ORIGINAL

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March 19, 1999

VIA OVERNIGHT DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399- 0850

990372-TI

Re: **Joint Application for Approval of the Transfer of the Certificate of BIG PLANET, INC**

Dear Ms. Bayo:

On behalf of Big Planet, Inc. and Nu Skin Enterprises, Inc. (collectively "Applicants"), enclosed for filing are an original and five (5) copies of the above-referenced Application. Applicants respectfully request expedited treatment of this Application to permit them to consummate the transaction described therein as soon as possible but no later than May 31, 1999.

Please date-stamp the enclosed extra copy of this filing and return it in the postage paid, self-addressed envelope provided. Should you have any questions, please do not hesitate to contact us.

Respectfully submitted,

Grace R. Chiu
Douglas D. Orvis

Counsel for Big Planet, Inc.

cc D. Matthew Dorny (NSE)
Michael Anderson (Big Planet)(w/o encl.)
Andrew D. Lipman, Esq. (w/o encl.)

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March 19, 1999

VIA OVERNIGHT MAIL

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399- 0850

Re: Request for Approval of the Transfer of the Certificate of Big Planet, Inc. Resulting from an Internal Reorganization

Dear Ms. Bayo:

Big Planet, Inc. ("Big Planet") and Nu Skin Enterprises, Inc. ("NSE") (collectively "Applicants"), by their undersigned counsel and pursuant to 364.33 of the Florida Statutes, hereby request approval to transfer Big Planet's certificate to provide interexchange telecommunications service to a newly formed subsidiary of NSE, Big Planet Holdings, Inc. Big Planet is a nondominant telecommunications carrier authorized by the Commission to provide resold intrastate interexchange telecommunications services within the State of Florida. NSE is a publicly traded corporation that is one of the largest direct selling companies in the world. NSE currently holds no telecommunications licenses from this or any other regulatory commission.

As set forth below, the transfer of Big Planet's certificate will result from an internal reorganization of commonly controlled corporations intended to establish Big Planet as a wholly owned subsidiary of NSE. As indicated in the illustrative chart attached hereto as Exhibit A, Big Planet and NSE are currently affiliated through common ownership and control. The planned reorganization, therefore, is purely *pro forma* in nature.

The reorganization will be accomplished through a series of transactions whereby Big Planet will merge with and into a newly formed subsidiary of NSE, Big Planet Holdings, Inc. ("Acquisition Subsidiary"). Following the merger, Acquisition Subsidiary will change its name to Big Planet and continue to provide service to current customers of Big Planet under existing service arrangements pursuant to Big Planet's certificate. Accordingly, the transfer of

Big Planet's certificate will be virtually transparent to customers of Big Planet. Details of the proposed transaction are set forth below.

Applicants respectfully request expedited treatment of this Application in order to permit them to consummate the transaction and transfer the certificate of Big Planet no later than May 31, 1999.

In support of this Application, Applicants submit the following information:

II. THE PARTIES

A. Big Planet, Inc.

Big Planet is a privately held Utah corporation headquartered in Provo, Utah. Big Planet is a nationwide provider of innovative telecommunications services and is authorized to provide resold interexchange services in over 40 states by virtue of certification, registration or tariff requirements, or on a deregulated basis. In Florida, Big Planet is authorized to provide intrastate interexchange telecommunications services pursuant to Certificate No. 5772, granted by this Commission in Docket No. 981182-TI. Big Planet provides interstate and international telecommunications services as a nondominant common carrier pursuant to authority of the Federal Communications Commission. Big Planet is also a nationwide provider of Internet service.

As noted above, Big Planet and NSE are currently affiliated through common ownership and control. Specifically, the same group of shareholders that collectively hold the majority controlling interest in NSE also collectively indirectly hold the majority controlling interest in Big Planet ("Controlling Shareholders Group").[1] Following the reorganization, the Controlling Shareholders Group will continue to hold the majority controlling interest in NSE (directly) and Big Planet (indirectly).

