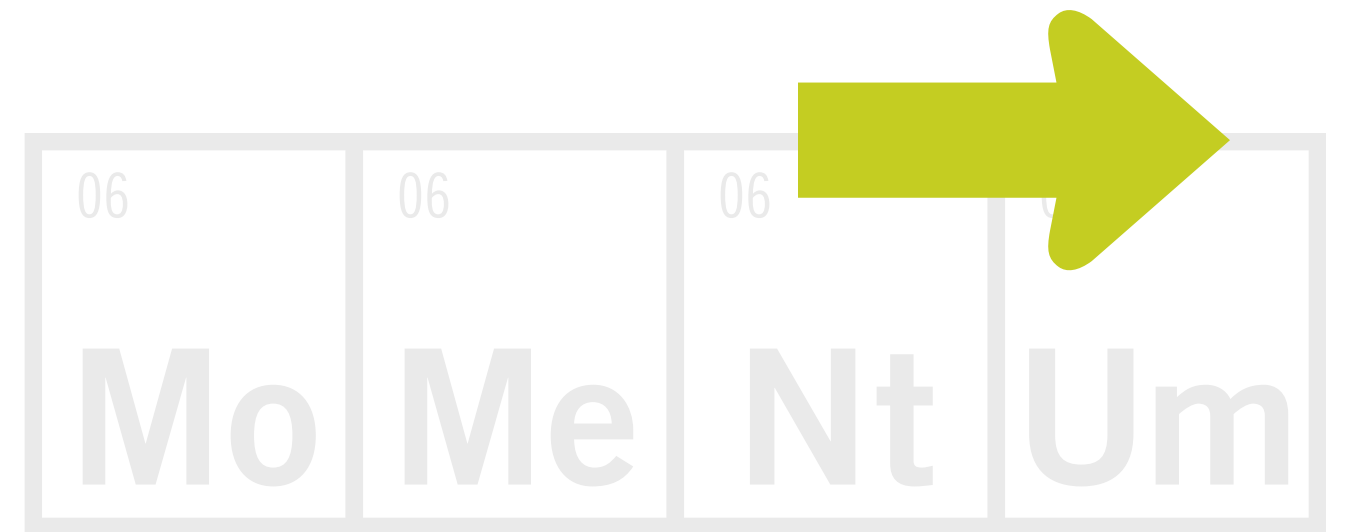




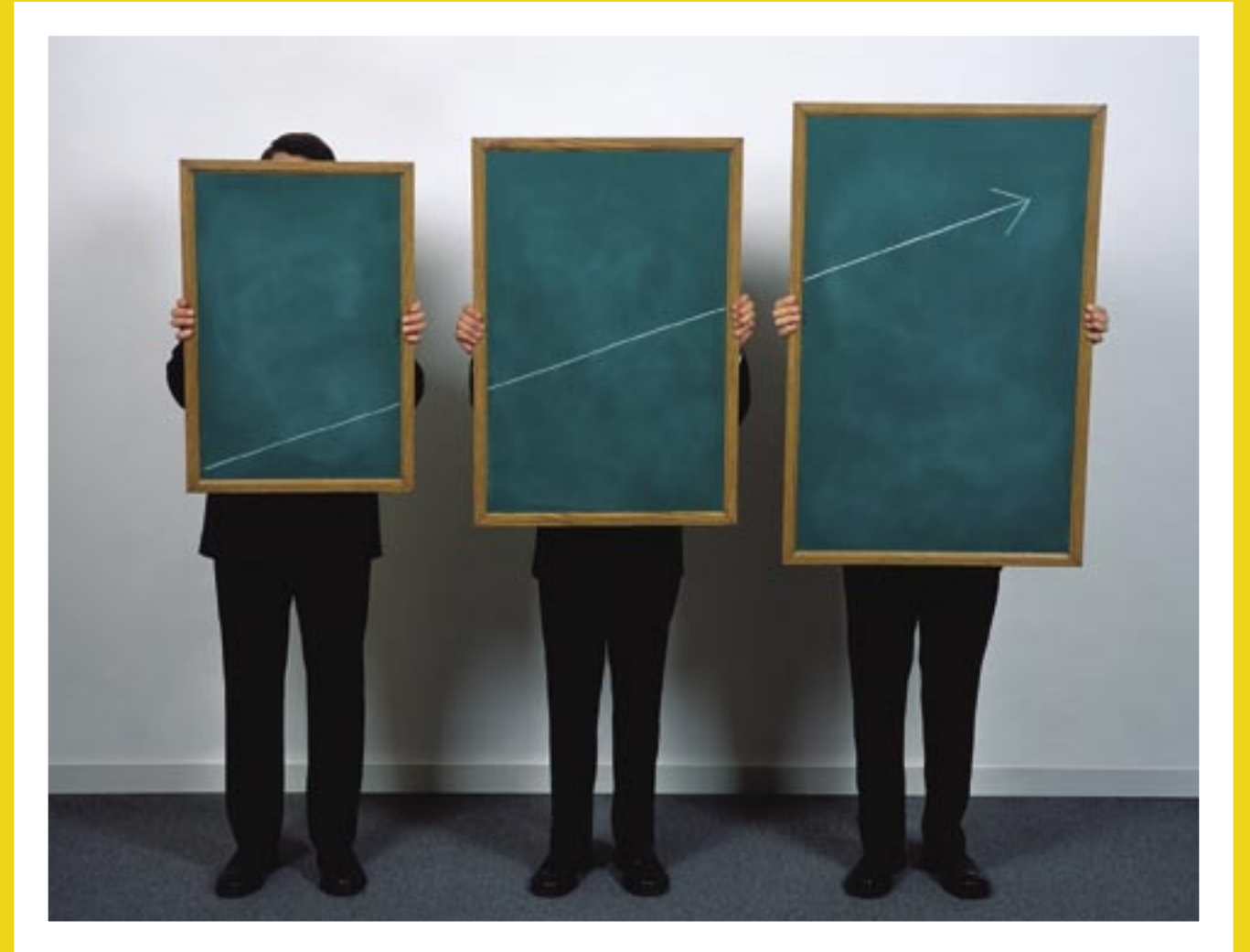
**Nu is a
sharpened
focus.**

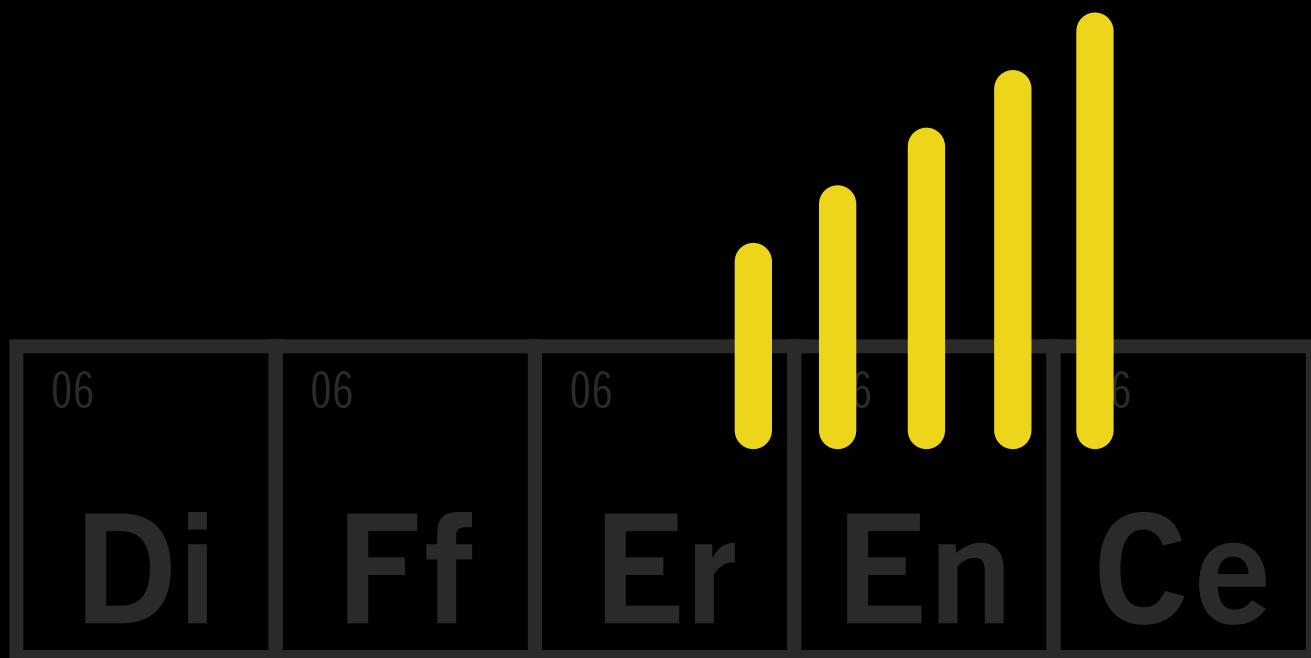
Focus is a catalyst for increased momentum.

Founded by a small team of determined entrepreneurs on the elemental principles of honesty, integrity and innovation, Nu Skin Enterprises has built a solid foundation for growth and success. The company today is powered by a capable business engine that has shifted focus toward improving its processes. The result is a more powerful, streamlined organization that is poised for renewed growth.



Nu is measurable.





Measurement demonstrates difference.

Powered by more than 125 in-house scientists and collaborations with leading research institutions globally, our Research and Development engine enables us to quickly and efficiently introduce innovative, scientifically-substantiated solutions to our consumers. Building on the momentum of *The Measurable Difference*® marketing platform, we have launched two new tools that help distributors demonstrate the benefits of our nutrition and skin care products — the second-generation Pharmanex® BioPhotonic Scanner (S2) and the NuSkin® ProDerm® Skin Analyzer.

