

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 12, 2010**

NATURE'S SUNSHINE PRODUCTS, INC.

(Exact Name of Registrant as Specified in its Charter)

Utah
(State or Other Jurisdiction of
Incorporation)

0-8707
(Commission File Number)

87-0327982
(I.R.S. Employer Identification No.)

75 East 1700 South, Provo, Utah
(Address of Principal Executive Offices)

84606
(Zip Code)

Registrant's telephone number, including area code: **(801) 342-4300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, this report contains forward-looking statements. Nature's Sunshine may, from time to time, make written or oral forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements encompass Nature's Sunshine's beliefs, expectations, hopes, or intentions regarding future events. Words such as "expects," "intends," "believes," "anticipates," "should," "likely," and similar expressions identify forward-looking statements. All forward-looking statements included in this report are made as of the date hereof and are based on information available to the Company as of such date. Nature's Sunshine assumes no obligation to update any forward-looking statement. Actual results will vary, and may vary materially, from those anticipated, estimated, projected or expected for a number of reasons, including, among others: further reviews of the Company's financial statements by the Company and its Audit Committee; modification of the Company's accounting practices; the outcome of the various inquiries, requests for documents and proceedings by government agencies; foreign business risks; industry cyclicality; fluctuations in customer demand and order pattern; changes in pricing and general economic conditions; as well as other risks detailed in the Company's previous filings with the SEC.

Item 2.02 Results of Operations and Financial Condition

On March 15, 2010, Nature's Sunshine Products, Inc. (the "Company") issued a press release announcing, among other things, its financial results for the three and twelve month periods ending December 31, 2009. A copy of the Company's press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

As part of the same press release issued on March 15, 2010, the Company also announced that Douglas Faggioli had decided to step down from his positions as President and Chief Executive Officer and as a member of the Board of Directors of the Company, effective June 30, 2010. Michael Dean, a current member of the Board of Directors, was named to succeed Mr. Faggioli. Mr. Faggioli will remain as a consultant to the Company following the effective date of his resignation.

Amendment to Mr. Faggioli's Employment Agreement

In connection with Mr. Faggioli's announced resignations, the Company amended Mr. Faggioli's employment agreement dated as of December 30, 2008 effective March 12, 2010 (the "Amended Agreement"). A copy of the Amended Agreement is attached hereto as Exhibit 10.1. Pursuant to the Amended Agreement, Mr. Faggioli agreed to (i) resign effective June 30, 2010 (the "Resignation Date"), (ii) execute and deliver a release of claim against the Company, (iii) comply with non-compete, non-solicitation and other restrictive covenants for a period of 24 months from the Resignation Date, and (iv) enter into a consulting agreement with the Company (the "Consulting Agreement"). The agreed form of Consulting Agreement is attached hereto as an exhibit to the agreement.

Under the Amended Agreement, the outstanding stock options held by Mr. Faggioli granted on September 2, 2009 to acquire 19,000 shares of Company common stock and granted

June 30, 2011. In addition, the Company will (i) reimburse Mr. Faggioli for the cost of COBRA coverage for up to 18 months from the Resignation Date, or as long as he is eligible for COBRA coverage, (ii) pay all premiums on Mr. Faggioli's current life insurance through the 24-month period following the Resignation Date, (iii) pay attorney's fees, up to \$10,000, for all legal expenses incurred in connection with the Amended Agreement, (iv) pay for all fees and costs required to keep Mr. Faggioli's Certified Public Accountant license current and effective for 24 months from the Resignation Date including up to \$7,500 for related attorney's fees, (v) pay all fees and costs related to Mr. Faggioli's health club membership for 24 months from the Resignation Date, and (vi) extend, for 24 months from the Resignation Date, Company product credit of up to \$750 per year.

The Company has also granted Mr. Faggioli the right to compel the Company to purchase, during the period from July 1, 2011 to September 1, 2011 ("Put Exercise Period"), up to 38,275 shares of Mr. Faggioli's Company common stock at the specified or strike price of \$11.00 per share (the "Put Right"). Mr. Faggioli may exercise the Put Right by written notice delivered to the Company. The Put Right will lapse automatically upon the expiration of the Put Exercise Period. If Mr. Faggioli fails to exercise the Put Right during the Put Exercise Period and the Put Right lapses, the Company will pay him upon such expiration a lump sum amount equal to \$421,328.

Under the Consulting Agreement, Mr. Faggioli will provide such services as required by the Company for the one year period following the Resignation Date and the Company will pay Mr. Faggioli \$466,818 on a pro rata monthly basis for the twelve months following his Resignation Date. The Company may terminate the Consulting Agreement without cause at any time, provided that upon such termination the Company will continue to pay Mr. Faggioli the monthly payments under the Consulting Agreement for the remaining term of the Consulting Agreement. Mr. Faggioli may terminate the Consulting Agreement without cause at any time with one month's prior notice to the Company. In the event that Mr. Faggioli terminates the Consulting Agreement without cause, the Company will pay to Mr. Faggioli only the fees for any services performed through the effective date of termination. However, the Put Right and other rights under the Amended Agreement will remain in effect following any such termination of the Consulting Agreement.

In the event of any change of control of the Company at any time during the 24-month period following the Resignation Date, (i) the Consulting Agreement will terminate, (ii) the Company will pay Mr. Faggioli the balance of the consulting fees payable under the Consulting Agreement for the remaining term of the Consulting Agreement, and (iii) at Mr. Faggioli's sole election, he may (x) exercise his Put Right within 30 days of receipt of the notice of the change of control, or (y) if he fails to exercise the Put Right within such 30-day period, the Company will pay him a lump sum amount of \$421,328.

Terms of Employment Agreement with Mr. Dean

On March 12, 2010 (the "Effective Date"), the Company entered into an employment agreement with Michael Dean (the "Employment Agreement"). A copy of the Employment Agreement is attached hereto as Exhibit 10.3. Pursuant to the agreement, Mr. Dean will initially

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serve as the CEO-Elect of the Company. Effective July 1, 2010, Mr. Dean will serve as the President and Chief Executive Officer of the Company. Mr. Dean will also continue to serve as a member of the Board of Directors of the Company.

Mr. Dean will receive an annual salary of \$400,000, subject to review on at least an annual basis by the Board. In addition, Mr. Dean will be eligible to receive a discretionary bonus for each calendar year of up to one hundred percent (100%) of his base salary for such year. Mr. Dean will be entitled to five weeks of paid vacation in each calendar year, reimbursement of reasonable business expenses, and a life insurance policy with a payout of two times Mr. Dean's annual salary. In addition, he will be eligible to participate in the Company's benefit plans covering other senior executives.

The Company will reimburse Mr. Dean for reasonable moving expenses incurred by Mr. Dean in connection with the relocation of Mr. Dean and his family to Utah and reasonable commuting expenses between Mr. Dean's home in Los Angeles and the Company's principal offices and reasonable dining and lodging/temporary housing expenses incurred prior to his relocation. The covered relocation expenses include standard moving expenses, realtor fees associated with the sale of his home of up to \$60,000 and expenses of up to \$6,000 related to the purchase of a home (and a tax gross up to the extent the reimbursement of such expenses are taxable to Mr. Dean).

On the Effective Date, the Company granted to Mr. Dean an option (the "Option") to purchase 200,000 shares of Company common stock under the Company's 2009 Stock Incentive Plan. A copy of the Stock Option Agreement is attached hereto as Exhibit 10.4. The Option has an exercise price per share equal to the fair market value per share of NSP common stock on the grant date. The Option will become exercisable with respect to (i) 150,000 shares in three equal annual installments upon Mr. Dean's completion of each year of employment over the three (3)-year period measured from the Effective Date, (ii) 16,666 shares upon the Company achieving a 6% operating income margin, as determined by the Board based on the Company's financial results as reported in local currencies, for four (4) out of five (5) consecutive fiscal quarters commencing on or after April 1, 2010; (iii) 16,666 shares upon the Company achieving an 8% operating income margin as determined by the Board based on the Company's financial results as reported in local currencies for four (4) out of five (5) consecutive fiscal quarters commencing on or after April 1, 2010; and (iv) 16,667 shares upon the Company achieving a 10% operating income margin as determined by the Board based on the Company's financial results as reported in local currencies for four (4) out of five (5) consecutive fiscal quarters commencing on or after April 1, 2010, provided that, with respect to the performance-based shares, Mr. Dean remains employed with the Company through the last day of the last fiscal quarter in which the performance goal is achieved.

Pursuant to the Employment Agreement, if Mr. Dean's employment is terminated by the Company without cause or he resigns for good reason (generally, a material breach by the Company of any material contractual obligation to Mr. Dean or a material diminution of his duties or responsibilities), then in addition to previously earned and unpaid salary, bonus and benefits, and subject to the execution and delivery of a general release and continuing compliance with non-compete, non-solicitation and other restrictive covenants, Mr. Dean will be entitled to receive his base salary and reimbursement for continued COBRA coverage for a

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period of 12 months. Mr. Dean will be entitled to the same severance benefits in the event of his termination of employment by reason of death or incapacity.

Item 9.01 Financial Statements and Exhibits

(d) The following documents are filed as exhibits to this report:

Item No.	Exhibit
10.1	First Amendment to Employment Agreement and Form of Consulting Agreement, dated March 12, 2010, by and between the Company and Douglas Faggioli
10.2	Employment Agreement, dated March 12, 2010, by and between the Company and Michael Dean
10.3	Stock Option Agreement, dated March 12, 2010, by and between the Company and Michael Dean
99.1	Press Release issued by Nature's Sunshine Products, Inc., dated March 15, 2010

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 16, 2010

NATURE'S SUNSHINE PRODUCTS, INC.

By: /s/ Stephen M. Bunker
Stephen M. Bunker
Vice President, Chief Financial Officer, and
Treasurer

FIRST AMENDMENT TO FAGGIOLI EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement (the "Amendment") is entered into on this 12th day of March, 2010, by and between Nature's Sunshine Products, Inc. ("the Company" or "NSP") and Douglas Faggioli ("Executive"). NSP and Executive are collectively referred to herein as the "Parties."

RECITALS

A. The Parties entered into that Employment Agreement, dated on or about December 30, 2008 (the "Employment Agreement"). Each capitalized term in this Amendment shall have the meaning ascribed to it in the Employment Agreement, except as otherwise defined herein.

B. The Parties now desire to amend certain provisions of the Employment Agreement.

C. The Company and Executive have previously entered into: (1) a Stock Option Agreement entitled Nature's Sunshine Products, Inc. 2009 Stock Incentive Plan Non-Incentive Stock Option Agreement, dated September 24, 2009, granting Executive the option to purchase Nineteen Thousand (19,000) shares of the Company's common stock subject to the terms and conditions of the Company's 2009 Stock Option Plan; and, (2) a Stock Option Agreement entitled Nature's Sunshine Products, Inc. Stock Option Agreement, dated April 1, 2003, granting Executive the option to purchase Two Thousand (2,000) shares of the Company's common stock subject to the terms and conditions of the Company's 1995 Stock Option Plan (collectively referred to as the "Stock Agreements").

D. The Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Executive may have against the Company, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Company;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, NSP and Executive hereby amend the Employment Agreement and agree as follows:

1. Resignation. Executive agrees to resign from his regular full-time employment with the Company and to resign his seat on the Company's Board of Directors effective June 30, 2010 (the Resignation Date").

2. Restricted Period. Section 6.1 of the Employment Agreement is hereby amended to extend the Restricted Period from twelve (12) months to twenty-four (24) months from the Resignation Date.

3. Stock Options. All NSP stock options owned by Executive on the date of this Amendment shall vest on July 1, 2010 and the term for his exercise of Executive's stock options will be the longer of (a) the date set forth in the Stock Option Agreement relating to such stock options, or (b) one year following the Retirement Date. All Stock Agreements shall be deemed

amended to reflect the foregoing sentence. Executive acknowledges that upon fully accelerating all outstanding stock options, Executive will have vested in 21,000 options under the Stock Agreements, and no more.

4. Life Insurance. The Company will pay all premiums on Executive's current life insurance policy from Beneficial Life through the 24-month period following the Resignation Date.

5. Release/Consulting Agreement. On his last day of employment, Executive agrees to execute the release agreement attached as Exhibit A to this Agreement ("Release") in exchange for: (1) an agreement for the Company to enter into a one (1) year consulting agreement with Executive in the form attached as Exhibit 1 to the Release (the "Consulting Agreement"); and, (2) reimbursement of the cost of Executive's health insurance coverage under COBRA (and for his family members if Executive provided for their coverage during his employment) for up to 18 months from the Resignation Date, or as long as Executive is eligible for COBRA coverage, whichever is shorter. COBRA reimbursements shall be made by the Company to Executive consistent with the Company's normal expense reimbursement policy, provided that Executive submits documentation to the Company substantiating his payments for COBRA.

