

**NU SKIN ENTERPRISES, INC.**  
**Consolidated Statements of Cash Flows**  
*(U.S. dollars in thousands)*

	Year Ended December 31,		
	2002	2003	2004
Cash flows from operating activities:			
Net income	\$ 64,843	\$ 67,876	\$ 77,674
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	21,602	22,369	27,883
Amortization of deferred compensation	—	715	778
(Gain) loss on sale of assets	(1,328)	525	—
Changes in operating assets and liabilities:			
Accounts receivable	404	3,860	(1,003)
Related parties receivable	5,971	—	—
Inventories, net	(4,051)	4,968	(4,136)
Prepaid expenses and other	(3,674)	11,714	21,869
Other assets	12,473	(7,965)	(10,372)
Accounts payable	3,259	824	6,366
Accrued expenses	14,160	1,176	10,910
Related parties payable	(6,967)	—	—
Other liabilities	4,424	2,964	381
Net cash provided by operating activities	111,116	109,026	130,350
Cash flows from investing activities:			
Purchase of property and equipment	(19,026)	(23,518)	(34,996)
Proceeds on investment sales	5,200	70,775	185,015
Purchases of investments	(20,750)	(52,800)	(195,245)
Purchase of long-term assets	(7,505)	—	(2,953)
Net cash used in investing activities	(42,081)	(5,543)	(48,179)
Cash flows from financing activities:			
Payments of cash dividends	(19,593)	(21,851)	(22,627)
Repurchase of shares of common stock	(14,158)	(150,009)	(72,311)
Exercise of distributor and employee stock options	1,261	8,892	16,627
Payments on long-term debt	—	—	(16,241)
Proceeds from long-term debt	—	75,000	—
Proceeds from revolving credit facility	—	20,000	—
Payments on revolving credit facility	—	(20,000)	—
Net cash used in financing activities	(32,490)	(87,968)	(94,552)
Effect of exchange rate changes on cash	(7,677)	4,687	(322)
Net increase (decrease) in cash and cash equivalents	28,868	20,202	(12,703)
Cash and cash equivalents, beginning of period	73,498	102,366	122,568
Cash and cash equivalents, end of period	\$ 102,366	\$ 122,568	\$ 109,865

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