Further information concerning Big Planet's legal, technical, managerial, and financial qualifications to provide telecommunications services was filed with its application for certification in Docket No. 981182-TI. That information is, therefore, already a matter of public record at the Commission and Applicants request that it be incorporated herein by reference.

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1 The Controlling Shareholders Group holds a 100 percent interest in Nu Skin USA, Inc., a privately held company which, in turn, holds a 93.8 percent interest in Big Planet

B. Nu Skin Enterprises, Inc.

NSE is a Delaware corporation publicly traded on the New York Stock Exchange under the stock symbol "NUS." Headquartered in Provo, Utah, NSE is one of the largest direct sales companies in the world, with products sold throughout North America, South America, Europe and Asia. NSE currently holds no telecommunications licenses from this or any other regulatory commission. As stated above, NSE is affiliated with Big Planet through common ownership and control by the Controlling Shareholders Group. Following the *pro forma* reorganization, the Controlling Shareholders Group will continue to have ultimate ownership and control over the Applicants.

As indicated on NSE's financial statements submitted in its most recent Form 10-Q, as filed with the Securities and Exchange Commission, attached hereto as Exhibit B, NSE is a financially sound company. Following the reorganization, Big Planet will have better access to financing through the substantial financial resources of NSE. Applicants expect that the improved access to financing will enhance Big Planet's operational flexibility and long term financial viability.

C. Designated Contacts

The designated contacts for questions concerning this Joint Application are:

<u>For Big Planet</u>:

Grace R. Chiu, Esq.
Douglas D. Orvis II, Esq.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
202/424-7500 (Tel)
202/424-7645 (Fax)

<u>For NSE</u>:

D. Matthew Dorny, Esq.
Nu Skin Enterprises, Inc.
One Nu Skin Plaza
75 West Center Street
Provo, Utah 84601
801/345-3800 (Tel)
801/345-3899 (Fax)

III. DESCRIPTION OF THE TRANSFER OF BIG PLANET'S CERTIFICATE RESULTING FROM AN INTERNAL REORGANIZATION OF BIG PLANET, INC.

NSE, Big Planet, and the Controlling Shareholders Group have determined that they can realize significant economic and marketing efficiencies and, ultimately, strengthen the respective businesses of the two companies by establishing Big Planet as a direct, wholly owned subsidiary of NSE.[2] Accordingly, NSE, Big Planet and the Controlling Shareholders Group have executed a letter of intent expressing their agreement to accomplish this reorganization ("Letter of Intent"). The reorganization will be accomplished through a series of transactions whereby Big Planet will merge with and into a newly formed NSE subsidiary, Big Planet Holdings, Inc. ("Acquisition Subsidiary"). Acquisition Subsidiary will survive the merger and then change its name to Big Planet, Inc. Exhibit A illustrates the corporate structure of the parties prior to and immediately following completion of the reorganization.

A. The Resulting Transfer of Certificate Will Be Transparent to Existing Customers of Big Planet

Although the internal reorganization will, as a technical matter, result in the transfer of Big Planet's certificate to a different corporate entity, as explained above, Acquisition Subsidiary was formed for the sole purpose of reorganizing Big Planet as a subsidiary of NSE. Following the merger, Acquisition Subsidiary will change its name to Big Planet and continue to provide service to existing customers of Big Planet, with no change in the rates, terms or conditions of service currently in effect. Further, Big Planet will continue to be led by a team of well-qualified telecommunications managers comprised largely of existing Big Planet personnel. Consequently, although Big Planet's certificate will be transferred, as a technical matter, to another entity, for all practical purposes, Big Planet will continue to provide services to its existing customers following the reorganization. Given that Big Planet will continue to provide service to these customers with no change in the rates, terms or conditions of service that these customers currently enjoy, the transfer of Big Planet's certificate to Acquisition Subsidiary will be virtually transparent to Florida customers of Big Planet in terms of the services they receive.

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[2] Establishing Big Planet as a subsidiary of NSE is part of a larger corporate restructuring plan formulated by the Controlling Shareholders Group to unify the companies controlled by the Controlling Shareholders Group under one public company, NSE.