6. Company Covenants. The Company agrees as follows:

a. Payments for First Twelve Months. The Company will pay Executive \$466,818.18 (his base annual salary of \$421,328.18 plus \$45,518.00 as a tax "gross-up") on a pro rata monthly basis for the twelve months following his Resignation Date in accordance with the Consulting Agreement.

b. Put Right or Payment in Connection with Second Twelve Months. The Company hereby grants to Executive a right to compel the Company to purchase, during the period of July 1, 2011 to September 1, 2011 ("Put Exercise Period"), up to and including 38,275 shares of Executive's NSP common stock at the specified or strike price of \$11.00 per share (the "Put Right"). Executive may exercise the Put Right by written notice delivered to the Company. The Put Right shall lapse automatically upon the expiration of the Put Exercise Period. If Executive fails to exercise the Put Right during the Put Exercise Period and the Put Right lapses, Company shall pay Executive upon such expiration a lump sum amount equal to Executive's base annual salary.

c. Change of Control. In the event of any "change of control" of NSP at any time during the 24-month period following Executive's resignation, the (i) Company shall immediately notify Executive of the change of control (the "Change of Control Notice"), and in no event later than thirty (30) days prior to the change of control taking effect, (ii) the Consulting Agreement" shall terminate upon Company's approval of a change of control, and which termination shall be deemed without cause, notwithstanding anything in the Consulting Agreement to the contrary, (iii) the Company will pay Executive the remaining balance for the first 12-month period following his Resignation Date and, (iv) at Executive's sole election, Executive may (x) exercise his Put Right within 30 days of Executive's receipt of the Change of Control Notice, or (y), if he fails to exercise the Put Right within such 30-day period, pay

Executive a lump sum amount of \$421,328.18. A "change in control" shall be deemed to have occurred:

i. At such time as a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, becomes the beneficial owner of shares of the Company having 50% or more of the total number of votes that may be cast for the election of Directors of the Company;

ii. On the effective date of and immediately prior to: (i) the closing of any agreement for a merger or consolidation of the Company with another entity, provided that there shall be no change of control if the persons and entities who were the stockholders of the Company immediately before such merger or

consolidation continue to own, directly or indirectly, shares of the corporation resulting from such merger or consolidation ("Newco") having more than 70% of the total number of votes that may be cast for the election of directors of Newco, in substantially the same proportion as their ownership of the voting securities of the Company outstanding immediately before such merger or consolidation; or (ii) the closing of any sale, exchange or other disposition of all or substantially all of the Company's assets; or (iii) a dissolution or liquidation of the Company's assets; or

iii. On the effective date of any sale, exchange or other disposition of 50% or more in fair market value of the Company's assets, other than in the ordinary course of business, whether in a single transaction or a series of related transactions.

iv. In determining whether clause (i) of the preceding provision has been satisfied, the third person owning shares must be someone other than a person or an affiliate of a person that, as of the effective date, was the beneficial owner of shares of the Company having 20% or more of the total number of votes that may be cast for the election of Directors of the Company.

d. Executive Attorney Fees. The Company shall pay Executive's attorney's fees, up to \$10,000, for all legal expenses incurred in connection with the negotiation, drafting, review and analysis of this Amendment and related documentation.

e. State Board of Accountancy. For twenty four (24) months from the Resignation Date, the Company shall pay all fees and costs required to keep Executive's Certified Public Accountant license current and effective, including all fees and costs for CPE courses and any associated attorneys' fees, which fees shall not exceed \$7,500.

f. Health Club Membership. For twenty four (24) months from the Resignation Date, the Company shall pay all fees and costs related to Executive's health club membership at Gold's Gym.

g. NSP Product Credit. For twenty four (24) months from the Resignation Date, Executive shall receive a Company product credit equal to the credit received by Executive prior to the Resignation Date.

7. Successor and Assign. In the event of the death or incapacity of Executive, this Amendment shall inure to the benefit of his estate, spouse, heirs, successor or assigns.

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8. Interpretation. The Employment Agreement shall be construed, to the extent possible, so as to be consistent with this Amendment. In any conflict between the Employment Agreement, the Consulting Agreement, or any other agreements between the Company and Executive and this Amendment, the terms of this Amendment shall prevail. In particular, the parties agree that Section 5.4 of the Employment Agreement, "Resignation by Executive" is void by virtue of this Amendment and superseded by the terms herein; and that the provisions of Section 6 of the Employment Agreement will remain in effect except for the extension of the Restricted Period to 24 months as referenced in Section 1, above.

9. Legal Counsel and Code Section 409A. Executive acknowledges that he has consulted with an attorney regarding the terms of this Amendment, the Release and the Consulting Agreement, and any ancillary issues related to these agreements, including, but not limited, issues related to compliance with Internal Revenue Code Section 409A ("Code Section 409A"). The parties intend that this Amendment comply with the requirements of Code Section 409A. To the extent there is any ambiguity as to whether any provision of the Amendment would otherwise contravene one or more requirements or limitations of Code Section 409A, such provision shall be interpreted and applied in a manner that does not result in a violation of the applicable requirements or limitations of Code Section 409A and the Treasury Regulations thereunder. For purposes of Section 409A, the right to receive one or more payments or benefits under this Amendment shall be treated as a right to a series of separate payments.

10. Delayed Commencement Date. Notwithstanding any provision to the contrary in the Employment Agreement, this Amendment, the Release, or the Consultant Agreement (together, the "Agreements"), no payments or benefits to which Executive becomes entitled in accordance with the Agreements shall be made or paid to Executive prior to the earlier of (i) the first day of the seventh (7th) month following the date of his separation from service or (ii) the date of his death, if Executive is deemed, pursuant to the procedures established by the Company's Compensation Committee in accordance with the applicable standards of Code Section 409A and the Treasury Regulations thereunder and applied on a consistent basis for all non-qualified deferred compensation plans of the Employer Group subject to Code Section 409A, to be a "specified employee" within the meaning of Code Section 409A at the time of such separation from service and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). Upon the expiration of the applicable deferral period, all payments deferred pursuant to this Section 10 shall be paid to Executive in a lump sum, and any remaining payments due under the Agreements shall be paid in accordance with the normal payment dates specified in the Agreements.

11. Authorization. Each person executing this Agreement represents and warrants that they have been duly authorized and directed to execute, deliver, and perform the terms of this Amendment, and that they have the authority to bind the entity on whose behalf the Agreement is executed.

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Nature's Sunshine Products, Inc.

/s/ Stephen M. Bunker
By: Stephen M. Bunker
Its: Chief Financial Officer

Executive

/s/ Douglas Faggioli
Douglas Faggioli

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CONSULTING AGREEMENT

This Consulting Agreement ("Consulting Agreement") is made and entered into as of July 1, 2010 ("Effective Date"), by and between Nature's Sunshine Products, Inc. ("Company"), and Douglas Faggioli ("Consultant") (together, the "Parties"). Company desires to retain Consultant as an independent contractor to perform consulting services for Company and Consultant is willing to perform such services, on terms set forth more fully below. In consideration of the mutual promises contained herein, the parties agree as follows:

1. SERVICES AND COMPENSATION

Services. Consultant shall perform for the Company the services mutually agreed to between the Parties as and when reasonably requested by the Company's new CEO ("Services").

Fees. The Company shall pay Consultant at the rate of \$466,818.18 per year on a pro rata monthly basis. Company will further pay for Consultant's reasonable travel and other travel-related expenses incurred in connection with Consultant's performance of the Services.

2. CONFIDENTIALITY

Definition. "Confidential Information" means any Company proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, customers, customer lists, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information disclosed by Company either directly or indirectly in writing, orally or by drawings or inspection of parts or equipment.

Non-Use and Non-Disclosure. Consultant shall not, during or subsequent to the term of this Consulting Agreement, use Company's Confidential Information for any purpose whatsoever other than the performance of the Services on behalf of Company or disclose Company's Confidential Information to any third party. It is understood that said Confidential Information will remain the sole property of Company. Consultant further shall take all reasonable precautions to prevent any unauthorized disclosure of such Confidential Information.

Third Party Confidential Information. Consultant recognizes that Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Consultant agrees that Consultant owes Company and such third parties, during the term of this Consulting Agreement and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out the Services for Company consistent with Company's agreement with such third party.

Return of Materials. Upon the termination of this Consulting Agreement, or upon Company's earlier request, Consultant shall deliver to Company all of Company's property or Confidential Information that Consultant may have in Consultant's possession or control.

3. OWNERSHIP

Assignment. Consultant agrees that all copyrightable material, notes, records, drawings, designs, inventions, improvements, developments, discoveries and trade secrets conceived, made or discovered by Consultant, solely or in collaboration with others, during the term of this Consulting Agreement which relate in any manner to the business of Company that Consultant may be directed to undertake, investigate or experiment with, or which Consultant may become associated with in work, investigation or experimentation in the line of business of Company in performing the Services hereunder (collectively, "Work Product"), are the sole property of Company. Consultant further shall assign (or cause to be assigned) and does hereby assign fully to Company all Work Product and any copyrights, patents, mask work rights or other intellectual property rights relating thereto.

Further Assurances. Consultant shall assist Company, or its designee, at Company's expense, in every proper way to secure Company's rights in the Work Product and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments that Company deems necessary in order to apply for and obtain such rights and in order to assign and convey to Company, its successors, assigns and nominees the sole and exclusive right, title and interest in and to such Work Product, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. Consultant further agrees that Consultant's obligation to execute or cause to be executed, when it is in Consultant's power to do so, any such instrument or papers will continue after the termination of this Consulting Agreement.

Pre-Existing Materials. Consultant agrees that if in the course of performing the Services, Consultant incorporates into any Invention developed hereunder any invention, improvement, development, concept, discovery or other proprietary information owned by Consultant or in which Consultant has an interest, (1) Consultant shall inform Company, in writing before incorporating such invention, improvement, development, concept, discovery or other proprietary information into any Invention; and (2) Company is hereby granted and shall have a nonexclusive, royalty-free, perpetual, irrevocable, worldwide license to make, have made, modify, use and sell such item as part of or in connection with such Invention. Consultant shall not incorporate any invention, improvement, development, concept, discovery or other proprietary information owned by any third party into any Invention without Company's prior written permission.

Attorney in Fact. Where Company is unable because of Consultant's unavailability, dissolution, mental or physical incapacity, or for any other reason, to secure Consultant's signature to apply for or to pursue any application for any United States or foreign patents or mask work or copyright registrations covering the Work Product assigned to Company above, then Consultant hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Consultant's agent and attorney in fact, to act for and in Consultant's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to

further the prosecution and issuance of patents, copyright and mask work registrations thereon with the same legal force and effect as if executed by Consultant.

4. CONFLICTING OBLIGATIONS

Conflicting Obligations/Restrictive Covenants. Consultant certifies that Consultant has no outstanding agreement or obligation that is in conflict with any of the provisions of this Consulting Agreement, or that would preclude Consultant from complying with the provisions hereof, and further certifies that Consultant will not enter into any such conflicting agreement during the term of this Consulting Agreement. Consultant explicitly agrees that during the Term of this Consulting Agreement (as defined under Section 5, below), Consultant shall not, other than on behalf of the Company or with the prior written consent of the Company, (i) serve as a partner, employee, independent contractor, consultant, advisor, officer, director, proprietor, manager, agent, associate, or (ii) directly or indirectly, own (except for passive ownership of one

percent (2%) or less of any entity whose securities have been registered under the Securities Act of 1933 or Section 12 of the Securities Exchange Act of 1934), purchase, invest in, organize or take preparatory steps for the organization of, or (iii) directly or indirectly, build, design, finance, acquire, lease, control, operate, manage, invest in, work or consult for, or otherwise affiliate himself with, any firm, partnership, corporation, entity or business that is a Competing Business. For purposes of this Consulting Agreement, a "Competing Business" is any business enterprise that distributes through a multilevel marketing program or that engages in any activity that competes anywhere in the world with any activity in which the Company is then engaged, including sales or distribution of herbs, vitamins or nutritional supplements or any product, which the Company sells or distributes at the time of Executive's termination. Moreover, Consultant agrees not to influence or attempt to influence any employee, sales leader, manager, coordinator, consultant, supplier, licensor, licensee, contractor, agent, strategic partner, distributor, customer or other person to terminate his or her employment with the Company or modify any written or oral agreement, relationship, arrangement or course of dealing the Company; nor will consultant solicit for employment or employ or retain (or arrange to have any other person or entity employ or retain) any person who has been employed or retained by any member of the Company within the preceding twelve (12) months.

5. TERM AND TERMINATION

Term. This Consulting Agreement will commence on the Effective Date and will continue until the earlier of (1) the one year anniversary of the Effective Date or (2) termination as provided below.

