SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [Fee required]

For the Fiscal Year Ended December 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [No fee required]

For the transition period from N/A to N/A

Commission File Number 0-8707

NATURE'S SUNSHINE PRODUCTS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

UTAH	87-0327982
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
75 EAST 1700 SOUTH, PROVO, UTAH	84606
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

Registrant's telephone number, including area code: (801) 342-4370

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
NONE	NONE

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, without par value
(TITLE OF CLASS)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant on March 16, 1999 was approximately $169,848,455.

The number of shares of Common Stock, without par value, outstanding on March 12, 1999 was 17,946,599 shares.

Documents Incorporated by Reference:

Proxy Statement for May 17, 1999 Annual Meeting of Shareholders (Part III of this Report).

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

Nature's Sunshine Products, Inc., incorporated in Utah in 1976, and its subsidiaries (hereinafter referred to collectively as the "Company") is primarily engaged in the manufacturing and marketing of nutritional and personal care products. The Company sells its products to a sales force of independent Distributors who use the products themselves or resell them to other distributors or consumers.

The Company markets its products directly in the United States and through the Company's international subsidiaries. Although a significant portion of the Company's operations is conducted in the United States, operations in certain geographical areas outside the United States are conducted through the Company's 18 subsidiaries. The Company's subsidiaries are incorporated in : Brazil, Colombia, Mexico, Japan, Canada, Venezuela, South Korea, the United Kingdom, El Salvador, Guatemala, Costa Rica, Peru, Panama, Argentina, Chile, Ecuador, Honduras and Nicaragua. All of the above subsidiaries are wholly-owned, except for Japan which is majority-owned. The Company also exports its products to several other countries, including Australia, Malaysia, New Zealand, Norway and Russia.

FINANCIAL INFORMATION BY BUSINESS SEGMENT

The Company is principally engaged in one line of business, namely, the manufacturing and marketing, of nutritional and personal care products. Information for each of the Company's last three fiscal years, with respect to the amounts of revenue from sales to unaffiliated customers, operating profit and identifiable assets of this segment, is set forth under Item 8 of this Report, and such information is incorporated by this reference and made a part hereof.

NARRATIVE DESCRIPTION OF BUSINESS

The principal business of the Company and its predecessors has been the manufacture and marketing of nutritional and personal care products since 1972. The Company's nutritional products include herbal products, vitamins, mineral supplements and homeopathic products. Personal care products include natural skin, hair and beauty care products. Additional information with respect to the Company's business is set forth below.

PRODUCTS AND MANUFACTURING

The Company is engaged in the manufacture and distribution of nutritional and personal care products which are primarily sold to independent Distributors who resell the Company's products directly to consumers, other Distributors, or use the products themselves. The Company purchases herbs and other raw materials in bulk, and after quality control testing, encapsulates, tabulates or concentrates them and then packages them for shipment. Most of the Company's products are manufactured at its facility in Spanish Fork, Utah. Certain products of the Company's personal care and homeopathic lines are manufactured for the Company, by contract manufacturers, in accordance with the Company's specifications and standards. The Company has implemented stringent quality control procedures to verify that the contract manufacturers have complied with its specifications and standards.

The Company distributes more than 500 products, including encapsulated and tableted herbal products, vitamins, homeopathics and personal care products. The Company's product lines are described below.

HERBAL PRODUCTS

The Company manufactures a wide selection of herbal products which are sold in the form of capsules or tablets. These capsules or tablets contain herb powder or a combination of two or more herb powders. The Company produces both single herbs and herb combinations in the form of liquid herbs and extracts. Liquid herbs are manufactured by concentrating herb constituents in a vegetable glycerin base. Extracts are created by dissolving powdered herbs in liquid solvents that separate the key elements of the herbs from the fibrous plant material. Sales of herbal products accounted for approximately 67 percent in 1998 and 1997, and 65 percent in 1996, of the Company's total sales revenue.

VITAMINS AND MINERAL SUPPLEMENTS

The Company manufactures a wide variety of single vitamins, which are sold in the form of chewable or non-chewable tablets. The Company also manufactures several multiple vitamins, including a line of vitamins containing natural antioxidants. The Company manufactures a number of mineral supplements. Generally, mineral supplements are sold in the form of tablets; however, certain minerals are offered only in liquid form. Combined sales of vitamins and mineral supplements were approximately 23 percent in 1998 and 1997, and 24 percent in 1996, of the Company's total sales revenue.

PERSONAL CARE PRODUCTS

The Company manufactures or contracts with independent manufacturers to supply a variety of personal care products for external use, including oils and lotions, aloe vera gel, herbal shampoo, herbal skin treatment, toothpaste and skin cleanser. Sales of personal care products accounted for approximately 3 percent in 1998 and 1997, and 2 percent in 1996, of the Company's total sales revenue.