B. Internal Reorganization Will Not Transfer Control of Big Planet

The proposed reorganization, moreover, will not result in a change in the ultimate ownership and control of Big Planet. As illustrated on Exhibit A, the Controlling Shareholders Group currently holds an 78.6 percent interest in NSE and indirectly holds a 93.8 percent interest in Big Planet. Following the reorganization, the Controlling Shareholders Group will continue to hold a 78.6 percent interest in NSE and will thus indirectly hold a 78.6 percent interest in Big Planet. Thus, although the proposed reorganization will result in a change in the direct corporate parent of Big Planet, it will not result in a change in the ultimate ownership and control of Big Planet. The reorganization is a paper transaction that will not transfer ultimate ownership and control of Big Planet.

IV. PUBLIC INTEREST CONSIDERATIONS

Consummation of the transactions described herein will serve the public interest in promoting competition among providers of interexchange telecommunications services by combining the financial resources and complementary managerial skills and experience of NSE and Big Planet in providing telecommunications services to the public. Applicants anticipate that the *pro forma* reorganization will result in a company better equipped to accelerate its growth as a competitive telecommunications service provider. The reorganization will allow Big Planet access to NSE's significant financial resources and is expected to enhance significantly Big Planet's operational flexibility and efficiency, as well as its long term financial viability. These enhancements will inure directly to the benefit of Florida customers, who will also benefit from the innovative array of services offered by Big Planet. Given that Acquisition Subsidiary will continue to provide service under the Big Planet name to existing customers of Big Planet, with no change in the rates, terms or conditions of service that these customers currently enjoy, the technical transfer of Big Planet's certificate to Acquisition Sub will be virtually transparent to Florida customers of Big Planet in terms of the services they receive. The reorganization and resulting transfer of certificate, therefore, will ensure the continued provision of high quality, affordable telecommunications services to Big Planet's existing customers and should promote competition in the Florida telecommunications service market. In sum, the proposed transactions will benefit the public interest by enhancing the ability of Big Planet to offer competitively priced services in the Florida interexchange telecommunications marketplace.

V. CONCLUSION

For the reasons stated herein, Applicants respectfully request that the Commission approve this Application to permit Applicants to transfer the certificate of Big Planet, Inc. no later than May 31, 1999, and grant all other relief as necessary and appropriate to effectuate the transactions described herein.

Respectfully submitted,

Grace R. Chiu, Esq.
Douglas D. Orvis II, Esq.

Counsel to Big Planet, Inc.

cc: D. Matthew Dorny, Esq. (NSE)
Michael Anderson (Big Planet) (w/o encl.)
Andrew D. Lipman, Esq. (w/o encl.)

LIST OF EXHIBITS

Illustrative Chart of Proposed Transfer of Certificate Resulting from Reorganization . . . . A