Termination. Consultant may terminate this Consulting Agreement without cause upon giving one (1) month's prior written notice thereof to the Company in accordance with Section 6 of this Consulting Agreement. If Consultant terminates this Consulting Agreement under the prior sentence, Company shall pay to Consultant the fees for any Services performed before the effective date of termination and the rights of Executive under Section 6 of the Amendment to Consultant's Employment Agreement shall remain in full force and effect. Either party may terminate this Consulting Agreement prior to the expiration of its term in the event of a material breach of the terms or conditions of this Consulting Agreement by the other party, which breach is not cured within 30 days of written notice from the party not in breach. In addition to these

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rights of termination, each party will have the right, in the event of an uncured breach by the other party, to avail itself of all remedies or causes of action, in law or equity, for damages as a result of such breach. A material provision of this Consulting Agreement shall include but is not limited to Section 2.2 (Non-Use and Non-Disclosure), Section 4.1 of this Consulting Agreement (Conflicting Obligations), and Section 6.9 (Confidentiality of Consulting Agreement). Company may terminate this Consulting Agreement without cause at any time, provided that upon such termination all payments owing to Consultant for the remainder of the Term shall be paid monthly to Consultant through the end of the term (12 months).

Survival. Upon such termination all rights and duties of the parties toward each other will cease except:

- a. Company shall pay amounts it is otherwise obligated to pay, including payments for the remainder of the term as specified above; and
- b. Sections 2 (Confidentiality), 3 (Ownership), 4 (Conflicting Obligations), and 6 (Miscellaneous) will survive termination of this Consulting Agreement.

6. MISCELLANEOUS

Services and Information Prior to Effective Date. All Services performed by Consultant and all information and other materials disclosed between the parties prior to the Effective Date shall be governed by the terms of this Consulting Agreement, except where those Services are covered by a separate agreement between Consultant and Company.

Nonassignment/Binding Consulting Agreement. The parties acknowledge that the unique nature of Consultant's services is substantial consideration for the parties' entering into this Consulting Agreement. Neither this Consulting Agreement nor any rights under this Consulting Agreement may be assigned or otherwise transferred by Consultant, in whole or in part, whether voluntarily or by operation of law, without the prior written consent of Company. Subject to the foregoing, this Consulting Agreement will be binding upon and will inure to the benefit of the parties and their respective successors and assigns. Any assignment in violation of the foregoing will be null and void.

Non-Solicitation. Consultant agrees, during the term of this Consulting Agreement and for a period of twelve (12) months immediately following the termination of this Consulting Agreement, not to directly or indirectly solicit any of the Company's employees to leave their employment at the Company.

Indemnity. Consultant agrees to indemnify and hold harmless the Company and its directors, officers and employees from and against all taxes, losses, damages, liabilities, costs and expenses, including attorneys' fees and other legal expenses, arising directly or indirectly from or in connection with (i) any grossly negligent, reckless or intentionally wrongful act of Consultant or Consultant's assistants, employees or agents, (ii) any material breach by the Consultant or Consultant's assistants, employees or agents of any of the covenants contained in this Consulting Agreement, (iv) any material failure of Consultant to perform the Services in accordance with all applicable laws, rules and regulations, or (v) any material violation or

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claimed violation of a third party's rights resulting in whole or in part from the Company's use of the work product of Consultant under this Consulting Agreement.

Notices. Any notice required or permitted under the terms of this Consulting Agreement or required by law must be in writing and must be (a) delivered in person, (b) sent by first class registered mail, or air mail, as appropriate, or (c) sent by overnight air courier, in each case properly posted and fully prepaid to the appropriate address as follows:

For the Company:	Nature's Sunshine Products, Inc. Attn: General Counsel P.O. Box 19005 75 East 1700 South Provo, UT 84605-9005
For Executive:	Douglas Faggioli 1314 East 660 North

Either party may change its address for notices by notice to the other party given in accordance with this Section. Notices will be deemed given at the time of actual delivery in person, three (3) business days after deposit in the mail as set forth above, or one (1) day after delivery to an overnight air courier service.

Waiver. Any waiver of the provisions of this Consulting Agreement or of a party's rights or remedies under this Consulting Agreement must be in writing to be effective. Failure, neglect, or delay by a party to enforce the provisions of this Consulting Agreement or its rights or remedies at any time, will not be construed as a waiver of such party's rights under this Consulting Agreement and will not in any way affect the validity of the whole or any part of this Consulting Agreement or prejudice such party's right to take subsequent action. No exercise or enforcement by either party of any right or remedy under this Consulting Agreement will preclude the enforcement by such party of any other right or remedy under this Consulting Agreement or that such party is entitled by law to enforce.

Severability. If any term, condition, or provision in this Consulting Agreement is found to be invalid, unlawful or unenforceable to any extent, the parties shall endeavor in good faith to agree to such amendments that will preserve, as far as possible, the intentions expressed in this Consulting Agreement. If the parties fail to agree on such an amendment, such invalid term, condition or provision will be severed from the remaining terms, conditions and provisions, which will continue to be valid and enforceable to the fullest extent permitted by law.

Integration. This Consulting Agreement, contain the entire agreement of the parties with respect to the subject matter of this Consulting Agreement and supersedes all previous communications, representations, understandings and agreements, either oral or written, between the parties with respect to said subject matter. This Consulting Agreement may not be amended, except by a writing signed by both parties.

Counterparts. This Consulting Agreement may be executed in counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement.

Governing Law. This Consulting Agreement will be interpreted and construed in accordance with the laws of the State of Utah and the United States of America, without regard to conflict of law principles.

Independent Contractor. It is the express intention of the parties that Consultant is an independent contractor. Nothing in this Consulting Agreement, including the election of the Rules in the arbitration provision, will in any way be construed to constitute Consultant as an agent, employee or representative of Company, but Consultant shall perform the Services hereunder as an independent contractor. Without limiting the generality of the foregoing, Consultant is not authorized to bind the Company to any liability or obligation or to represent that Consultant has any such authority. Consultant shall furnish all tools and materials necessary to accomplish this contract, and will incur all expenses associated with performance. Consultant acknowledges and agrees that Consultant is obligated to report as income all compensation received by Consultant pursuant to this Consulting Agreement, and Consultant acknowledges its obligation to pay all self-employment and other taxes thereon.

Benefits. Consultant acknowledges that Consultant will receive no Company-sponsored benefits from Company that are available to employees, including without limitation paid vacation, sick leave, medical insurance, and 401K participation. If Consultant is reclassified by a state or federal agency or court as an employee, Consultant will become a reclassified employee and will receive no benefits except those mandated by state or federal law, even if by the terms of Company's benefit plans in effect at the time of such reclassification Consultant would otherwise be eligible for such benefits.

Attorney's Fees. In any court action at law or equity which is brought by one of the parties to enforce or interpret the provisions of this Consulting Agreement, the prevailing party will be entitled to reasonable attorney's fees, in addition to any other relief to which that party may be entitled.

Voluntary Nature of Consulting Agreement. The parties hereto acknowledge and agree that they are executing this Consulting Agreement voluntarily and without any duress or undue influence. The parties further acknowledge and agree that they have carefully read this Consulting Agreement and that they have asked any questions needed to fully understand the terms, consequences and binding effect of this Consulting Agreement. The parties further agree that they have been provided an opportunity to seek the advice of an attorney of their choice before signing this Consulting Agreement.

The parties have executed this Consulting Agreement below to indicate their acceptance of its terms.

DOUGLAS FAGGIOLI

NATURE'S SUNSHINE PRODUCTS, INC.

Douglas Faggioli

Address: 1314 East 660 North
Orem, UT 84097

Address: 75 E 1700 South
Provo, Utah 84040

EXHIBIT A

RELEASE AGREEMENT

THIS RELEASE AGREEMENT (this "Release") is made by and between Douglas Faggioli (the "Executive") and Nature Sunshine Products, Inc. (the "Company").

WHEREAS, Executive's employment as an executive of the Company has terminated; and

WHEREAS, pursuant to the Employment Agreement as amended by the First Amendment to Faggioli Employment Agreement, by and between the Company and Executive (the "Amended Agreement"), the Company has agreed to pay Executive certain amounts and to provide him with certain rights and benefits, and to enter into a Consulting Agreement with Executive (the "Consulting Agreement") subject to the execution of this Release.

NOW THEREFORE, in consideration of these promises and the mutual promises contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. Consideration. Executive acknowledges that: (i) the payments, rights and benefits set forth in the Amended Agreement constitute full settlement of all his/her rights under the Agreement, and (ii) except as otherwise provided specifically in this Release, the Company does not and will not have any other liability or obligation to Executive under the Amended Agreement. Executive further acknowledges that, in the absence of his execution of this Release, the benefits and payments specified in the Amended Agreement (other than those specified) would not otherwise be due to him/her.

2. Release and Covenant Not to Sue

2.1 Subject to the obligations of Company in the Amended Agreement and the Consulting Agreement, Executive and the Company each hereby fully and forever releases and discharges the other, and all of their respective predecessors and successors, assigns, stockholders, subsidiaries, parents, affiliates, officers, directors, trustees, employees, agents and attorneys, past and present and in their respective capacities as such (the Company and Executive and each such respective person or entity is each referred to as a "**Released Person**") from any and all claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, obligations, controversies, debts, costs, expenses, damages, judgments, orders and liabilities, of whatever kind or nature, direct or indirect, in law, equity or otherwise, whether known or unknown, arising through the date of this Release, including those arising out of Executive's employment by the Company or the termination thereof, including, but not limited to, any claims for relief or causes of action under the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., or any other federal, state or local statute, ordinance or regulation regarding discrimination in employment and any claims, demands or actions based upon alleged wrongful or retaliatory discharge or breach of contract under any state or federal law.

2.2 Executive and the Company expressly represent that they have not filed a lawsuit or initiated any other administrative proceeding against a Released Person and that

neither has assigned any claim against a Released Person. Executive and the Company each further promise not to initiate a lawsuit or to bring any other claim against the other or any Released Person arising out of or in any way related to Executive's employment by the Company or the termination of that employment. This Release will not prevent Executive from filing a charge with the Equal Employment Opportunity Commission (or similar state agency) or participating in any investigation conducted by the Equal Employment Opportunity Commission (or similar state agency); *provided, however*, that any claims by Executive for personal relief in connection with such a charge or investigation (such as reinstatement or monetary damages) would be barred. This Release shall not affect Executive's rights under the Age Discrimination in Employment Act or the Older Workers Benefit Protection Act to have a judicial determination of the validity of this release and waiver.

3. Restrictive Covenants. Executive acknowledges that the restrictive covenants contained in the Amended Agreement will survive the termination of his employment. Executive affirms that those restrictive covenants are reasonable and necessary to protect the legitimate interests of the Company, that he received adequate consideration in exchange for agreeing to those restrictions and that he will abide by those restrictions.

4. Non-Disparagement. Executive will not disparage the Company or any of its Released Persons or otherwise take any action which could reasonably be expected to adversely affect the personal or professional reputation of the Company or its Released Persons. The Company's Senior Management and Board of Directors will not disparage Executive or otherwise take any action which could reasonably be expected to adversely affect the personal or professional reputation of Executive.

5. Cooperation. Executive further agrees that, subject to reimbursement of his reasonable expenses, he will cooperate fully with the Company and its counsel with respect to any matter (including litigation, investigations, or governmental proceedings) in which Executive was in anyway involved during his employment with the Company. Executive shall render such cooperation in a timely manner on reasonable notice from the Company.

6. Rescission Right. Executive expressly acknowledges and recites that (a) he has read and understands the terms of this Release in its entirety, (b) he has entered into this Release knowingly and voluntarily, without any duress or coercion; (c) he has been advised orally and is hereby advised in writing to consult with an attorney with respect to this Release before signing it; (d) he was provided twenty-one (21) calendar days after receipt of the Release to consider its terms before signing it; (e) should he nevertheless elect to execute this Agreement sooner than 21 days after he has received it, he specifically and voluntarily waives the right to claim or allege that he has not been allowed by the Company or by any circumstances beyond his control to consider this Agreement for a full 21 days; and (f) he is provided seven (7) calendar days from the date of signing to terminate and revoke this Release, in which case this Release shall be unenforceable, null and void. Executive may revoke this Release during those seven (7) days by providing written notice of revocation to the Company.

7. Challenge. If Executive violates or challenges the enforceability of any provisions of the Restrictive Covenants or this Release, no further payments, rights or benefits

under the Amended Agreement will be due to Executive (except where such provision would be prohibited by applicable law, rule or regulation).

8. Miscellaneous.

8.1 No Admission of Liability. This Release is not to be construed as an admission of any violation of any federal, state or local statute, ordinance or regulation or of any duty owed by the Company to Executive. There have been no such violations, and the Company specifically denies any such violations.

8.2 No Reinstatement. Executive agrees that he will not without the consent of the Company apply for reinstatement with the Company or seek in any way to be reinstated, re-employed or hired by the Company in the future.