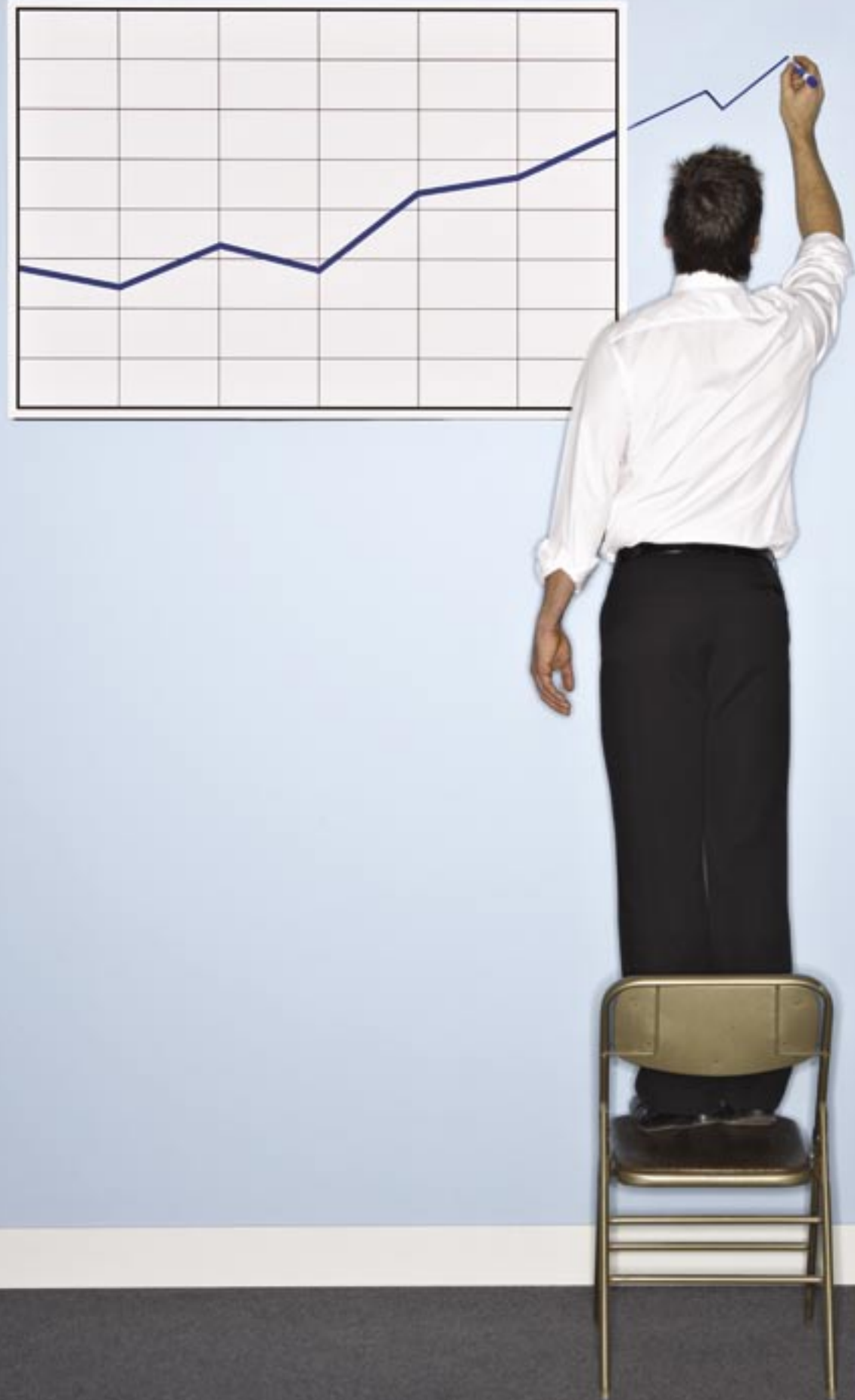
**Nu is nourishing
growth.**



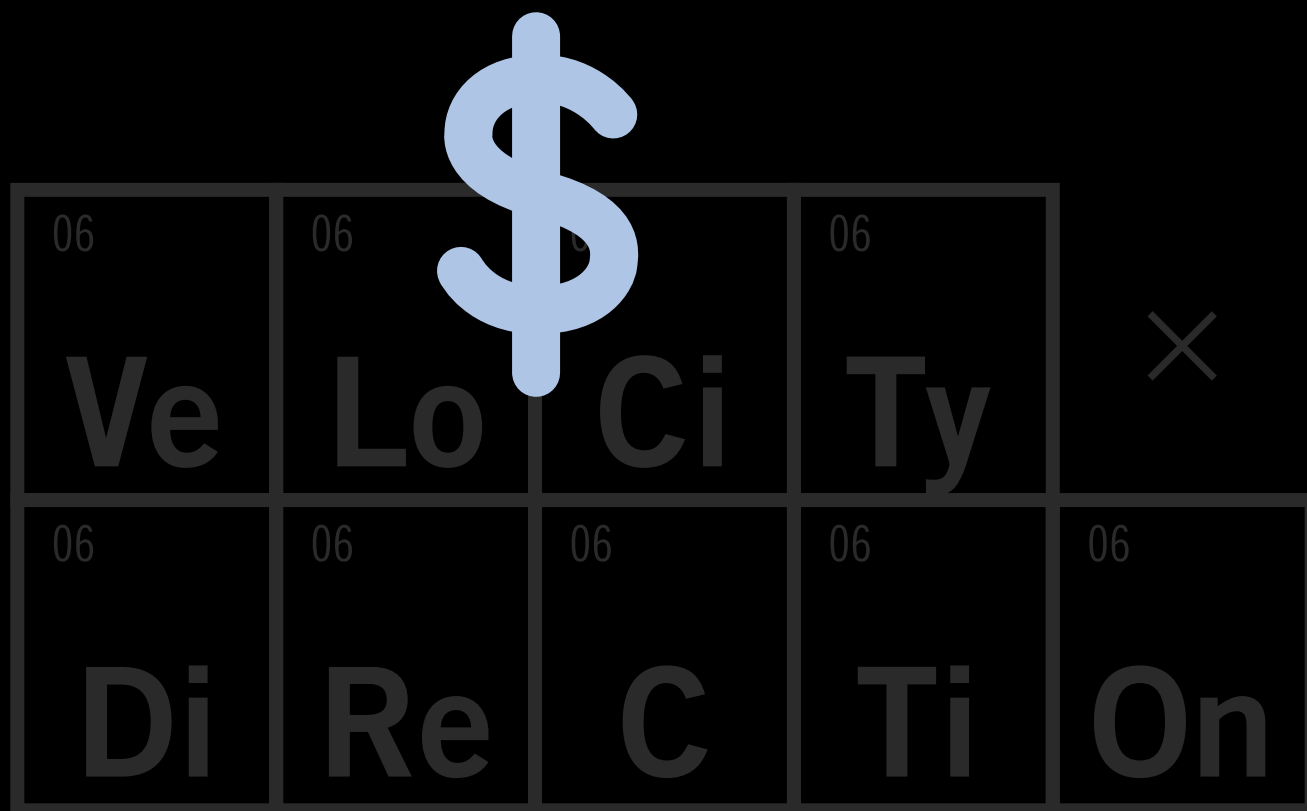
Growth is evolution towards perfection.

Nu Skin Enterprises has consistently evolved, maturing to become a global direct selling leader. Our elemental focus on bringing a rewarding business opportunity, innovative products and uplifting force for good culture to more people throughout the world has nurtured this growth. Looking forward, we will continue to enlarge our global footprint, while introducing new products to capitalize on our strengths and expand our capabilities and our horizons.