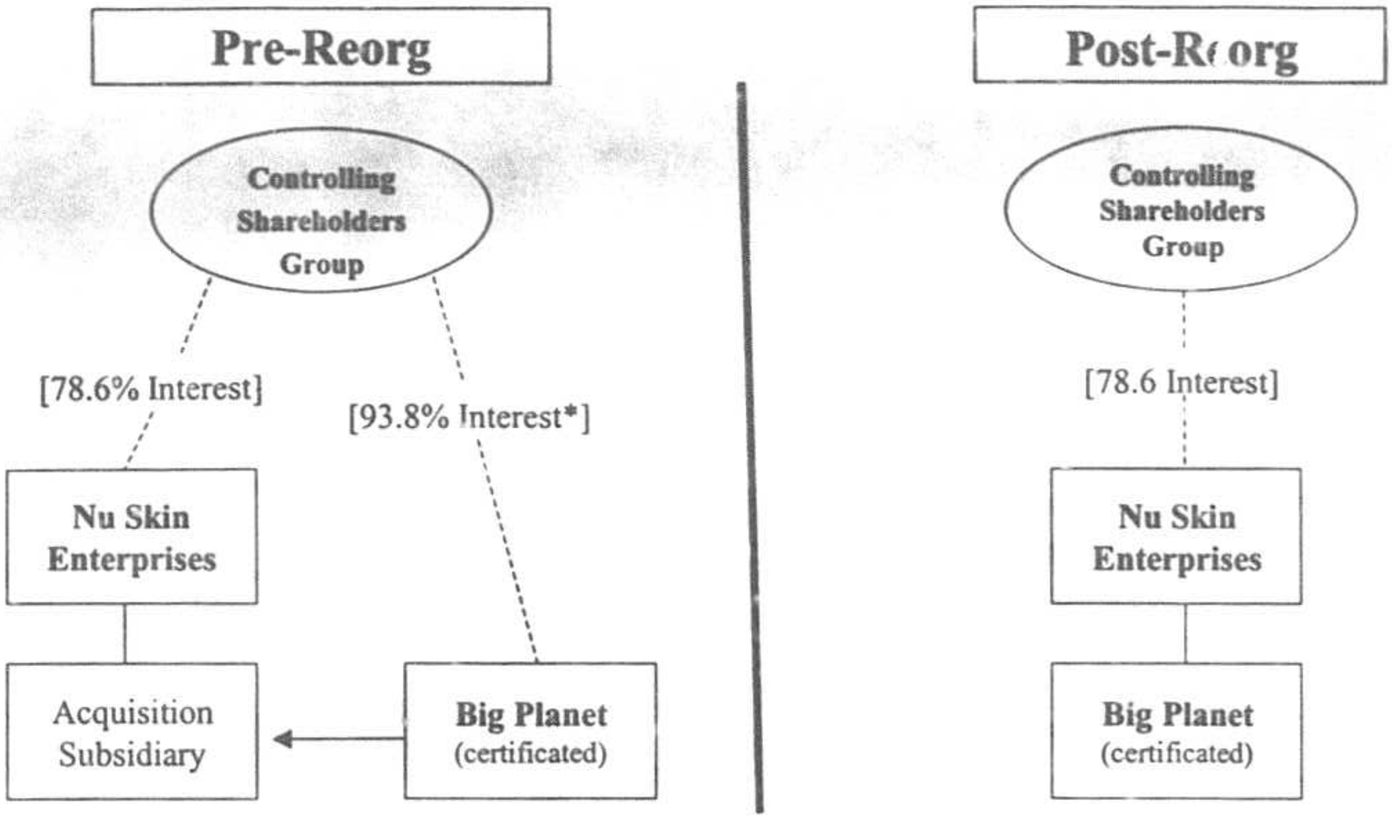
Nu Skin Enterprises Financial Statements . . . . B

Verification

EXHIBIT A

ILLUSTRATIVE CHART OF PROPOSED TRANSFER OF CERTIFICATE RESULTING FROM REORGANIZATION

Proposed Transfer of Certificate Resulting From *Pro Forma* Reorganization of Big Planet, Inc.



* As stated in the Parties' Application, currently, the Controlling Shareholders Group indirectly holds the majority controlling interest in Big Planet through their 100% ownership and control of Big Planet's parent, Nu Skin USA, Inc. In turn, Nu Skin USA holds a 93.8% interest in Big Planet. Following the reorganization, the Controlling Shareholders Group will continue to hold the majority controlling interest in Big Planet through their direct ownership and control of Nu Skin Enterprises.

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EXHIBIT B

NU SKIN ENTERPRISES FINANCIAL STATEMENTS
(from most recent SEC Form 10-Q)

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1998

OR

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

Commission file number 001-12421

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

Delaware	87-0565309
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
75 West Center Street, Provo, Utah	84601
(Address of Principal Executive Offices)	(Zip Code)

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

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

As of October 16, 1998, 18,094,278 shares of the Company's Class A Common Stock, $.001 par value per share, and 70,280,759 shares of the Company's Class B Common Stock, $.001 par value per share, were outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Nu Skin Enterprises, Inc.