8.3 Successors and Assigns. This Release shall inure to the benefit of and be binding upon the Company and Executive and their respective successors, permitted assigns, executors, administrators and heirs. Executive shall not may make any assignment of this Release or any interest herein, by operation of law or otherwise. The Company may assign this Release to any successor to all or substantially all of its assets and business by means of liquidation, dissolution, merger, consolidation, transfer of assets, or otherwise.

8.4 Severability. Whenever possible, each provision of this Release will be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Release is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any

other provision, and this Release will be reformed, construed and enforced as though the invalid, illegal or unenforceable provision had never been herein contained.

8.5 Entire Agreement: Amendments. Except as otherwise provided herein, this Release contains the entire agreement and understanding of the parties hereto relating to the subject matter hereof, and merges and supersedes all prior and contemporaneous discussions, agreements and understandings of every nature relating to the subject matter hereof. This Release may not be changed or modified, except by an agreement in writing signed by each of the parties hereto.

8.6 Governing Law. This Release shall be governed by, and enforced in accordance with, the laws of the State of Utah, without regard to the application of the principles of conflicts of laws.

8.7 Counterparts and Facsimiles. This Release may be executed, including execution by facsimile signature, in multiple counterparts, each of which shall be deemed an original, and all of which together shall be deemed to be one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

NATURE'S SUNSHINE PRODUCTS, INC.

By: _____
Title: _____
Date: _____

DOUGLAS FAGGIOLI

Executive

Date

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "**Agreement**"), is made on this 12th day of March, 2010 (the "Effective Date"), by and between Nature's Sunshine Products, Inc., a Utah Corporation, having its principal place of business in Provo, Utah ("the Company" or "NSP") and Michael Dean ("Executive").

The Company desires to engage Executive to provide services for NSP and Executive desires to provide such services on the terms and conditions below.

1. Employment.

1.1. Positions and Duties.

1.1.1. Initial Position. Beginning on the Effective Date, Executive will initially serve as the CEO-Elect of the Company, reporting directly to the Company's Board of Directors ("Board"). He will have such duties, responsibilities, powers and authorities as assigned to him by the Board.

1.1.2. President and Chief Executive Officer. Effective July 1, 2010, Executive will serve as the President and Chief Executive Officer of the Company, reporting directly to the Board. In addition, without additional compensation, if requested by the Company, and upon the consent of Executive, which consent will not be unreasonably withheld, Executive will serve in other officer positions of the Company and its subsidiaries.

1.1.3. Duties. Executive shall devote his best efforts and substantially all of his business time and services to the Company to perform such duties as may be customarily incident to such positions of an enterprise of the size and nature of the Company and as may reasonably be assigned from time to time by the Board of the Company or the Company, as the case may be. Executive will render his services hereunder to the Company, shall use his best efforts, judgment and energy in the performance of the duties assigned to him, and shall abide by the Company's Code of Conduct and any other applicable Company policies, and shall comply with any and all applicable laws, including but not limited to insider trading/reporting requirements and the policies and procedures as may be set forth in the employee handbook, manuals and other materials provided by the Company. Nothing in this Section 1.1.3 will prevent Executive from attending to other personal business interests to the extent such attention does not interfere with his duties as outlined herein.

1.2. Place of Performance. Executive shall perform his services hereunder at the Company's executive offices in Provo, Utah; *provided, however*, that Executive will be required to travel from time to time as reasonably required for business purposes.

2. Compensation and Benefits.

2.1. Base Salary. Executive shall receive an annual salary of \$400,000.00 paid in accordance with the Company's payroll practices, as in effect from time to time. Base salary shall be subject to review on at least an annual basis by the Board. Executive understands that no

further compensation will be given for his/her name being used as an officer or shareholder of any corporation, subsidiary or branch.

2.2. Discretionary Bonus. Executive shall also be eligible to participate in the Company's executive bonus program or any successor program (the "EBP") and receive a discretionary bonus for each calendar year of up to one hundred percent (100%) of his base salary for such year. Payment of any bonus under the EBP is in sole discretion of the Board and such payments will be made in accordance with the terms of the EBP, but in no event earlier than January 1 or later than March 31 of the calendar year following the calendar year for which that bonus is earned.

2.3. Employee Benefits. Executive will be eligible to participate in retirement/savings, health insurance, term life insurance, long term disability insurance and other employee benefit plans, policies or arrangements maintained by the Company for its employees generally and, at the discretion of the Board, in incentive plans, stock option plans and change in control severance plans maintained by the Company for its executives, if any, subject to the terms and conditions of such plans, policies or arrangements. The benefits in which Executive shall be eligible to participate as of the Effective Date are set forth in Exhibit B hereto.

2.4. Stock Options. On the Effective Date, the Company shall grant to Executive an option (the "Option") to purchase 200,000 shares of NSP common stock under the Company's 2009 Stock Incentive Plan (the "Plan"). The Option will have an exercise price per share equal to the closing price of NSP common stock on the grant date. The Option will become exercisable with respect to (i) 150,000 shares in three equal annual installments upon Executive's completion of each year of employment over the three (3)-year period measured from the Effective Date, (ii) 16,666 shares upon the Company achieving a 6% operating income margin, based on the Company's financial results as reported in local currencies, for four (4) out of five (5) consecutive fiscal quarters commencing on or after April 1, 2010, provided Executive remains employed with the Company through the last day of the last fiscal quarter in which the performance goal is achieved; (iii) 16,666 shares upon the Company achieving an 8% operating income margin, based on the Company's financial results as reported in local currencies, for four (4) out of five (5) consecutive fiscal quarters commencing on or after April 1, 2010, provided Executive remains employed with the Company through the last day of the last fiscal quarter in which the performance goal is achieved; and (iv) 16,667 shares upon the Company achieving a 10% operating income margin, based on the Company's financial results as reported in local currencies, for four (4) out of five (5) consecutive fiscal quarters commencing on or after April 1, 2010, provided Executive remains employed with the Company through the last day of the last fiscal quarter in which the performance goal is achieved. The Option will have a term of ten (10) years subject to earlier termination upon Executive's termination of employment as set forth in the form Stock Option Agreement under the Plan. The remaining terms of the Option shall be as set forth in such Stock Option Agreement. The Company represents that the Options shall be covered by a valid Form S-8 Registration Statement and that the Company will maintain such coverage throughout the life of the Option.

3. Indemnification: D&O Insurance. The Company will indemnify Executive for and hold Executive harmless from and against any and all losses, costs, damages or expenses (including attorneys' fees) arising out of any claim or legal proceeding brought against Executive, relating in any way to services performed by Executive for the Company. This indemnification provision is intended to be broadly interpreted and to provide for indemnification to the full extent permitted by law. The Company will maintain directors' and officers' liability insurance in amounts and on terms reasonable and customary for similarly situated companies. The Company represents that it currently maintains \$25,000,000.00 in directors' and officers' liability insurance, which level of insurance the Company will maintain during the term of this Agreement.

4. Expenses.

4.1. Reimbursement of Business Expenses. In accordance with the Company's normal policies for expense reimbursement, the Company shall reimburse Executive for all reasonable travel, entertainment and other expenses incurred or paid by Executive in connection with, or related to, the performance of Executive's duties, responsibilities or services under this Agreement, upon presentation of documentation, including expense statements, vouchers and/or such other supporting information as the Company may request.

4.2. Reimbursement of Relocation/Commuting Expenses.

4.2.1. The Company shall reimburse Executive for reasonable moving expenses incurred by Executive in connection with the relocation of Executive and his family from the Los Angeles, California area to the Salt Lake City/Provo, Utah area. However, in order to qualify for such reimbursement, the relocation expenses must be incurred not later than September 1, 2010. The reasonable moving expenses eligible for reimbursement under this Section 4.2.1 are set forth in Exhibit B.

4.2.2. During the period between the Effective Date and September 1, 2010, and prior to Executive's relocation to the Salt Lake City/Provo, Utah area, the Company shall reimburse Executive for reasonable commuting expenses between Executive's home in Los Angeles and the Company's principal offices and reasonable dining and lodging/temporary housing expenses.

4.3. Conditions to Reimbursement. Executive must submit proper documentation for each relocation and reimbursable expense eligible for reimbursement under this Section 4 within sixty (60) days after the later of (i) Executive's incurrence of such expense or (ii) Executive's receipt of the invoice for such expense. If such expense qualifies hereunder for reimbursement, then the Company will reimburse Executive for that expense within ten (10) business days thereafter. Each reimbursement must be made no later than the end of the calendar year following the calendar year in which the expense was incurred. The amount of reimbursements in any calendar year shall not affect the expenses eligible for reimbursement in any other taxable year. Executive's right to reimbursement may not be liquidated or exchanged for any other benefit.

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5. Termination. Upon cessation of his employment with the Company, Executive will be entitled only to such compensation and benefits as described in this Section 5.

5.1. Termination without Cause. The Company may terminate Executive's employment at any time without Cause (as defined below). If Executive's employment by the Company is terminated by the Company without Cause, Executive will be entitled to:

5.1.1. payment of all accrued and unpaid base salary through the date of such termination;

5.1.2. provided the Release under Section 5.2 has been executed and become effective and enforceable in accordance with its terms following expiration of the applicable revocation period and Executive complies with the Restrictive Covenants (as set forth in Section 6), monthly severance payments equal to one-twelfth of Executive's base salary as of the date of such termination for a period equal to twelve (12) months (the "Severance Period"). The first such payment will be made on the sixtieth (60th) day following Executive's "separation from service" (as such term is defined under Internal Revenue Code Section 409A ("Code Section 409A") and the Treasury Regulations thereunder and the remaining payments will be made in accordance with the Company's normal payroll schedule for salaried employees; and

5.1.3. provided the Release under Section 5.2 has been executed and become effective and enforceable in accordance with its terms following expiration of the applicable revocation period and Executive complies with the Restrictive Covenants (as set forth in Section 6), the Company will reimburse Executive for the cost he incurs for continuation of Executive's health insurance coverage under COBRA (and for his or her family members if Executive provided for their coverage during his or her employment) during the Severance Period and in accord with the NSP plan applicable to NSP employees currently in effect. Executive shall, within thirty (30) days after each monthly COBRA payment during the Severance Period for which he is entitled to reimbursement in accordance with the foregoing, submit appropriate evidence of such payment to the Company, and the Company shall reimburse Executive, within ten business days following receipt of such submission. During the period such health care coverage remains in effect hereunder, the following provisions shall govern the arrangement: (i) the amount of the COBRA costs eligible for reimbursement in any one (1) calendar year of coverage will not affect the amount of such costs eligible for reimbursement in any other calendar year for which such reimbursement is to be provided hereunder; (ii) no COBRA costs will be reimbursed after the close of the calendar year following the calendar year in which those costs were incurred; and (iii) Executive's right to the reimbursement of such costs cannot be liquidated or exchanged for any other benefit. In the event the Company's reimbursement of the reimbursable portion of any COBRA payment hereunder results in Executive's recognition of taxable income (whether for federal, state or local income tax purposes), the Company will report such taxable income as taxable W-2 wages and collect the applicable withholding taxes, and Executive will be responsible for the payment of any additional income tax liability resulting from such coverage.

5.2. Release and Restrictive Covenants. Notwithstanding any provision of this Agreement, the payments and benefits described above are conditioned on Executive's execution and delivery to the Company of a release substantially identical to that attached hereto as Exhibit

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A in a manner consistent with the requirements of the Older Workers Benefit Protection Act, if applicable, and any applicable state law (the "Release"). In addition, the continuation of the payments and benefits described above is conditioned on Executive's compliance with the Restrictive Covenants set forth in Section 6 of this Agreement. A breach of these Restrictive Covenants by the Executive shall constitute a breach of this Agreement, which shall relieve the Company of any further obligation under this Agreement.

5.3. Termination for Cause. The Company may terminate Executive's employment immediately for Cause. If Executive's employment with the Company is terminated by the Company for Cause then the Company's obligation to Executive will be limited solely to the payment of accrued and unpaid base salary through the date of such termination. To terminate Executive's employment for Cause, the Board must determine in good faith that Cause has occurred.

"Cause" means:

- a) conviction of, or the entry of a plea of guilty or no contest to, a felony or any crime that may materially adversely affect the business, standing or reputation of the Company;
- b) dishonesty, fraud, embezzlement or other misappropriation of funds;
- c) material breach of this Agreement; or
- d) willful refusal to perform the lawful and reasonable directives of the Board.

5.4. Termination for Good Reason. Executive shall have the right to terminate his employment with the Company for Good Reason. For purposes of this Agreement, Executive's termination for Good Reason will be deemed to occur if (i) without Executive's express written consent, there is a material breach by the Company of any material contractual obligation to Executive under the terms of this Agreement or Executive's duties or responsibilities as set forth in this Agreement are materially diminished; (ii) Executive provides written notice of such breach or diminution to the Company within thirty (30) days of Executive's knowledge of the occurrence of the breach or diminution; (iii) the Company fails to cure the breach or diminution within thirty (30) days after receipt of such notice and (iv) Executive terminates his employment with the Company within thirty (30) days following the expiration of such cure period. Upon such termination for Good Reason, Executive will be entitled to the same benefits set forth in Section 5.1 of this Agreement as if his employment was terminated by the Company without Cause, provided Executive complies with the Release and Restrictive Covenant requirements set forth in Section 5.2 of this Agreement.