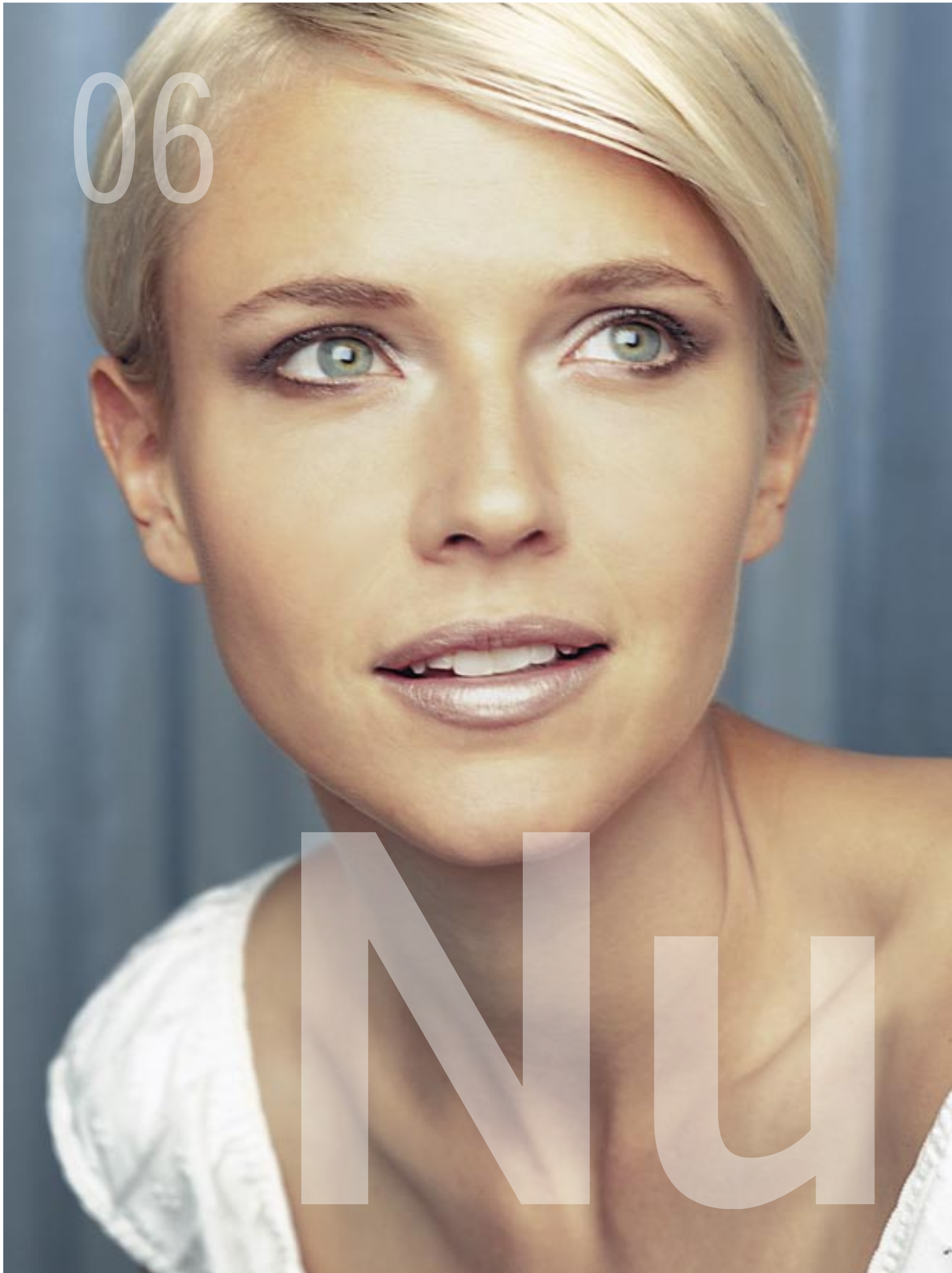
**Nu is value, for our
shareholders and
customers.**



Value = velocity × direction.

Nu Skin Enterprises' success formula is demonstrated in our unwavering commitment to financial growth and stability. We are always moving, consistently looking for ways to improve. In 2006, we effectively utilized our strong balance sheet to expand our stock buyback program. Additionally, our Business Transformation initiative has helped us streamline operations, paving the way for improved financial performance. And with more than \$1 billion in annual revenue, strong cash flow and unparalleled distributor leadership, the elements for continuing success are in place and pointed in the right direction.

06



Nu is elemental.

Basic Information

Name: Nu Skin Enterprises, Inc.

Symbol: Nu

NYSE Ticker Symbol: NUS

Number of Active Distributors: 760,000 (approx.)

Number of Markets: 45

Classification: Scientific Leader

Structure: Direct Selling

Elemental Breakdown: Nu Skin (*personal care*)
Pharmanex (*nutritional supplements*)
Big Planet (*technology*)

Facts

Date of Discovery: 1984

Uses: Quality skin care, scientifically-proven nutritional supplements, photo and video sharing technologies

Dear Shareholder,

2006 was a time of transformation for Nu Skin Enterprises. It was a year focused on aligning our resources to accomplish our corporate vision of becoming the world's leading direct selling company. Already, we have begun to reap the fruits of our efforts as our business is trending in a positive direction. Our 2006 Business Transformation initiative laid a solid foundation for renewed growth in 2007 and beyond.

2006 Milestones

China Direct Selling License

One of the major milestones we achieved in 2006 took place in mainland China, where we became the second company to receive a direct selling license. We believe our substantial investment in the market and focus on long-term success played a pivotal role in this official recognition. We expect that this license will help lead to renewed revenue growth for China in 2007.

Growth in Global Markets

The majority of our markets posted solid results in 2006. South Korea grew by 25 percent, making it our third-largest market. Additionally, Europe posted an 18 percent revenue gain, while solid performances in the United States, Taiwan and Hong Kong contributed positively to 2006 results.