Consolidated Balance Sheets (Unaudited)
(in thousands, except share amounts)

	September 30, 1998	December 31, 1997
ASSETS		
Current assets		
Cash and cash equivalents	$ 174,276	$ 174,300
Accounts receivable	12,376	11,074
Related parties receivable	19,843	23,008
Inventories, net	65,388	69,491
Prepaid expenses and other	57,139	38,716
	329,022	316,589
Property and equipment, net	35,467	27,146
Other assets, net	114,086	61,269
Total assets	$ 478,575	$ 405,004
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 10,574	$ 23,259
Accrued expenses	124,583	140,615
Related parties payable	13,621	10,038
Current portion of long-term debt	11,211	—
Notes payable to stockholders, current portion	—	19,457
	159,989	193,369
Long-term debt, less current portion	129,600	—
Notes payable to stockholders, less current portion	—	116,743
Minority interest	—	(15,753)
Commitments and contingencies		
Stockholders' equity		
Preferred stock - 25,000,000 shares authorized, $.001 par value, none and 1,941,331 shares issued and outstanding	—	2
Class A common stock - 500,000,000 shares authorized, $.001 par value, 14,986,790 and 11,758,011 shares issued and outstanding	15	12
Class B common stock - 100,000,000 shares authorized, $.001 par value, 70,280,759 shares issued and outstanding	70	70
Additional paid-in capital	102,244	115,053
Retained earnings	137,138	33,541
Deferred compensation	(6,725)	(9,455)
Accumulated other comprehensive income	(43,756)	(28,578)
	188,986	110,645
Total liabilities and stockholders' equity	$ 478,575	$ 405,004

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

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

	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
Revenue	$ 217,852	$ 243,147	$ 654,766	$ 713,266
Cost of sales	44,290	48,710	134,581	144,574
Cost of sales - amortization of inventory step-up (Note 2)	8,640	–	21,600	–
Gross profit	164,922	194,437	498,585	568,692
Operating expenses				
Distributor incentives	79,961	93,370	238,359	269,050
Selling, general and administrative	47,600	50,889	142,301	155,577
Distributor stock expense	–	4,477	–	13,431
Total operating expenses	127,561	148,736	380,660	438,058
Operating income	37,361	45,701	117,925	130,634
Other income (expense), net	3,101	3,224	10,595	8,182
Income before provision for income taxes and minority interest	40,462	48,925	128,520	138,816
Provision for income taxes	14,971	14,559	44,288	40,277
Minority interest	–	3,656	3,081	12,093
Net income	$ 25,491	$ 30,710	$ 81,151	$ 86,446
Net income per share (Note 4):				
Basic	$ .30	$ .37	$ .97	$ 1.04
Diluted	$ .30	$ .35	$ .94	$ .99
Weighted average common shares outstanding:				
Basic	85,318	83,420	83,983	83,420
Diluted	86,242	87,368	86,319	87,364
Pro forma data:				
Income before pro forma provision for income taxes and minority interest		$ 48,925	$ 128,520	$ 138,816
Pro forma provision for income taxes (Note 3)		18,592	47,424	52,750
Pro forma minority interest		2,267	1,944	7,498
Pro forma net income		$ 28,066	$ 79,152	$ 78,568
Pro forma net income per share (Note 4):				
Basic		$ .34	$ .94	$ .94
Diluted		$ .32	$ .92	$ .90