HOMEOPATHIC PRODUCTS

The Company markets a line of more than 50 distinctive homeopathic products designed for the treatment of certain common ailments, including several items designed especially for various allergies and common childhood maladies. Sales of homeopathic products accounted for approximately 1 percent in 1998 and 1997, and 2 percent in 1996 of the Company's total sales revenue.

DISTRIBUTION AND MARKETING

The Company attracts independent distributors who explain and market the Company's products through direct selling techniques to consumers as well as sponsor other distributors. The Company motivates and provides incentives to its independent sales force through a combination of high quality products, product support, financial benefits, sales conventions, travel programs and a variety of training seminars.

The Company's domestic product sales are shipped directly from its manufacturing and warehouse facilities located in Spanish Fork, Utah, as well as from its regional warehouses located in Columbus, Ohio; Dallas, Texas; and Atlanta, Georgia. Each international operation maintains warehouse facilities with inventory to supply its customers.

Demand for the Company's products is created by approximately 516,000 active members (at December 31, 1998) of the Company's independent distributor sales force, which includes approximately 185,000 in the United States. A person who wishes to join the Company's independent sales force begins as a "Distributor". Any individual can become a Distributor only by applying to the Company under the sponsorship of someone who is already a member of the independent sales force. Each Distributor is required to renew his/her Distributorship on a yearly basis, approximately 30 percent renew annually. Many Distributors sell on a part-time basis to friends or associates or consume the Company's products themselves. A Distributor interested in earning additional income by committing more time and effort to selling the Company's products may be appointed to "Manager" status. Appointment as a Manager is dependent upon attaining certain purchase volume levels and demonstrating leadership abilities. Managers numbered approximately 14,000 at December 31, 1998, including approximately 6,700 Managers in the United States. Managers resell the products they purchase from the Company to Distributors in their sales group, to consumers or use the products themselves. Once a Distributor is appointed to the status of Manager, approximately 90 percent continue to maintain that status through recruiting additional Distributors and product purchases.

Domestically, the Company generally sells its products on a cash or credit card basis. From time to time, the Company's domestic operation extends short-term credit associated with product promotions. For certain of the Company's international operations, the Company uses independent distribution centers and offers credit terms consistent with industry standards, within each respective country.

The Company pays its Managers sales commissions and volume discounts based upon the amount of personal product purchases as well as their group sales purchases. Reference is made to Item 8 contained herein for the total commissions and discounts ("Volume Incentives") paid by the Company for the years ended December 31, 1998, 1997 and 1996. In addition, Managers who qualify by attaining certain levels of monthly product purchases are eligible for additional incentive programs including automobile allowances, medical and dental insurance and travel.

SOURCE AND AVAILABILITY OF RAW MATERIALS

Raw materials used in the manufacture of the Company's products are available from a number of suppliers. To date, the Company has not experienced any major difficulty in obtaining adequate sources of supply. The Company attempts to assure the availability of many of its raw materials by contracting, in advance, for its annual requirements. In the past, the Company has found alternative sources of raw materials when needed. Although, there can be no assurance the Company will be successful in locating such sources in the future, the Company believes it will be able to do so.

TRADEMARKS AND TRADE NAMES

The Company has obtained trademark registrations of its basic trademarks, "Nature's Sunshine", and the landscape logo for all of its product lines, as well as the trademark "Nature's Spring" for its water purifier. The

Company also owns numerous trademark registrations in the United States and in many foreign countries.

SEASONALITY

The business of the Company does not reflect significant seasonality.

WORKING CAPITAL ITEMS

The Company maintains a substantial inventory of raw materials and finished goods in order to provide a high level of product availability to its independent Distributors.

DEPENDENCE UPON CUSTOMERS

The Company is not dependent upon a single customer or a few customers, the loss of which would have a material adverse effect on its business.

BACKLOG

Orders for the Company's products are typically shipped within 24 hours after receipt; and as a result, there is no significant amount of backlog at any given time.

COMPETITION

The Company's products are sold in domestic and foreign markets in competition with other companies, some of which have greater sales volumes and financial resources than the Company, and which sell brands that are, through advertising and promotions, better known to consumers. The Company competes in the nutritional and personal care industry against companies which sell heavily advertised and promoted products through retail stores as well as against other direct selling companies. For example, the Company competes against manufacturers and retailers of nutritional and personal care products which are distributed through supermarkets, drug stores, health food stores, discount stores, beauty salons, etc. In addition to its competition with these manufacturers and retailers, the Company competes for product sales and independent Distributors with many other direct sales companies, including Shaklee, NuSkin and Amway. The principal competitors in the encapsulated and tableted herbal products market include Twinlab, Rexall Sundown, Nature's Way, Sunrider, USANA, Inc., Nutraceuticals and NBTY, Inc. The Company believes that the principal components of competition in the direct sales marketing of nutritional and personal care products are quality, price and brand name. In addition, the recruitment, training, financial and travel incentives for the independent sales force are important factors.