Measurable Difference Advances

In 2006, we strengthened our Measurable Difference platform, by adding new innovative products and differentiating tools to our portfolio. Additions included our g3 nutrition drink, the second-generation Pharmanex® BioPhotonic Scanner (S2) and the Nu Skin® ProDerm® Skin Analyzer. The success of our g3 launch, in particular, has been very encouraging, generating \$65 million in revenue — second only to our Lifepak® product line — and is projected to become a \$100 million product in 2007.



The new and improved S2 Scanner is also catalyzing distributor productivity. It remains the only non-invasive way to measure antioxidant levels in the body, before and after dietary supplementation. Similarly, our first-generation ProDerm® Skin Analyzer has shown great promise in educating consumers on the efficacy of our skin care products. Notably, a second-quarter

2006 introduction of ProDerm in the United States led to a 28 percent increase in personal care sales in the fourth quarter of the year.

Increase in Shareholder Value

Even during a year of transformation we were pleased to generate value for shareholders as we increased our stock value approximately 4 percent in 2006. This valuation improvement was positively impacted by our strong cash flow, open-market repurchases of 3.8 million shares of common stock for \$67.5 million and \$28 million in dividend payments. In fact, over a five-year period, Nu Skin Enterprises' stock price has improved by approximately

110 percent. We have paid \$127 million in dividends, increased our dividend annually and have used \$234 million to repurchase 25 percent of our outstanding shares.

Business Transformation

Recognizing that continued success requires continual improvement, we undertook an in-depth analysis of our business structure in 2006. During this process we streamlined resources at our corporate offices by 17 percent and redesigned our organization to bring our people into alignment with our competitive advantages. The results have been positive, with a net of \$15 million in general and administrative efficiencies and another \$5 million invested in growth initiatives.

2006 Challenges

While we are encouraged by the many advances in our global business, we remain focused on key markets that are not performing at their full potential. Japan and China, in particular, both have room for improvement.

Softness in Japan

We suffered a 9 percent local currency revenue decline in Japan in 2006. A contributing factor to Japan's results was a distributor compensation plan change made in early 2005 that was not well received. Consequently, in 2006 we modified the compensation plan to reduce the negative impact of the 2005 change. Early signs suggest that this new change is being received well by our distributors. Japan represented 43 percent of global sales in 2006 and improving the results in this market is our highest priority.

Regulatory Delays in China

In China, delays in implementing and uncertainty in applying new regulations for direct selling contributed to a 33 percent drop in sales. While we were disappointed with this short-term revenue loss, the final approval of our direct selling license in August — a major accomplishment for the company — bodes well for renewed growth in China.

Operating Margin Declines

In 2006, we experienced a 56 percent decline in operating margin, resulting primarily from revenue shortfalls in Japan and China and charges related to our Business Transformation initiative.



Nu vision:

Strategic Focus

During the past year, we improved and streamlined operations through our Business Transformation initiative. As part of this endeavor, we intensified efforts to better capitalize on our core competitive advantages and ensure that we are providing our distributor force with the tools and support they need to be successful. As we worked to identify these advantages, four differentiating points became apparent — they are represented by the acronym “G.O.L.D.”

Force for Good Values

Our Force for Good Values underscore our corporate culture and represent one of the reasons that Nu Skin Enterprises is able to attract high quality professional distributor leaders.

Consistent with this Force for Good orientation, our Nourish the Children Initiative has been a significant success. In just four years of operation, Nourish the Children has provided more than 80 million nutritious meals to help feed malnourished children in several under-developed nations.

Meanwhile, our Nu Skin Force for Good Foundation™ has donated more than \$15 million to hundreds of children’s causes, creating a better world for generations to come.

Opportunity Renewal

Nu Skin Enterprises is a leader in renewing viable business opportunities. Through product innovation, new product categories, state-of-the-art tools and global expansion, we provide our distributors with compelling business propositions based on developing trends that enable them to build a successful distributorship.

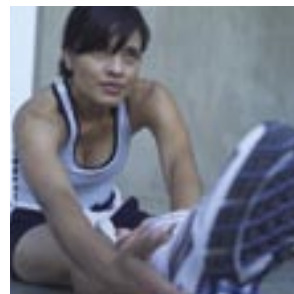
Leadership Orientation

Our company’s leadership orientation is enhanced by our compensation plan. Our goal is to generously reward successful business builders with significant levels of long-term residual income. This philosophy has led to the creation of 21 distributorships that have earned more than \$20 million in commissions, and an additional 485 distributorships that have earned more than \$1 million in commissions.



Measurable Difference

Our unique ability to demonstrate the clinical benefits of our skin care and nutrition products is called *The Measurable Difference*[®] and is a



result of a robust scientific engine powered by more than 125 in-house scientists, as well as collaborations with leading research institutions and experts from around the world.

In 2006, we launched the S2 Scanner, building on the success of our first-generation Scanner to non-invasively measure skin carotenoid levels — a key indicator of overall antioxidant health. We also introduced the Nu Skin[®] ProDerm[®] Skin Analyzer in our U.S. market, a unique tool designed to demonstrate the benefits of our skin care products. These scientifically-validated and user-friendly tools differentiate us from our competitors, allowing our distributors to promote and market *The Measurable Difference*[®] as a competitive advantage.



2007 and Beyond

We see 2007 as a year of great opportunity that will put us on track to reach our ultimate goal of becoming the world's leading direct selling company. To this end, we have developed benchmarks that will gauge our progress.

Improve Earnings Per Share 17 to 25 percent*

Strong earnings growth of 17 to 25 percent equates to approximately \$0.88 to \$0.94 earnings per share for the coming year and will be a reflection of our improving business trends.

- To achieve this goal we will make good use of our strong balance sheet and cash flow. During 2006, we bought back \$67.5 million of our stock in the open market, exceeding any prior year's open market stock repurchases. We used cash and incurred modest debt to buy back stock, believing that at current levels this was the best use of our cash. At the end of the year, we had \$60 million remaining on our stock repurchase authorization with plans to use it in 2007. We seek to reward our shareholders and buying back and supporting our own stock is one of the best ways we can build value.