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

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

	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
Cash flows from operating activities:		
Net income	$ 81,151	$ 86,446
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,232	5,768
Amortization of deferred compensation	2,730	17,243
Amortization of inventory step-up	21,600	–
Income applicable to minority interest	3,081	12,093
Changes in operating assets and liabilities:		
Accounts receivable	(1,302)	(4,351)
Related parties receivable	3,165	(9,513)
Inventories, net	4,103	(7,217)
Prepaid expenses and other	(18,423)	(26,014)
Other assets	(14,108)	(3,880)
Accounts payable	(12,685)	(733)
Accrued expenses	(19,032)	(9,909)
Related parties payable	13,399	(28,196)
Net cash provided by operating activities	72,911	31,737
Cash flows from investing activities:		
Purchase of property and equipment	(14,414)	(8,050)
Payments for lease deposits	(1,660)	(682)
Receipt of refundable lease deposits	1,066	129
Net cash used in investing activities	(15,008)	(8,603)
Cash flows from financing activities:		
Payments on long-term debt	(41,634)	–
Proceeds from long-term debt	181,538	–
Payment to stockholders for notes payable	(180,000)	(71,487)
Repurchase of shares of common stock	(1,521)	–
Proceeds from capital contributions	–	29,845
Dividends paid	–	(29,341)
Net cash used in financing activities	(41,617)	(70,983)
Effect of exchange rate changes on cash	(16,310)	(753)
Net decrease in cash and cash equivalents	(24)	(48,602)
Cash and cash equivalents, beginning of period	174,300	214,823
Cash and cash equivalents, end of period	$ 174,276	$ 166,221

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

1. THE COMPANY

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

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

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

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

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

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

The NSI Acquisition was accounted for by the purchase method of accounting, except for that portion of the Acquired Entities under common control of a group of stockholders, which portion was accounted for in a manner similar to a pooling of interests. The common control group is comprised of the NSI Stockholders who are immediate family members. The minority interest, which is comprised of the NSI Stockholders who are not immediate family members, was acquired during the NSI Acquisition.

In connection with the NSI Acquisition, the Company recorded inventory step-up of $21.6 million and intangible assets of $32.4 million. The Company recorded amortization of inventory step-up totaling $8.6 million and $21.6 million, and amortization of intangible assets totaling $0.5 million and $1.0 million, for the three and nine-month periods ended September 30, 1998, respectively.

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

3. INCOME TAXES

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

4. NET INCOME PER SHARE

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

5. FINANCIAL INSTRUMENTS

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

At September 30, 1998 and December 31, 1997, the Company held foreign currency forward contracts with notional amounts totaling approximately $29.3 million and $51.0 million, respectively, to hedge foreign currency items. The realized and unrealized net losses on these contracts were $0.5 million and the realized and unrealized net gains on these contracts were $2.9 million for the three and nine-month periods ended September 30, 1998, respectively. These contracts have maturities through February 1999.

At September 30, 1998, the intercompany loan from Nu Skin Japan to Nu Skin Hong Kong totaled approximately $47.5 million. The Company recorded unrealized exchange gains totaling $2.4 million and $5.2 million, resulting from this intercompany loan for the three and nine-month periods ended September 30, 1998, respectively.

At September 30, 1998, the intercompany loan from Nu Skin Japan to the Company totaled approximately $68.0 million. The Company recorded unrealized exchange gains totaling $0.8 million and $2.8 million, resulting from this intercompany loan for the three and nine-month periods ended September 30, 1998, respectively. There was no loan at September 30, 1997 from Nu Skin Japan to the Company.

During the third quarter of 1998, the Company designated as long-term investments the intercompany loan from Nu Skin Japan to the Company and the intercompany loan balance at the designation date from Nu Skin Japan to Nu Skin Hong Kong. The net consolidated transaction losses on these long-term investments subsequent to the designation date totaled approximately $3.7 million, and are recorded in other comprehensive income for the three and nine-month periods ended September 30, 1998.

6. NEW ACCOUNTING STANDARDS

Reporting Comprehensive Income

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

The components of comprehensive income, net of related tax, for the three and nine-month periods ended September 30, 1998 and 1997, were as follows (in thousands):

	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
Net income	$ 25,491	$ 30,710	$ 81,151	$ 86,446
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(1,015)	(2,784)	(9,562)	(2,660)
Comprehensive income	$ 24,476	$ 27,926	$ 71,589	$ 83,786

Accumulated other comprehensive income is comprised of foreign currency translation adjustments and consolidated transaction gains and losses on certain intercompany loans designated as long-term investments.