5.5 Resignation by Executive Without Good Reason. Executive may resign his/her employment other than for Good Reason by giving the Company four weeks' notice of said resignation. If Executive resigns, then the Company's obligation to Executive will be limited solely to the payment of accrued and unpaid base salary through the date of such termination.

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5.6 Termination upon Death or Incapacity of Executive. Executive's employment with the Company shall terminate upon the death or incapacity of Executive. In the event of termination of Executive's employment by reason of Executive's death or incapacity, the provisions governing termination without Cause, above, shall apply. "Incapacity" shall mean that the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or that the Executive has been determined to be totally disabled by the Social Security Administration.

5.7 Foreign Entities. Without regard to the circumstances of Executive's termination from employment, Executive hereby also covenants that upon termination, if she/he is listed as an officer, director, partner, secretary or shareholder on any corporation, subsidiary or branch on behalf of Nature's Sunshine Products, Inc. or any related entity, he/she will sign over any and all rights to stock (except Company stock and stock rights that Executive holds personally) and/or resign as an officer or director prior to departure from the Company as required by the law applicable to the entity or by that entity's procedural requirements.

6. Restrictive Covenants. In recognition of the compensation and other benefits provided to Executive pursuant to this Agreement, Executive agrees to be bound by the provisions of this Section (the "Restrictive Covenants"). These Restrictive Covenants will apply without regard to whether any termination or cessation of Executive's employment is initiated by the Company or Executive, and without regard to the reason for that termination or cessation.

6.1. Covenant Not To Compete. Executive covenants that, during his employment by the Company and for a period of twelve (12) months following immediately thereafter, (the "**Restricted Period**"), Executive will not do any of the following, directly or indirectly:

6.1.1. engage, be employed by, participate in, plan for or organize any Competing Business of the Company or any subsidiary or joint venture of the Company; "Competing Business" means any business enterprise that distributes through a multilevel marketing program or that engages in any activity that competes anywhere in the world with any activity in which the Company is then engaged, including sales or distribution of herbs, vitamins or nutritional supplements or any product, which the Company sells or distributes at the time of Executive's termination;

6.1.2. become interested in (as owner, stockholder, lender, partner, co-venturer, director, officer, employee, agent or consultant) any person, firm, corporation, association or other entity engaged in a Competing Business. Notwithstanding the foregoing, Executive may hold up to 2% of the outstanding securities of any class of any publicly-traded securities of any company;

6.1.3. influence or attempt to influence any employee, sales leader, manager, coordinator, consultant, supplier, licensor, licensee, contractor, agent, strategic partner, distributor, customer or other person to terminate his or her employment with the Company or modify any written or oral agreement, relationship, arrangement or course of dealing the Company; or

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6.1.4. solicit for employment or employ or retain (or arrange to have any other person or entity employ or retain) any person who has been employed or retained by any member of the Company within the preceding twelve (12) months. For this purpose, advertisements for employment placed in newspapers of general circulation will not be considered solicitation.

6.1.5. Extension of Restrictive Covenants. The Company may elect to extend the twelve (12) month post-termination non-compete and non-solicitation period by up to twelve (12) additional months by delivering written notice of such extension to Executive at least thirty (30) days prior to the end of that twelve (12) month period and by making monthly payments to Executive for the number of months equal to the length of the extension specified by the Company in its notice to the Executive. The amount of each such additional monthly payment will be equal to one-twelfth of the base salary in effect at the time of Executive's termination of employment.

6.2. Confidentiality. Executive recognizes and acknowledges that the Proprietary Information (as defined below) is a valuable, special and unique asset of the business of the Company. As a result, both during the Term and thereafter, Executive will not, without the prior written consent of the Company, for any reason divulge to any third-party or use for his/her own benefit, or for any purpose other than the exclusive benefit of the Company, any Proprietary Information. Notwithstanding the foregoing, if Executive is compelled to disclose Proprietary Information by court order or other legal process, to the extent permitted by applicable law, he shall promptly so notify the Company so that it may seek a protective order or other assurance that confidential treatment of such Proprietary Information shall be afforded, and Executive shall reasonably cooperate with the Company in connection therewith. If Executive is so obligated by court order or other legal process to disclose Proprietary Information, Executive will disclose only the minimum amount of such Proprietary Information as is necessary for Executive to comply with such court order or other legal process.

6.3. Property of the Company.

6.3.1. Proprietary Information. All right, title and interest in and to Proprietary Information will be and remain the sole and exclusive property of the Company. Executive will not remove from the Company's offices or premises any documents, records, notebooks, files, correspondence, reports, memoranda or similar materials of or containing Proprietary Information, or other materials or property of any kind belonging to the Company unless necessary or appropriate in the performance of his duties to the Company. If Executive removes such materials or property in the performance of his duties, he will return such materials or property promptly after the removal has served its purpose. Executive will not make, retain, remove and/or distribute any copies of any such materials or property, or divulge to any third person the nature of and/or contents of such materials or property, except to the extent necessary to perform his/her duties on behalf of the Company. Upon termination of Executive's employment with the Company, s/he will leave with the Company or promptly return to the Company all originals and copies of such materials or property then in his/her possession.

6.3.1.1. "Proprietary Information" means any and all proprietary information developed or acquired by the Company that has not been specifically authorized to

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be disclosed. Such Proprietary Information shall include, but shall not be limited to, the following items and information relating to the following items: (a) all trade secrets (including research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, methodologies, technical data, designs, drawings and specifications) as well as all inventions (whether patentable or unpatentable and whether or not reduced to practice) and all improvements thereto, (b) computer

codes and instructions, processing systems and techniques, inputs, and outputs (regardless of the media on which stored or located) and hardware and software configurations, designs, architecture and interfaces, (c) business research, studies, procedures and costs, (d) financial data, (e) distributor network information, the identities of actual and prospective distributors and distribution methods, (f) marketing data, methods, plans and efforts, (g) the identities of actual and prospective suppliers, (h) the terms of contracts and agreements with, the needs and requirements of and the Company's course of dealing with, actual or prospective suppliers, (i) personnel information, (j) customer and vendor credit information, and (k) information received from third parties subject to obligations of nondisclosure or non-use. Failure by the Company to mark any of the Proprietary Information as confidential or proprietary shall not affect its status as Proprietary Information.

6.3.2. Intellectual Property. Executive agrees that all the Intellectual Property (as defined below) will be considered "works made for hire" as that term is defined in Section 101 of the Copyright Act (17 U.S.C. § 101) and that all right, title and interest in such Intellectual Property will be the sole and exclusive property of the Company. To the extent that any of the Intellectual Property may not by law be considered a work made for hire, or to the extent that, notwithstanding the foregoing, Executive retains any interest in the Intellectual Property, Executive hereby irrevocably assigns and transfers to the Company any and all right, title, or interest that Executive may now or in the future have in the Intellectual Property under patent, copyright, trade secret, trademark or other law, in perpetuity or for the longest period otherwise permitted by law, without the necessity of further consideration. The Company will be entitled to obtain and hold in its own name all copyrights, patents, trade secrets, trademarks and other similar registrations with respect to such Intellectual Property. Executive further agrees to execute any and all documents and provide any further cooperation or assistance reasonably required by the Company to perfect, maintain or otherwise protect its rights in the Intellectual Property, at no cost to Executive. If the Company is unable after reasonable efforts to secure Executive's signature, cooperation or assistance in accordance with the preceding sentence, whether because of Executive's incapacity or any other reason whatsoever, Executive hereby designates and appoints the Company or its designee as Executive's agent and attorney-in-fact to act on his behalf solely for the purpose of executing and filing documents and doing all other lawfully permitted acts necessary or desirable to perfect, maintain or otherwise protect the Company's rights in the Intellectual Property. Executive acknowledges and agrees that such appointment is coupled with an interest and is therefore irrevocable.

6.3.2.1. "Intellectual Property" means (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents and patent applications claiming such inventions, (b) all trademarks, service marks, trade dress, logos, trade names, fictitious names, brand names, brand marks and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all copyrightable works, all copyrights, and all applications, registrations, and

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renewals in connection therewith, (d) all mask works and all applications, registrations, and renewals in connection therewith, (e) all trade secrets (including research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, methodologies, technical data, designs, drawings and specifications), (f) all computer software (including data, source and object codes and related documentation), (g) all other proprietary rights or (h) all copies and tangible embodiments thereof (in whatever form or medium) which, in the case of any or all of the foregoing, have been or are developed or created in whole or in part by Executive at any time and at any place while Executive is employed by the Company and have been or are created for the purpose of performing Executive's duties on behalf of the Company.

6.4. Acknowledgements. Executive acknowledges that the Restrictive Covenants are reasonable and necessary to protect the legitimate interests of the Company, that the duration and geographic scope of the Restrictive Covenants are reasonable given the nature of this Agreement and the position Executive holds within the Company, and that the Company would not enter into this Agreement or otherwise employ or continue to employ Executive unless Executive agrees to be bound by the Restrictive Covenants set forth in this Section 6.

6.5. Remedies and Enforcement Upon Breach.

6.5.1. Intention. It is the intention of the parties that the foregoing restrictive covenant be enforced as written, and, in any other event, enforced to the greatest extent (but to no greater extent) in time, territory and degree of participation as permitted by applicable law. Accordingly, in the event that any court to which a dispute over these restrictions may be referred shall find any of these restrictions overly broad or unreasonable in any way, that court must enforce the restrictions to the greatest extent deemed reasonable.

6.5.2. Specific Enforcement. Executive acknowledges that any breach by him, willfully or otherwise, of the Restrictive Covenants will cause continuing and irreparable injury to the Company for which monetary damages would not be an adequate remedy. In the event of any such breach or threatened breach by Executive of any of the Restrictive Covenants, the Company shall be entitled to injunctive or other similar equitable relief in any court, without any requirement that a bond or other security be posted, and this Agreement shall not in any way limit remedies of law or in equity otherwise available to the Company.

6.5.3. Enforceability. If any court holds the Restrictive Covenants unenforceable by reason of their breadth or scope or otherwise, it is the intention of the parties hereto that such determination not bar or in any way affect the right of the Company to the relief provided above in the courts of any other jurisdiction within the geographic scope of such Restrictive Covenants.

6.5.4. Disclosure of Restrictive Covenants. Executive agrees to disclose the existence and terms of the Restrictive Covenants to any employer that Executive may work for during the Restricted Period.

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6.5.5. Extension of Restricted Period. If the Executive breaches Section 6.1 in any respect, the restrictions contained in that section will be extended for a period equal to the period that the Executive was in breach.

7. Miscellaneous.

7.1. Other Agreements. Executive represents and warrants to the Company that there are no restrictions, agreements or understandings whatsoever to which Executive is a party that would prevent or make unlawful his/her execution of this Agreement, that would be inconsistent or in conflict with this Agreement or Executive's obligations hereunder, or that would otherwise prevent, limit or impair the performance of Executive's duties under this Agreement.

7.2. Successors and Assigns. This Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, and the Company shall require any such successor to expressly assume and agree in writing to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, or, in the event the Company remains in existence, the Company shall continue to employ Executive under the terms hereof. As used in this Agreement, the "Company" shall mean the Company and any successor to its business and/or assets, which assumes or is obligated to perform this Agreement by contract, operation of law or otherwise. This Agreement shall inure to the benefit of and be enforceable by Executive and his personal or legal representatives, executors, estate, trustee, administrators, successors, heirs, distributees, devisees and legatees. The duties of Executive hereunder are personal to Executive and may not be assigned by him. If Executive dies and any amounts become payable under this Agreement, the Company will pay those amounts to his estate.

7.3. Governing Law and Enforcement: Disputes. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without regard to the principles of conflicts of laws. Any legal proceeding arising out of or relating to this Agreement will be instituted in a state or federal court in the

State of Utah, and Executive and the Company hereby consent to the personal and exclusive jurisdiction of such court(s) and hereby waive any objection(s) that they may have to personal jurisdiction, the laying of venue of any such proceeding and any claim or defense of inconvenient forum.

7.4. Waivers. The waiver by either party of any right hereunder or of any breach by the other party will not be deemed a waiver of any other right hereunder or of any other breach by the other party. No waiver will be deemed to have occurred unless set forth in writing. No waiver will constitute a continuing waiver unless specifically stated, and any waiver will operate only as to the specific term or condition waived.

7.5. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision, and this Agreement

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will be reformed, construed and enforced as though the invalid, illegal or unenforceable provision had never been herein contained.

7.6. Survival. Section 6 of this Agreement will survive termination of this Agreement and/or the cessation of Executive's employment by the Company.