Increase Revenue 2 to 4 percent

Modest revenue growth for the year will be a significant accomplishment coming off a slow year. Our strategies to achieve this revenue target include:

- Focus on sales force growth, specifically our executive-level leaders, who are the driving force behind the business. In order to be successful, our

distributor leaders must continually recruit, train and duplicate their success. The growth of our sales force is directly tied to the appeal of the business opportunities we place in the hands of our distributors. A significant portion of our resources are focused on improving the appeal of these opportunities including the development of differentiated products and entering new categories. In 2007, we will launch a Pharmanex[®] weight management program and further develop our Photomax[®] digital imaging services.

- Maximize the impact of our direct selling license in mainland China. With the approval of our direct selling application in August 2006, we are enthusiastic about leveraging our early-mover position. Throughout 2007, we expect our direct selling footprint in mainland China to increase, covering a significant portion of our current business presence.

While we expect the majority of our revenue to be derived from employed sales force activities, we believe that our status as a licensed direct seller will have a stabilizing impact on our China business and will be a catalyst for long-term success in this market.

- Continue promotional campaigns. In 2006, we launched a national advertising campaign in Japan to build our brand. This represented the first time that we have pursued traditional advertising opportunities. We will look to expand our brand-building campaign in other markets later this year, including the United States, where we plan to launch a weekly satellite television program. We will also leverage the capabilities of our new and compelling Maxcast[™] tool that enables the publishing of online video content that can be viewed without the buffering associated with typical Internet video.

Generate a 9.5 percent Operating Margin

We have completed significant cost saving measures during the past year that will carry over into 2007 and beyond. In 2006, our operating margin excluding restructuring charges was 7.7 percent*, highlighting a need to become more efficient by:

- Applying consistent commission structures in all markets. While adjusting distributor commission programs is complex, commission payout is an effective tool in driving healthy behaviors in recruiting and retaining new leaders. We are focused on applying a more consistent commission model that will ultimately drive revenue while keeping commission costs at a healthy and manageable level.



* 89 to 102 percent, including 2006 restructuring and impairment charges of \$0.28.

* 2006 operating margin was 4.9% including approximately \$21 million in impairment charges and \$11 million in restructuring charges.

- Reducing losses in unprofitable markets. In 2006, our operating losses in unprofitable markets exceeded \$20 million. Our largest investments were in China, Europe, Russia and Brazil. We are taking aggressive steps to ensure that all of our markets are on a path to profitability. *With restructuring and positive revenue trends, we expect to reduce losses in these markets in 2007 to roughly \$10 million.*
- Focusing on reducing general and administrative expenses from 31.8 percent of revenue to 30.5 percent. Our Business Transformation initiative in 2006 is expected to save approximately \$15 million in general and administrative expenses in 2007. We remain focused on continued review of our corporate processes to eliminate redundancies.



Improve Key Financial Ratios 25 to 27 percent*

Improvement in key financial metrics will serve as a good measurement to determine how well the business is being managed. To this end, we are specifically focused on improving:

- Return on Equity (ROE)
- Return on Assets (ROA)
- Return on Invested Capital (ROIC).

In 2007, we are building on the lessons of the past and developing further momentum with clear milestones marking the road ahead. We are

measuring our performance against these success targets daily and expect to be held accountable for these results.

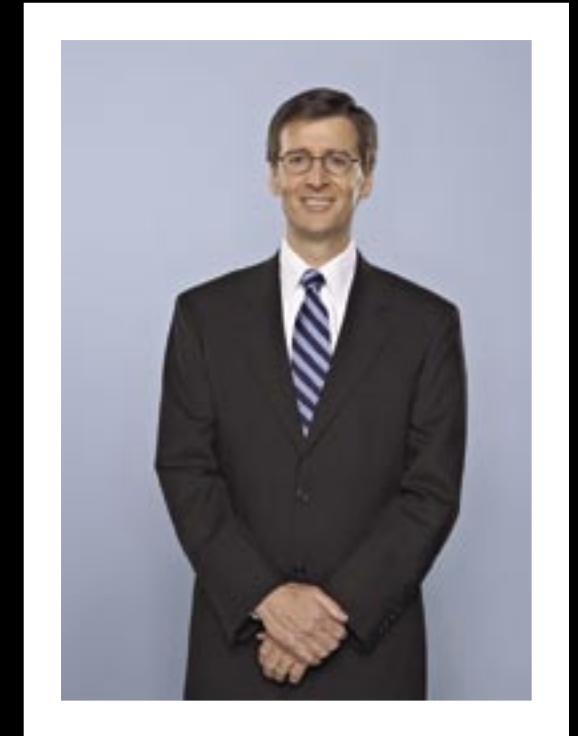
The momentum we build in 2007 will set the tone for what we believe will be solid growth for years to come. *We remain focused on our vision of becoming the world's leading direct selling company* — bringing “Nu” energy to our business, seeing “Nu” possibilities in our categories, and unleashing “Nu” opportunities for success.

Thank you for your continued support.

Blake M. Roney, *Chairman*

Steven J. Lund, *Vice-Chairman*

M. Truman Hunt, *President and CEO*



- ◀ Blake M. Roney
- Steven J. Lund
- ← M. Truman Hunt

* 147 to 151 percent, including 2006 restructuring and impairment charges of \$0.28.

Board of Directors

Blake M. Roney
Chairman of the Board

Steven J. Lund
Vice Chairman of the Board

M. Truman Hunt
President, Chief Executive Officer

Sandie N. Tillotson
Senior Vice President

Senator E.J. "Jake" Garn
United States Senate, Retired

Paula F. Hawkins
*United States Senate, Retired;
President, Paula Hawkins & Associates*

Daniel W. Campbell
Managing General Partner, EsNet, Ltd.