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

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

Reporting on the Costs of Start-Up Activities

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5 ("SOP 98-5"), *Reporting on the Costs of Start-Up Activities*. The statement is effective for fiscal years beginning after December 15, 1998. The statement requires costs of start-up activities and organization costs to be expensed as incurred. The Company will adopt SOP 98-5 for calendar year

1999. The adoption of SOP 98-5 will not materially affect the Company's consolidated financial statements.

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

7. LONG-TERM DEBT

On May 8, 1998, the Company and its Japanese subsidiary Nu Skin Japan Co., Ltd. entered into a $180 million credit facility with a syndicate of financial institutions for which ABN-AMRO, N.V. acted as agent. This credit facility was used to satisfy Company liabilities which were assumed as part of the NSI Acquisition. The Company borrowed $110 million and Nu Skin Japan Co., Ltd. borrowed the Japanese Yen equivalent of $70 million denominated in local currency. The outstanding balance on the credit facility was $140.8 million at September 30, 1998.

The U.S. portion of the credit facility bears interest at either a base rate as specified in the credit facility or the London Inter-Bank Offer rate plus an applicable margin, in the borrower's discretion. The Japanese portion of the credit facility bears interest at either a base rate as specified in the credit facility or the Tokyo Inter-Bank Offer rate plus an applicable margin, in the borrower's discretion. The maturity date for the credit facility is three years from the borrowing date, with a possible extension of the maturity date upon approval of the then outstanding lenders. Interest expense on the credit facility totaled $1.5 million and $2.7 million for the three and nine-month periods ended September 30,1998, respectively.

8. CONVERSION OF COMMON STOCK

On July 20, 1998, the Board of Directors authorized the Company to request the holders of the Class B Common Stock to convert up to 15 million shares of Class B Common Stock to Class A Common Stock. The Company continues to pursue agreement from such stockholders and anticipates that following the agreement of such stockholders this conversion will occur during the fourth quarter of 1998.

9. COMMON STOCK REPURCHASE PROGRAM

On July 21, 1998, the Board of Directors authorized the Company to repurchase up to $10 million of the Company's outstanding shares of Class A Common Stock. As of September 30, 1998, the Company had repurchased 97,900 shares for an aggregate price of approximately $1.5 million.

10. SUBSEQUENT EVENTS

On October 16, 1998, the Company completed the acquisition of privately-held Generation Health Holdings, Inc., the parent company of Pharmanex, Inc. (the "Pharmanex Acquisition"), for approximately 4.1 million shares of the Company's Class A Common Stock, including approximately 260,000 shares issuable upon exercise of options assumed by the Company. The Company also assumed approximately $30 million in liabilities. In addition, the final purchase price may include up to approximately $33 million in additional consideration depending upon the performance of the capital markets and the Company's stock during the year following closing.

In connection with the closing of the Pharmanex Acquisition, the Company paid approximately $29 million relating to the assumed liabilities.

The Pharmanex Acquisition will be accounted for by the purchase method of accounting. The Company is in the process of making allocations of its acquisition costs to the acquired assets and liabilities of Generation Health Holdings, Inc.

VERIFICATION

STATE OF UTAH	)
COUNTY OF UTAH	)

I, Michael Anderson, declare under penalty of perjury that I am Vice President of Big Planet, Inc., the Applicant in the subject proceeding; that I have read the foregoing Joint Application and know the contents thereof; and that the same are true of my own knowledge, except as to the matters which are therein stated on information or belief, and as to those matters I believe them to be true.

By: ______________________

BIG PLANET, INC.

Subscribed and sworn to before me
this 15th day of March, 1999

Kathryn M. Steele
Notary Public

NOTARY PUBLIC
KATHRYN M. STEELE
75 West Center Street
Provo, UT 84601
My Commission Expires
January 23rd, 2002
STATE OF UTAH

My Commission Expires: 1-23-02

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VERIFICATION

I, M Truman Hunt, declare under penalty of perjury that I am Vice President and General Counsel of Nu Skin Enterprises, Inc., the Applicant in the subject proceeding; that I have read the foregoing Joint Application and know the contents thereof; and that the same are true of my own knowledge, except as to the matters which are therein stated on information or belief, and as to those matters I believe them to be true.

By: Truman Hunt

NU SKIN ENTERPRISES, INC.