7.7. Notices. Any notice or communication required or permitted under this Agreement shall be made in writing and shall be sufficient if personally delivered or sent by registered or certified mail and addressed, if to Employee, to Employee's address set forth in NSP's records, or if to NSP, to its principal office, to the attention of the Board. Such notice shall be deemed given when delivered if delivered personally, or, if sent by registered or certified mail, at the earlier of actual receipt or three days after mailing in United States mail, addressed as aforesaid with postage prepaid.

7.8. Entire Agreement: Amendments. This Agreement, the attached exhibits, the Plan, and the Award Agreement contain the entire agreement and understanding of the parties hereto relating to the subject matter hereof; and merge and supersede all prior and contemporaneous discussions, agreements and understandings of every nature relating to Executive's employment or engagement with, or compensation by, the Company and any of its affiliates or subsidiaries or any of their predecessors, including, without limitation, the Existing Agreement. This Agreement may not be changed or modified, except by an agreement in writing signed by each of the parties hereto.

7.9. Withholding. All payments to Executive will be subject to tax withholding in accordance with applicable law.

7.10. Section Headings. The headings of sections and paragraphs of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

7.11. Counterparts: Facsimile. This Agreement may be executed in multiple counterparts (including by facsimile signature), each of which will be deemed to be an original, but all of which together will constitute one and the same instrument.

7.12. Third Party Beneficiaries. Subject to Section 7.2, this Agreement will be binding on, inure to the benefit of and be enforceable by the parties and their respective heirs, personal representatives, successors and assigns. This Agreement does not confer any rights, remedies, obligations or liabilities to any entity or person other than Executive and the Company and Executive's and the Company's permitted successors and assigns, *although* this Agreement will inure to the benefit of the Company.

8. Section 409A.

8.1. Section 409A Compliance. The parties intend that this Agreement comply with the requirements of Code Section 409A. To the extent there is any ambiguity as to whether any provision of the Agreement would otherwise contravene one or more requirements or limitations of Code Section 409A, such provision shall be interpreted and applied in a manner that does not result in a violation of the applicable requirements or limitations of Code Section

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409A and the Treasury Regulations thereunder. For purposes of Section 409A, the right to receive one or more payments or benefits under this Agreement shall be treated as a right to a series of separate payments. In no event shall Executive have the right to designate, directly or indirectly, the calendar year of any payment subject to Code Section 409A.

8.2. Delayed Commencement Date. Notwithstanding any provision to the contrary in this Agreement, no payments or benefits to which Executive becomes entitled in accordance with this Agreement shall be made or paid to Executive prior to the earlier of (i) the first day of the seventh (7th) month following the date of his separation from service or (ii) the date of his death, if Executive is deemed, pursuant to the procedures established by the Company's Compensation Committee in accordance with the applicable standards of Code Section 409A and the Treasury Regulations thereunder and applied on a consistent basis for all non-qualified deferred compensation plans of the Employer Group subject to Code Section 409A, to be a "specified employee" within the meaning of Code Section 409A at the time of such separation from service and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). Upon the expiration of the applicable deferral period, all payments deferred pursuant to this Section 8.2 shall be paid to Executive in a lump sum, and any remaining payments due under this Agreement shall be paid in accordance with the normal payment dates specified for them herein.

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NATURE'S SUNSHINE PRODUCTS, INC.

By: /s/ Stephen M. Bunker

Title: Chief Financial Officer

MICHAEL DEAN

EXHIBIT A
RELEASE AGREEMENT

THIS RELEASE AGREEMENT (this "**Release**") is made as of the day of ____ day of _____, _____ by and between _____ (the "**Executive**") and Nature Sunshine Products, Inc. (the "**Company**").

WHEREAS, Executive's employment as an executive of the Company has terminated; and

WHEREAS, pursuant to Section 5 of the Employment Agreement by and between the Company and Executive dated _____ (the "**Agreement**"), the Company has agreed to pay Executive certain amounts and to provide him with certain rights and benefits, subject to the execution of this Release.

NOW THEREFORE, in consideration of these premises and the mutual promises contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. Consideration. Executive acknowledges that: (i) the payments, rights and benefits set forth in Section 5 of the Agreement constitute full settlement of all his/her rights under the Agreement, and (ii) except as otherwise provided specifically in this Release, the Company does not and will not have any other liability or obligation to Executive under the Agreement. Executive further acknowledges that, in the absence of his execution of this Release, the benefits and payments specified in the Agreement (other than those specified) would not otherwise be due to him/her.

2. Release and Covenant Not to Sue

2.1. Executive and the Company each hereby fully and forever releases and discharges the other, and all of their respective predecessors and successors, assigns, stockholders, subsidiaries, parents, affiliates, officers, directors, trustees, employees, agents and attorneys, past and present and in their respective capacities as such (the Company and Executive and each such respective person or entity is each referred to as a "**Released Person**") from any and all claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, obligations, controversies, debts, costs, expenses, damages, judgments, orders and liabilities, of whatever kind or nature, direct or indirect, in law, equity or otherwise, whether known or unknown, arising through the date of this Release, including those arising out of Executive's employment by the Company or the termination thereof, including, but not limited to, any claims for relief or causes of action under the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., or any other federal, state or local statute, ordinance or regulation regarding discrimination in employment and any claims, demands or actions based upon alleged wrongful or retaliatory discharge or breach of contract under any state or federal law.

2.2. Executive and the Company expressly represent that they have not filed a lawsuit or initiated any other administrative proceeding against a Released Person and that neither has assigned any claim against a Released Person. Executive and the Company each

further promise not to initiate a lawsuit or to bring any other claim against the other or any Released Person arising out of or in any way related to Executive's employment by the Company or the termination of that employment. This Release will not prevent Executive from filing a charge with the Equal Employment Opportunity Commission (or similar state agency) or participating in any investigation conducted by the Equal Employment Opportunity Commission (or similar state agency); *provided, however*, that any claims by Executive for personal relief in connection with such a charge or investigation (such as reinstatement or monetary damages) would be barred. This Release shall not affect Executive's rights under the Age Discrimination in Employment Act or the Older Workers Benefit Protection Act to have a judicial determination of the validity of this release and waiver.

3. Restrictive Covenants. Executive acknowledges that the restrictive covenants contained in Section 6 of the Agreement will survive the termination of his employment. Executive affirms that those restrictive covenants are reasonable and necessary to protect the legitimate interests of the Company, that he received adequate consideration in exchange for agreeing to those restrictions and that he will abide by those restrictions.

4. Non-Disparagement. Neither Executive nor the Company will disparage the other or any of their respective Released Persons or otherwise take any action which could reasonably be expected to adversely affect the personal or professional reputation of the other or their respective Released Persons.

5. Cooperation. Executive further agrees that, subject to reimbursement of his reasonable expenses, he will cooperate fully with the Company and its counsel with respect to any matter (including litigation, investigations, or governmental proceedings) in which Executive was in anyway involved during his employment with the Company. Executive shall render such cooperation in a timely manner on reasonable notice from the Company.

6. Rescission Right. Executive expressly acknowledges and recites that (a) he has read and understands the terms of this Release in its entirety, (b) he has entered into this Release knowingly and voluntarily, without any duress or coercion; (c) he has been advised orally and is hereby advised in writing to consult with an attorney with respect to this Release before signing it; (d) he was provided twenty-one (21) calendar days after receipt of the Release to consider its terms before signing it; (e) should he nevertheless elect to execute this Agreement sooner than 21 days after he has received it, he specifically and voluntarily waives the right to claim or allege that he has not been allowed by the Company or by any circumstances beyond his control to consider this Agreement for a full 21 days; and (f) he is provided seven (7) calendar days from the date of signing to terminate and revoke this Release, in which case this Release shall be unenforceable, null and void. Executive may revoke this Release during those seven (7) days by providing written notice of revocation to the Company at the address specified in Section 7.7 of the Agreement.

7. Challenge. If Executive violates or challenges the enforceability of any provisions of the Restrictive Covenants or this Release, no further payments, rights or benefits under Section 5 of the Agreement will be due to Executive (except where such provision would be prohibited by applicable law, rule or regulation).

8. Miscellaneous.

8.1. No Admission of Liability. This Release is not to be construed as an admission of any violation of any federal, state or local statute, ordinance or regulation or of any duty owed by the Company to Executive. The Company specifically denies any such violations.

8.2. No Reinstatement. Executive agrees that he will not without the consent of the Company apply for reinstatement with the Company or seek in any way to be reinstated, re-employed or hired by the Company in the future,

8.3. Successors and Assigns. This Release shall inure to the benefit of and be binding upon the Company and Executive and their respective successors, permitted assigns, executors, administrators and heirs. Executive shall not may make any assignment of this Release or any interest herein, by operation of law or otherwise. The Company may assign this Release to any successor to all or substantially all of its assets and business by means of liquidation, dissolution, merger, consolidation, transfer of assets, or otherwise.

8.4. Severability. Whenever possible, each provision of this Release will be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Release is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision, and this Release will be reformed, construed and enforced as though the invalid, illegal or unenforceable provision had never been herein contained.

8.5. Entire Agreement: Amendments. Except as otherwise provided herein, this Release contains the entire agreement and understanding of the parties hereto relating to the subject matter hereof, and merges and supersedes all prior and contemporaneous discussions, agreements and understandings of every nature relating to the subject matter hereof This Release may not be changed or modified, except by an agreement in writing signed by each of the parties hereto.

8.6. Governing Law. This Release shall be governed by, and enforced in accordance with, the laws of the State of Utah, without regard to the application of the principles of conflicts of laws.

8.7. Counterparts and Facsimiles. This Release may be executed, including execution by facsimile signature, in multiple counterparts, each of which shall be deemed an original, and all of which together shall be deemed to be one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

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NATURE'S SUNSHINE PRODUCTS, INC.

By: _____

Title: _____

MICHAEL DEAN

Executive

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EXHIBIT B

Eligible Benefits

- Paid Time Off (PTO) at 3 days upon start and accrues to 25 days during the first year
- Ten paid holidays each year
- Medical/dental plan coverage for Executive, Executive's spouse and dependent children
- Life insurance at two times annual salary
- Wellness Benefits
- Eye care plan
- Employee Assistance Program

- One hundred percent match on contributions to the 401(k) retirement plan up to five percent of Executive's income (automatic enrollment upon first day of employment)
- Opportunity to participate in NSP's Supplemental Elective Deferral Plan
- \$750 spending account on company products
- Tuition reimbursement (maximum \$3,000 per year)
- Short-term and long-term disability programs

Relocation reimbursement to include the following if needed:

1. Relocation assistance is provided to pay for the packing, movement and unpacking of household goods of up to 20,000 pounds maximum. Automobile, if driven to Utah, is reimbursed at \$.50 per mile.

2. If needed, Company will pay for a period up to 30 days for household goods storage.
3. Reimbursement of realtor fees associated with the sale of home authorized at 6 percent of the selling price of the home, up to a maximum allowable expense of \$60,000.

4. Reimbursement of expenses covered relative to the purchase of a home authorized up to a maximum allowable expense of \$6,000. Covered expenses are limited to loan origination, appraisal, credit report, mortgage application, document preparation, title search, survey escrow, and inspection report fees. To the extent that such reimbursement results in the recognition of taxable income by Executive, the Company will pay Executive an additional amount sufficient to fully cover the federal, state and local income tax liability attributable to such reimbursements, calculated as if Executive's marginal tax rate is 37%. Such tax gross up payment will be paid to Executive by the end of the calendar year next following the calendar year in which the related taxes to which it relates are remitted to the tax authorities.
5. Round trip airfare and other reasonable expenses associated with house closing for home in California.

NATURE'S SUNSHINE PRODUCTS, INC.
2009 STOCK INCENTIVE PLAN
NON-INCENTIVE STOCK OPTION AGREEMENT

This **NON-INCENTIVE STOCK OPTION AGREEMENT** (the "*Agreement*") is made this 12th day of March, 2010, by and between Nature's Sunshine Products, Inc., a Utah corporation (the "*Company*") and Michael Dean, an individual resident of Sierra Madre, California ("*Employee*").

1. **Grant of Option.** The Company hereby grants Employee the option (the "*Option*") to purchase all or any part of an aggregate of 200,000 shares (the "*Shares*") of Common Stock of the Company at the exercise price of \$8.51 per share (the closing price of the Company's Common Stock on the date of this agreement) according to the terms and conditions set forth in this Agreement and in the Nature's Sunshine Products, Inc. 2009 Stock Incentive Plan (the "*Plan*"). The Option will not be treated as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "*Code*"). The Option is issued under the Plan and is subject to its terms and conditions. A copy of the Plan will be furnished upon request of Employee.

The Option shall terminate at the close of business ten years from the date hereof.