Andrew D. Lipman
Partner, Bingham McCutchen, LLP

D. Allen Andersen
Managing Director, Peacefield, Ltd.

Patricia A. Negrón
Independent Consultant; Author

Corporate Management

M. Truman Hunt
President, Chief Executive Officer

Joseph Y. Chang, Ph.D.
*Chief Scientific Officer and
Executive Vice President,
Product Development*

Daniel R. Chard
*Executive Vice President,
Distributor Success*

Ritch N. Wood
Chief Financial Officer (CFO)

Robert S. Conlee
*President, North Asia Region;
President, Nu Skin Japan*

Scott E. Schwerdt
President, Americas and Europe

D. Matthew Dorny
General Counsel, Corporate Secretary

Mark L. Adams
Chief Information Officer

Claire Averett
Vice President, Human Resources

Larry V. Macfarlane
President, Big Planet

Brett Nelson
*Vice President, Global Distributor Support;
Regional Vice President, Pacific Region*

Jack Petersen
*Vice President, Corporate Strategy
and Development*

Andrew Fan
Regional President, Southeast Asia Region

Regional/Country Management

Luke B. Yoo
*President and General Manager,
Nu Skin Korea*

Frankie Kiow
President, Nu Skin China

Angela Lau
President, Nu Skin Hong Kong

John Chou
President, Nu Skin Taiwan

Patrick Yeung
*President, Nu Skin Thailand
and Philippines*

Pakapun (Vicky) Leevutinum
General Manager, Nu Skin Thailand

Charlene Chiang
*President, Nu Skin Singapore, Malaysia
and Brunei*

Agung Karso Sardjono
General Manager, Indonesia

Nigel Sinclair
*President, Nu Skin Enterprises Australia/
New Zealand and South Pacific*

Mikael Linder
President, Europe

Justin Rose
*Vice President and General Manager,
North America*

Oran Arazi-Gamliel
General Manager, Nu Skin Israel

Giovanni López
General Manager, Nu Skin Central America

Corporate Information

Annual Meeting

Nu Skin Enterprises' annual stockholders' meeting will be held at 4 p.m. on Monday, May 14, 2007 at:
One Nu Skin Plaza
75 West Center Street
Provo, Utah 84601

Independent Accountants

PricewaterhouseCoopers LLP
36 South State Street, Suite 1700
Salt Lake City, Utah 84111
Telephone: 801-531-9666

Stock Listing

Stock is listed on the New York Stock Exchange under the ticker symbol: NUS

Transfer Agent

Inquiries regarding lost stock certificates, consolidation of accounts, and changes in address, name, or ownership should be addressed to:
American Stock Transfer & Trust
59 Maiden Lane
New York, New York 10038
Domestic telephone: 877-777-0800
International telephone: 718-921-8200

Corporate Headquarters

Nu Skin Enterprises
75 West Center Street
Provo, Utah 84601
Telephone: 801-345-6100

Company Websites

Nu Skin Enterprises: www.nuskinenterprises.com
Nu Skin: www.nuskin.com
Pharmanex: www.pharmanex.com
Big Planet: www.bigplanet.com

Additional Stockholder Information

Additional information and news is available at www.nuskinenterprises.com. For investor information, inquiries, annual reports and SEC filings, call 801-345-6100, e-mail spend@nuskin.com, or write Investor Relations at the corporate headquarters.

Forward-Looking Statements

This annual report contains forward-looking statements, which represent our expectations and beliefs about future events and operating results as of the date of this report, including the outlook for our future performance, strategic initiatives, and new products, and underlying assumptions described in this annual report. Words or phrases such as "believes," "expects," "anticipates," "plans," and similar words or phrases are intended to help identify forward-looking statements.

Chief Executive Officer and Chief Financial Officer Information

We have filed with the Securities and Exchange Commission the certifications of our Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act of 2002 as exhibits to our most recently filed Annual Report on Form 10-K and any amendments thereto.

In addition, M. Truman Hunt, as our Chief Executive Officer, submitted to the New York Stock Exchange the Chief Executive Officer Certifications required by Section 303A.12(a) of the 2004 New York Stock Exchange Manual.

Nu. A glossary.



180° The Nu Skin 180°® Anti-Aging Skin Therapy System is designed to reverse the full range of aging effects. This clinically proven system diminishes the appearance of lines and wrinkles, refines texture, and evens skin tone.

6S Quality Process A product quality assurance process patented by Nu Skin Enterprises that includes strict protocols for selection, sourcing, structure, standardization, safety and substantiation.

Automatic Delivery Rewards (ADR) Customer
A non-distributor who receives at least one order or service automatically on a regular subscription basis. An ADR Customer qualifies for product purchases at wholesale prices and can earn reward points for product redemption.

Antioxidant A compound that neutralizes free radicals or prevents free radical-initiated chemical reactions.

Carotenoids A family of antioxidant phytonutrients including beta-carotene, lutein, alpha-carotene and lycopene.

Distributor An independent sales representative of Nu Skin Enterprises.

Executive Distributor A distributor who meets pre-defined personal and group sales volume requirements.

g3 A nutrient-rich juice derived in large part from the prized gac “superfruit,” indigenous to southern Asia. The product’s nutritional benefits have been scientifically demonstrated to protect cells while supporting healthy immune function.

Lifepak® nano A nutritional anti-aging program formulated to nourish and protect cells, tissues, and organs in the body with the specific purpose to guard against the ravages of aging. Lifepak® nano offers the highest bioavailability with a first-ever nanotechnology process.

Letter of Intent (LOI) A letter informing the company of a distributor’s intent to become an Executive Distributor.

Nu Skin Force for Good Foundation™ (FFG) A non-profit foundation established under the direction of the company’s board of directors. The Foundation’s mission is to “create a better world for children by improving human life, continuing indigenous cultures, and protecting fragile environments.”

ProDerm® The Nu Skin® ProDerm® Skin Analyzer is a portable tool that combines pattern recognition science, optical imaging, and dermatology to provide a scientific assessment of skin appearance.