2. **Vesting of Option Rights.**

(a) Except as otherwise provided in this Agreement, the Option may be exercised by Employee in accordance with the following schedules and in accordance with Section 2.4 of the Employment Agreement between the Company and the Employee, dated March 12, 2010:

On or after each of the following dates	Number of Shares with respect to which the Option is exercisable
March 12, 2011	50,000
March 12, 2012	50,000
March 12, 2013	50,000

Upon the Company reaching the following operating income margin levels, based on the Company's financial results as reported in local currencies, for four (4) out of five (5) consecutive fiscal quarters	Number of Shares with respect to which the Option is exercisable
6%	16,666
8%	16,666
10%	16,667

(b) During the lifetime of Employee, the Option shall be exercisable only by Employee and shall not be assignable or transferable by Employee, other than by will or the laws of descent and distribution.

3. **Exercise of Option after Death or Termination of Employment.** The Option shall terminate and may no longer be exercised if Employee ceases to be employed by the Company or its affiliates, except that:

(a) If Employee's employment shall be terminated for any reason, voluntary or involuntary, other than for "*Cause*" (as defined in Section 3(e)) or Employee's death or disability (within the meaning of Section 22(e)(3) of the Code), Employee may at any time within a period of 3 months after such termination exercise the Option to the extent the Option was exercisable or becomes exercisable by Employee on the date of the termination of Employee's employment.

(b) If Employee's employment is terminated for Cause, the Option shall be terminated as of the date of the act giving rise to such termination.

(c) If Employee shall die while the Option is still exercisable according to its terms or if employment is terminated because Employee has become disabled (within the meaning of Section 22(e)(3) of the Code) while in the employ of the Company and Employee shall not have fully exercised the Option, such Option may be exercised at any time within 12 months after Employee's death or date of termination of employment for disability by Employee, personal representatives or administrators or guardians of Employee, as applicable or by any person or persons to whom the Option is transferred by will or the applicable laws of descent and distribution, to the extent of the full number of Shares Employee was entitled to purchase under the Option on (i) the earlier of the

date of death or termination of employment or (ii) the date of termination for such disability, as applicable.

(d) Notwithstanding the above, in no case may the Option be exercised to any extent by anyone after the termination date of the Option.

(e) "*Cause*" shall mean (i) the willful and continued failure by Employee substantially to perform his or her duties and obligations (other than any such failure resulting from his or her incapacity due to physical or mental illness), (ii) Employee's conviction or plea bargain of any felony or gross misdemeanor involving moral turpitude, fraud or misappropriation of funds or (iii) the willful engaging by Employee in misconduct which causes substantial injury to the Company or its affiliates, its other employees or the employees of its affiliates or its clients or the clients of its affiliates, whether monetarily or otherwise. For purposes of this paragraph, no action or failure to act on Employee's part shall be considered "*willful*" unless done or omitted to be done, by Employee in bad faith and without reasonable belief that his or her action or omission was in the best interests of the Company.

4. Exercise of Option Upon Termination Without Cause or Upon Change in Control. In the event that Employee's employment is terminated for any reason, voluntary or involuntary, other than for Cause, the Option shall become immediately exercisable. In addition, upon the occurrence of a Change in Control Event the Option shall become immediately exercisable. For this purpose, "Change in Control Event" shall mean:

- (a) approval by the stockholders of the Company of the dissolution or liquidation of the Company;
- (b) approval by the stockholders of the Company of an agreement to merge or consolidate, or otherwise reorganize, with or into one or more entities that are not subsidiaries, as a result of which less than 50% of the outstanding voting securities of the surviving or resulting entity immediately after the reorganization are, or will be, owned by stockholders of the Company immediately before such reorganization;
- (c) approval by the stockholders of the Company of the sale of substantially all of the Company's business and/or assets to a person or entity which is not a subsidiary;
- (d) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) (other than the Company or any of its Affiliates and other than a person having such ownership as of the date the Award is granted) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities entitled to then vote generally in the election of directors of the Company; or

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- (e) during any period not longer than two consecutive years, individuals who at the beginning of such period constituted the board of directors of the Company cease to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each new board member was approved by a vote of at least three-fourths of the board members then still in office who were board members at the beginning of such period (including for these purposes, new members whose election or nomination was so approved).

Notwithstanding any of the foregoing to the contrary, any acceleration of the Option shall be subject to and conditioned on compliance with applicable regulatory requirements, including, without limitation, Section 409A of the Internal Revenue Code.

5. Method of Exercise of Option. Subject to the foregoing, the Option may be exercised in whole or in part from time to time by serving written notice of exercise on the Company at its principal office within the Option period. The notice shall state the number of Shares as to which the Option is being exercised and shall be accompanied by payment of the exercise price. Payment of the exercise price shall be made (i) in cash (including bank check, personal check or money order payable to the Company), (ii) with the approval of the Company (which may be given in its sole discretion), by delivering to the Company for cancellation shares of the Company's Common Stock already owned by Employee having a Fair Market Value (as defined in the Plan) equal to the full exercise price of the Shares being acquired, (iii) with the approval of the Company (which may be given in its sole discretion) and subject to Section 402 of the Sarbanes-Oxley Act of 2002, by delivering to the Company the full exercise price of the Shares being acquired in a combination of cash and Employee's full recourse liability promissory note with a principal amount not to exceed eighty percent of the exercise price and a term not to exceed five years, which promissory note shall provide for interest on the unpaid balance thereof which at all times is not less than the minimum rate required to avoid the imputation of income, original issue discount or a below-market rate loan pursuant to Sections 483, 1274 or 7872 of the Code or any successor provisions thereto or (iv) with the approval of the Company (which may be given in its sole discretion) and subject to Section 402 of the Sarbanes-Oxley Act of 2002, by delivering to the Company a combination thereof. In addition, with the approval of the Company (which may be given in its sole discretion), the option may be exercised by delivering to the Employee, a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised, on the date of exercise, over the exercise price of the Option for such Shares.

6. Miscellaneous.

(a) Plan Provisions Control. In the event that any provision of the Agreement conflicts with or is inconsistent in any respect with the terms of the Plan, the terms of the Plan shall control.

(b) No Rights of Stockholders. Neither Employee, Employee's legal representative nor a permissible assignee of this Option shall have any of the rights and privileges of a stockholder of

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the Company with respect to the Shares, unless and until such Shares have been issued in the name of Employee, Employee's legal representative or permissible assignee, as applicable.

(c) No Right to Employment. The grant of the Option shall not be construed as giving Employee the right to be retained in the employ of, or as giving a director of the Company or an Affiliate (as defined in the Plan) the right to continue as a director of the Company or an Affiliate with, the Company or an Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate such employment or position at any time, with or without cause. In addition, the Company or an Affiliate may at any time dismiss Employee from employment, or terminate the term of a director of the Company or an Affiliate, free from any liability or any claim under the Plan or the Agreement. Nothing in the Agreement shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. The Option granted hereunder shall not form any part of the wages or salary of Employee for purposes of severance pay or termination indemnities, irrespective of the reason for termination of employment. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Agreement or Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, Employee shall be deemed to have accepted all the conditions of the Plan and the Agreement and the terms and conditions of any rules and regulations adopted by the Committee (as defined in the Plan) and shall be fully bound thereby.

(d) Governing Law. The validity, construction and effect of the Plan and the Agreement, and any rules and regulations relating to the Plan and the Agreement, shall be determined in accordance with the internal laws, and not the law of conflicts, of the State of Utah.

(e) Severability. If any provision of the Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Agreement under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Agreement, such provision shall be stricken as to such jurisdiction or the Agreement, and the remainder of the Agreement shall remain in full force and effect.

(f) No Trust or Fund Created. Neither the Plan nor the Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and Employee or any other person.

(g) Headings. Headings are given to the Sections and subsections of the Agreement solely as a convenience to facilitate reference. Such headings shall not be

deemed in any way material or relevant to the construction or interpretation of the Agreement or any provision thereof.

(h) Conditions Precedent to Issuance of Shares. Shares shall not be issued pursuant to the exercise of the Option unless such exercise and the issuance and delivery of the applicable

Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, the requirements of any applicable Stock Exchange and the Utah Revised Business Corporation Act. As a condition to the exercise of the purchase price relating to the Option, the Company may require that the person exercising or paying the purchase price represent and warrant that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation and warranty is required by law.

(i) Withholding. In order to provide the Company with the opportunity to claim the benefit of any income tax deduction which may be available to it upon the exercise of the Option and in order to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to insure that, if necessary, all applicable federal or state payroll, withholding, income or other taxes are withheld or collected from Employee.

(j) Consultation With Professional Tax and Investment Advisors. The holder of this Award acknowledges that the grant, exercise, vesting or any payment with respect to this Award, and the sale or other taxable disposition of the Shares acquired pursuant to the exercise thereof, may have tax consequences pursuant to the Code or under local, state or international tax laws. The holder further acknowledges that such holder is relying solely and exclusively on the holder's own professional tax and investment advisors with respect to any and all such matters (and is not relying, in any manner, on the Company or any of its employees or representatives). Finally, the holder understands and agrees that any and all tax consequences resulting from the Award and its grant, exercise, vesting or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired pursuant to the Plan, is solely and exclusively the responsibility of the holder without any expectation or understanding that the Company or any of its employees or representatives will pay or reimburse such holder for such taxes or other items.

IN WITNESS WHEREOF, the Company and Employee have executed this Agreement on the date set forth in the first paragraph.

NATURE'S SUNSHINE PRODUCTS, INC.

By: /s/Stephen M. Bunker
Name: Stephen M. Bunker
Title: Chief Financial Officer

MICHAEL DEAN

/s/ Michael Dean
Name: Michael Dean



NATURE'S SUNSHINE[®]

FOR IMMEDIATE RELEASE

NATURE'S SUNSHINE PRODUCTS REPORTS FOURTH QUARTER AND YEAR-END OPERATING RESULTS

Douglas Faggioli to step down as President and CEO

Michael Dean to become new President and CEO

PROVO, UTAH, March 15, 2010 — Nature's Sunshine Products, Inc. (NASDAQ:NATR), a leading manufacturer and marketer of encapsulated herbs and vitamins, today reported financial operating results for the three and 12 month periods ended December 31, 2009.

The Company also announced that Doug Faggioli, after 27 years with Nature's Sunshine Products, has decided to step down as President and CEO and as a member of the Board of Directors, effective June 30, 2010. Michael Dean, a member of the Board and a former ABC Cable Networks and Walt Disney Company executive, has been named to succeed him. Mr. Faggioli will remain as a consultant to the Company.

For the quarter ended December 31, 2009, the Company reported that net sales revenue totaled \$89.9 million, compared to \$88.2 million for the same three-month period in 2008, an increase of 1.9 percent. Operating income increased to \$5.3 million, compared to an operating loss of \$0.8 million for the same three-month period in 2008. Net income totaled \$4.0 million, compared to a net loss of \$0.5 million in the fourth quarter of last year. Basic and diluted net income per share was \$0.26, compared to a net loss per share of \$0.03 for the same period last year. These improvements in operating and net income were principally due to reduced operating expenses resulting from the favorable settlement of several value-added tax ("VAT") and other non-income tax related contingencies, as well as management's efforts to reduce selling, general and administrative expenses. Total operating expenses were \$84.6 million, as compared to \$89.0 million in the fourth quarter of 2008, a 4.9 percent improvement.

The Company's balance sheet remained strong with cash and cash equivalents of \$35.5 million, and shareholders' equity of \$57.1 million as of December 31, 2009. The Company has no long-term debt.

Net sales revenue for the year ended December 31, 2009 totaled \$343.0 million, as compared to \$373.2 million for the same period in 2008, a decline of approximately 8.1 percent. The decrease

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in sales was principally due to global economic conditions and the adverse effect of foreign currency fluctuations earlier in the year as a result of a stronger U.S. dollar. Excluding the effect of foreign currency fluctuations, sales in local currencies were down approximately 6.3 percent. Total operating expenses decreased to \$332.3 million from \$367.6 million in the prior year. Operating income increased to \$10.8 million from \$5.6 million year over year, primarily due to the reduction of operating expenses as a result of the favorable settlement of several VAT and other non-income tax related contingencies, as well as management's efforts to reduce selling, general and administrative expenses. As a result, net income for the year increased to \$6.1 million, or \$0.39 per basic and diluted share, from a net loss of \$1.8 million, \$0.12 per basic and diluted share, for the prior year.

At year-end, active distributors totaled approximately 697,200, compared to 729,600 a year earlier, and active managers totaled approximately 28,800, compared to 25,900 at the end of 2008.

"We are pleased to report that 2009 was a year of continued, solid progress for Nature's Sunshine Products," said Mr. Faggioli. "The number of independent managers continued to increase worldwide, reflecting, among other things, a newly introduced and well-received sponsorship and development program. Towards year-end, markets in Russia and the Ukraine, as well as in Asia, improved, along with more favorable currency rates. Synergy International enjoyed a resilient fourth quarter, and Nature's Sunshine results overall benefited from our broad product offering, along with 23 new and improved products introduced during the year, including a new line for children that was very favorably received."

"The stronger fourth quarter bodes well for Nature's Sunshine Products, especially given recent weak economic and financial conditions in the U.S. and elsewhere in international markets. Importantly, overall costs and expenses have been reduced, although the Company remains vigorously determined to further reduce overhead. The annual convention this past year was our best ever, with significantly increased attendance. There is a portent of the enthusiasm with which active sales managers and distributors view Nature's Sunshine Products and its quality products in an age when medical costs continue their inexorable rise and individuals are taking greater personal responsibility for their general well being." Mr. Faggioli also noted that the year was marked by resumption of trading in the Company's common shares and re-listing on the Nasdaq Exchange. "Challenges remain," he said, "but the Company has experienced significant domestic and global expansion since its founding by the Hughes family 38 years ago."

Doug Faggioli to Step Down; Michael Dean Named as Successor

Mr. Faggioli also said that he has informed the Board of his decision to step down as President and CEO, effective June 30, 2010. "This is an opportune time to take my leave, now that the Company has made significant progress and is well positioned for future growth," he added. "Nature's Sunshine is truly a great company, producing the highest quality natural products. I have thoroughly enjoyed my 27 years with the Company, participating in its growth and working with terrific and loyal people, as well as a far-ranging field force of dedicated independent

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managers and distributors, many of whom I have come to know personally. I will surely miss working with the employees, management and the distributors of Nature's

Sunshine Products.”

“Doug has been a senior executive member of the management team for almost three decades, and has contributed immensely to the global growth and development of Nature’s Sunshine,” said Kristine Hughes, Chairman and a Company founder. “Sad as we are to see him go, he takes with him our warmest wishes for his future endeavors.”

Mr. Faggioli will enter into a one-year consulting arrangement with the Company and will work with Mr. Dean to ensure a smooth and effective transition.

Michael Dean joined the board of Nature’s Sunshine Products last year and is the former CEO of Mediaur Technologies, a position he held since 2003. Previously, he was Executive Vice President of ABC Cable Networks, Senior Vice President of Corporate Strategic Planning and Development of the Walt Disney Company, and a strategy consultant with Bain & Company. He holds an MBA from Harvard Business School.

Mrs. Hughes commented, “We have come to know Michael and admire his input and contribution to the board of Nature’s Sunshine Products. Michael has exceptional executive talent. As a board member, he has demonstrated his business acumen, and with his broad experience across numerous industries and multinational companies, we consider him an excellent choice to lead Nature’s Sunshine forward.” Mr. Dean added, “Nature’s Sunshine has the highest quality products and service in the industry and a very bright future. I am very pleased to join this outstanding team of employees, sales managers and independent distributors and look forward to contributing to their continued success.”

Segment Analysis

Nature’s Sunshine Products U.S., the Company’s largest single market, achieved a 10.1 percent gain in fourth quarter 2009 net sales revenue, to \$38.2 million, compared with \$34.7 million in the same quarter a year ago, while reducing operating expenses in the fourth quarter 13.1 percent compared to the same quarter in the prior year, to \$36.6 million. Results benefited from new products and the new sponsoring program that encouraged Managers to sign up new Distributors, as well as the settlement of non-income tax related contingencies. Operating income for the three months ended December 31, 2009 totaled \$1.6 million, an improvement of \$8.9 million as compared to a loss of \$7.3 million in the same quarter in the prior year. For the year, net sales increased slightly to \$151.8 million, compared with \$150.1 million in the prior year. With operating expenses down 6.9 percent, operating income totaled \$6.6 million, compared to a 2008 operating loss of \$5.9 million, an improvement of \$12.5 million.

At Nature’s Sunshine Products International, due to weak business conditions in many markets resulting from global economic conditions during 2009 (primarily Russia, Ukraine, Mexico, and Japan) as well as negative currency fluctuations, net sales revenue in the fourth quarter 2009 declined 6.1 percent, to \$37.0 million compared to \$39.4 million in the same quarter in the prior year. Operating expenses increased 23.3 percent, to \$39.2 million in the fourth quarter 2009 from

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\$31.8 million in the same quarter in the prior year. For the fourth quarter 2009, Nature’s Sunshine Products International had an operating loss of \$2.3 million compared to operating income of \$7.6 million in the same quarter in the prior year. The operating loss in the fourth quarter of 2009 was primarily a result of reduced net sales, as well as changes in VAT related contingencies in certain markets. For the year, net sales revenue declined 18.4 percent, to \$135.4 million compared to \$166.0 million in the prior year. Operating expenses declined 10.9 percent from \$149.1 million in the prior year to \$132.8 million. Operating income decreased to \$2.6 million compared to \$16.9 million in 2008. During 2009 in Russia and Ukraine, the strengthening of the U.S. dollar relative to the Russian ruble and Ukrainian hryvnia had the effect of significantly increasing product prices, which contributed to a combined decline in net sales revenue within these markets of approximately \$22.8 million, or 31.1 percent, for 2009 compared to the prior year.

Synergy Worldwide had a favorable fourth quarter, reflecting growth in several markets. Net sales revenue for the three months of \$14.7 million increased 4.3 percent over results for the same quarter in 2008. Operating expenses for the quarter ended December 31, 2009, declined 42.4 percent, to \$8.7 million compared to \$15.1 million in the prior year. In addition, operating income totaled \$6.0 million in the fourth quarter, compared to an operating loss of approximately \$1.0 million for the same quarter last year, primarily due to the favorable settlement of VAT contingencies in some of its foreign markets of \$4.7 million during the current quarter. Excluding these settlements, operating income was \$1.3 million for the current quarter. For the year, net sales revenues declined 2.1 percent, to \$55.9 million compared to \$57.1 million in the prior year; operating expenses declined 13.1 percent, to \$54.3 million, compared to \$62.5 million in the prior year; while operating income was \$1.6 million compared to an operating loss of \$5.4 million in the prior year. Excluding the settlement of the VAT contingencies noted above, the operating loss was approximately \$3.1 million.

About Nature’s Sunshine Products

Nature’s Sunshine Products manufactures and markets through direct sales encapsulated and tableted herbal products, high quality natural vitamins, and other complementary products. In addition to the United States, the Company has operations in Japan, Mexico, Central America, South Korea, Canada, the Dominican Republic, Venezuela, Ecuador, Peru, the United Kingdom, Columbia, Brazil, Thailand, Israel, Singapore, Malaysia, Indonesia, the Philippines, Australia, Hong Kong, Taiwan, Russia, Ukraine, Latvia, Lithuania, Kazakhstan, Mongolia, Belarus, China, Poland, Germany, Austria, Norway, Sweden, the Czech Republic and the Netherlands. The Company also has exclusive distribution agreements with selected companies in Argentina, Australia, Chile, New Zealand, and Norway. Additional information can be obtained at the Company’s website, www.natr.com.

Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, this release contains forward-looking statements. Nature’s Sunshine may, from time to time, make written or oral forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements encompass Nature’s Sunshine’s beliefs, expectations, hopes, or intentions regarding future events. Words such as “expects,” “intends,” “believes,” “anticipates,” “should,” “likely,” and similar

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expressions identify forward-looking statements. All forward-looking statements included in this release are made as of the date hereof and are based on information available to the Company as of such date. Nature’s Sunshine assumes no obligation to update any forward-looking statement. Actual results will vary, and may vary materially, from those anticipated, estimated, projected or expected for a number of reasons, including, among others: further reviews of the Company’s financial statements by the Company and its Audit Committee; modification of the Company’s accounting practices; foreign business risks; industry cyclicality; fluctuations in customer demand and order pattern; changes in pricing and general economic conditions; as well as other risks detailed in the Company’s previous filings with the SEC.

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RESULTS OF OPERATIONS:

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share information)

	Quarter Ended		Year Ended	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Net Sales Revenue (net of the rebate portion of volume incentives of \$12,585, \$12,189, \$47,505, and \$50,988, respectively)	\$ 89,921	\$ 88,211	\$ 343,023	\$ 373,234
Costs and Expenses:				
Cost of goods sold	18,170	18,715	68,803	71,874
Volume incentives	32,884	32,440	126,165	140,074
Selling, general and administrative	33,519	37,806	137,288	155,688
	<u>84,573</u>	<u>88,961</u>	<u>332,256</u>	<u>367,636</u>
Operating Income (Loss)	5,348	(750)	10,767	5,598
Other Income, net	510	1,365	3,558	870
Income Before Provision for Income Taxes	5,858	615	14,325	6,468
Provision for Income Taxes	1,895	1,143	8,210	8,306
Net Income (Loss)	<u>\$ 3,963</u>	<u>\$ (528)</u>	<u>\$ 6,115</u>	<u>\$ (1,838)</u>
Basic Net Income (Loss) Per Common Share	<u>\$ 0.26</u>	<u>\$ (0.03)</u>	<u>\$ 0.39</u>	<u>\$ (0.12)</u>
Diluted Net Income (Loss) Per Common Share	<u>\$ 0.26</u>	<u>\$ (0.03)</u>	<u>\$ 0.39</u>	<u>\$ (0.12)</u>
Basic Common Shares Outstanding	<u>15,510</u>	<u>15,510</u>	<u>15,510</u>	<u>15,510</u>
Diluted Common Shares Outstanding	<u>15,512</u>	<u>15,510</u>	<u>15,512</u>	<u>15,510</u>

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	Dec 31, 2009	Dec 31, 2008
Assets		
Current Assets:		
Cash and cash equivalents	\$ 35,538	\$ 34,853
Restricted cash	1,495	—
Accounts receivable, net of allowance for doubtful accounts of \$1,840 and \$1,472, respectively	8,294	10,786
Investments available for sale	3,167	3,858
Restricted investments	—	2,050
Inventories, net	40,623	39,558
Deferred income tax assets	6,646	9,080
Prepaid expenses and other	5,629	7,935
Total current assets	<u>101,392</u>	<u>108,120</u>
Property, plant and equipment, net	28,757	30,224
Investment securities	1,752	1,394
Intangible assets, net	1,421	1,538
Deferred income tax assets	12,228	6,412
Other assets	19,306	16,588
	<u>\$ 164,856</u>	<u>\$ 164,276</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 4,176	\$ 8,777
Accrued volume incentives	17,495	15,753
Accrued liabilities	34,143	45,475
Deferred revenue	4,513	5,167
Income taxes payable	7,542	2,748
Total current liabilities	<u>67,869</u>	<u>77,920</u>
Liability related to unrecognized tax benefits	35,028	30,952
Deferred compensation payable	1,752	1,394
Other liabilities	3,112	333
Total long-term liabilities	<u>39,892</u>	<u>32,679</u>
Shareholders' Equity:		
Common stock, no par value; 50,000 shares authorized, 15,510 shares issued and outstanding as of December 31, 2009 and 2008	67,183	66,705
Retained earnings	9,511	4,172
Accumulated other comprehensive loss	(19,599)	(17,200)
Total shareholders' equity	<u>57,095</u>	<u>53,677</u>

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Year Ended	
	12/31/2009	12/31/2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 6,115	\$ (1,838)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for doubtful accounts	219	990
Depreciation and amortization	4,501	5,437
Share-based compensation expense	478	86
Loss (gain) on sale of property and equipment	142	102
Deferred income taxes	(3,968)	(3,091)
Amortization of bond discount	28	38
Purchase of trading investment securities	(267)	(1,769)
Proceeds from sale of trading investment securities	91	1,714
Realized and unrealized (gains) losses on investments	(182)	428
Amortization of prepaid taxes related to gain on intercompany sales	1,127	1,215
Foreign exchange (gains) losses	(2,273)	908
Changes in assets and liabilities:		
Restricted cash	(1,495)	—
Accounts receivable	2,424	(4,168)
Inventories	(617)	(4,825)
Prepaid expenses and other	2,407	(225)
Other assets	(3,756)	(1,632)
Accounts payable	(4,339)	1,840
Accrued volume incentives	1,429	114
Accrued current and other long-term liabilities	(10,110)	2,268
Deferred revenue	(654)	(40)
Income taxes payable	5,193	(1,564)
Liability related to unrecognized tax positions	4,076	5,064
Deferred compensation payable	358	(280)
Net cash provided by operating activities	<u>927</u>	<u>772</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(3,211)	(7,504)
Proceeds from sale of investments available for sale	794	640
Proceeds from sale of restricted investments	2,050	25
Proceeds from sale of property, plant and equipment	70	80
Net cash used in investing activities	<u>(297)</u>	<u>(6,759)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of cash dividends	(776)	(3,102)
Proceeds from short-term borrowings	7,900	—
Payments on short-term borrowings	(7,900)	—
Net cash used in financing activities	<u>(776)</u>	<u>(3,102)</u>
Effect of exchange rates on cash and cash equivalents	831	(1,357)
Net increase (decrease) in cash and cash equivalents	685	(10,446)
Cash and cash equivalents at beginning of the year	34,853	45,299
Cash and cash equivalents at end of the year	<u>\$ 35,538</u>	<u>\$ 34,853</u>