Personal Sales Volume (PSV) The monthly point value of products and services purchased from the company primarily for retail sale.

S2 Scanner Second generation of the Pharmanex® BioPhotonic Scanner. The S2 Scanner is a revolutionary tool developed to non-invasively measure carotenoid antioxidant levels in skin.

Skin Carotenoid Score (SCS) The number generated by the Pharmanex® BioPhotonic Scanner. A person’s SCS is an important indicator of the overall strength of the body’s antioxidant defense system.

© 2007 Nu Skin Enterprises

One Nu Skin Plaza, 75 W. Center, Provo, UT 84601

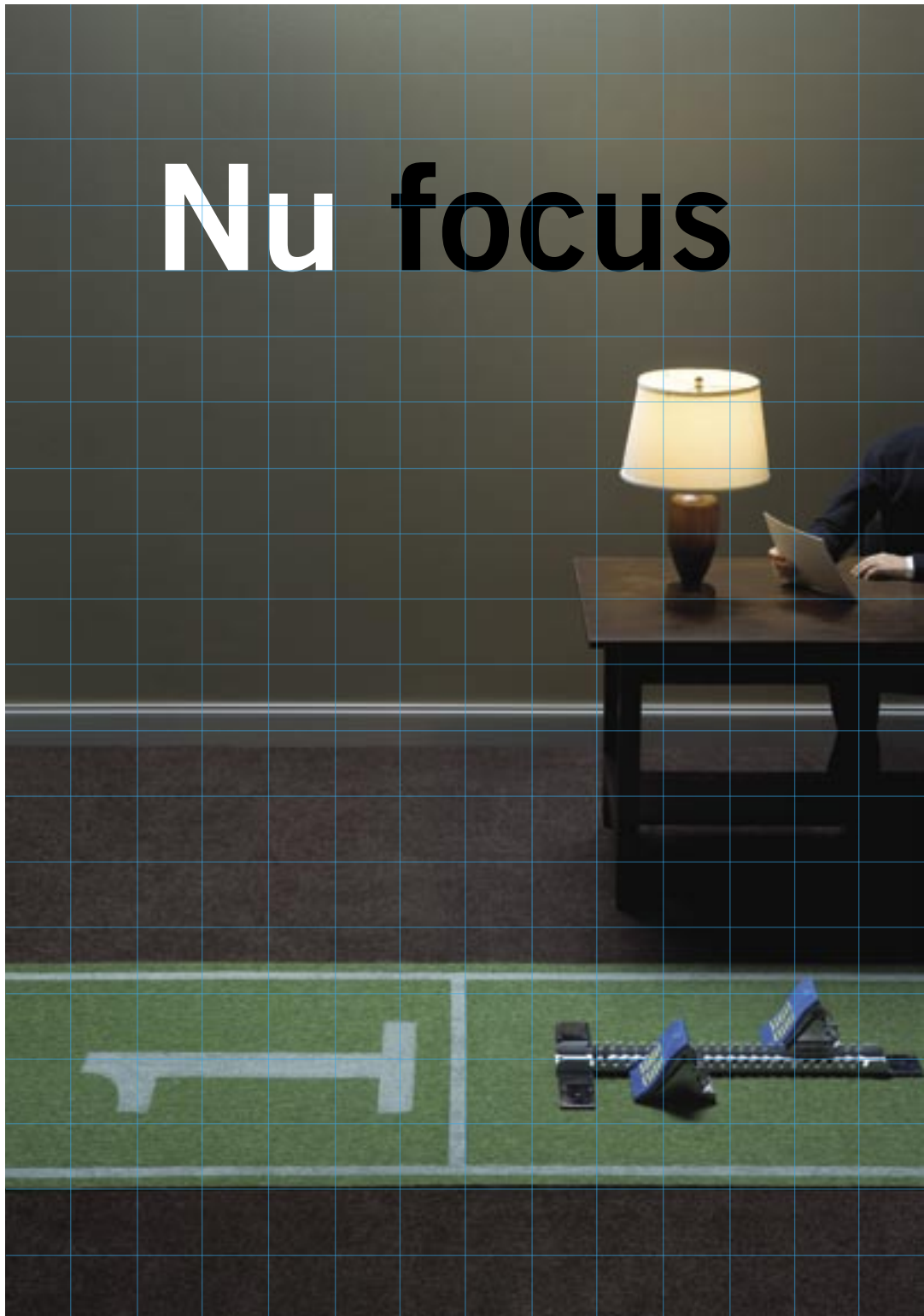
www.nuskinenterprises.com 01006626

Protocol

Playbook for a successful 2007



Nu focus



The focus of any company defines its direction. Focus involves the setting of goals and encapsulates the milestones that mark progress. It embodies the elements of success. In 2007, Nu Skin Enterprises is focused on opportunity while our elemental business shift has re-focused our sights on our ultimate goal — becoming the world's leading direct selling company.

Here's how we plan to do it...

Improve Earnings Per Share 17 to 25%*

- Make good use of our strong balance sheet and cash flow

Increase Revenue 2 to 4%

- Focus on sales force growth
- Maximize the impact of our direct selling license in mainland China
- Expand promotional activity



Nu strategy.

* 89 to 102 percent, including 2006 restructuring and impairment charges of \$0.28.

A man in a white shirt and tie stands in a dark field, looking down at a yellow laser line that cuts across the scene. The background is a dark, textured surface, possibly grass or a field at night.

Nu

direction.

Generate a 9.5% Operating Margin

- Apply consistent commission structures in all markets
- Reduce losses in unprofitable markets
- Focus on reducing general and administrative expenses from 31.8% of revenue to 30.5%

Improve Key Financial Ratios 25 to 27%*

- Return on Equity (ROE)
- Return on Assets (ROA)
- Return on Invest Capital (ROIC)

* 147 to 151 percent, including 2006 restructuring and impairment charges of \$0.28.

Nu Skin Enterprises' drive to stay
on top is not periodic.

It's **permanent.**