RESEARCH AND DEVELOPMENT

The Company conducts its research and development activities at its manufacturing facility located in Spanish Fork, Utah. The principal emphasis of the Company's research and development activities is the development of new products and improvement of existing products. The amount, excluding capital expenditures, spent during each of the last three years on Company-sponsored research and development activities was approximately $1.5 million in 1998 and 1997 and $1.4 million in 1996. The Company has no third-party-sponsored research.

COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

The nature of the Company's business has not required any material capital expenditures to comply with Federal, State or local provisions enacted or adopted regulating the discharge of materials into the environment. No material expenditures to meet such provisions are anticipated. Such regulatory provisions have not had any material effect upon the Company's earnings or competitive position.

REGULATION

The formulation, manufacturing, packaging, labeling, advertising, distribution and sale of each of the Company's major product groups are subject to regulation by one or more governmental agencies, the most active of which is the Food and Drug Administration ("FDA"), which regulates the Company's products under the Federal Food, Drug and Cosmetic Act ("FDCA") and regulations promulgated thereunder. The FDCA defines the terms "food" and "dietary supplement" and sets forth various conditions that unless complied with may constitute adulteration or misbranding of such articles. The FDCA has been amended several times with respect to dietary supplements, most recently by the Nutrition Labeling and Education Act of 1990 (the "NLEA") and the Dietary Supplement Health and Education Act of 1994 (the "DSHEA").

FDA regulations relating specifically to foods for human use are set forth in Title 21 of the Code of Federal Regulations. These regulations include basic food labeling requirements and Good Manufacturing Practices ("GMPs") for foods. Detailed dietary supplement GMPs have been proposed; however, no regulations establishing such GMPs have been adopted. Additional regulations to implement the specific DSHEA requirements for dietary supplement labeling have also been proposed and final regulations are expected to be implemented over a period of time following final publication.

The Company's products are also subject to regulation by the Federal Trade Commission ("FTC"), the Consumer Product Safety Commission ("CPSC"), the United States Department of Agriculture ("USDA") and the Environmental Protection Agency ("EPA"). The Company's activities are also regulated by various agencies of the states, localities and foreign countries to which the Company distributes its products and in which the Company's products are sold.

The Company's distribution and sales program is, like that of other companies operating in interstate commerce, subject to the jurisdiction of the FTC and a number of other federal and state agencies. Various state agencies regulate multi-level distribution activities.

The Company may be subject to additional laws or regulations administered by the FDA or other Federal, State or foreign regulatory authorities, the repeal or amendment of laws or regulations which the Company considers favorable, or more stringent interpretations of current laws or regulations, from time to time in the future. The Company is unable to predict the nature of such future laws, regulations, interpretations or applications, nor can it predict what effect additional governmental regulations or administrative orders, when and if promulgated, would have on its business in the future. They could, however, require reformulation of certain products to meet new standards, recall or discontinuance of certain products not able to be reformulated, imposition of additional recordkeeping requirements, expanded documentation of the properties of certain products, expanded or different labeling and scientific substantiation. Any or all such requirements could have a material adverse effect on the Company's results of operations and financial position.

EMPLOYEES

The approximate number of people employed by the Company as of December 31, 1998, was 971. The Company believes that its relations with its employees are satisfactory.

INTERNATIONAL OPERATIONS

The Company's direct sales of nutritional and personal care products are established internationally in Brazil, Colombia, Mexico, Japan, South Korea, Canada, Venezuela, the United Kingdom, El Salvador, Guatemala, Costa Rica, Peru, Panama, Argentina, Chile, Ecuador, Honduras and Nicaragua. The Company also exports its products to numerous other countries, including Australia, Malaysia, New Zealand, Norway and Russia. Information, for each of the last three years, with respect to the amounts of revenue, operating income, and identifiable assets attributable to domestic and segment information, is set forth in Note 12 of the Notes to Consolidated Financial Statements appearing in Item 8 of this Report, and such information is incorporated herein by reference and made a part hereof.

The Company's international operations are conducted in a manner substantially the same as those conducted domestically; however, in order to conform to local variations, economic realities, market customs, consumer habits and regulatory environments, differences exist in the products and in the distribution and marketing programs.

The Company's international operations are subject to many of the same risks faced by the Company's domestic operations. These include competition and the strength of the local economy. In addition, international operations are subject to certain risks inherent in carrying on business abroad, including foreign regulatory restrictions, fluctuations in monetary exchange rates, import-export controls and the economic and political policies of foreign governments. The importance of these risks increases as the Company's international operations grow and expand. Virtually all of the Company's international operations have been effected by foreign currency devaluation, most notably, Brazil, Colombia, Venezuela, Mexico and Japan.

ITEM 2. PROPERTIES

The Company's corporate offices are located in two adjacent office buildings in Provo, Utah. The facilities are leased from an unaffiliated third party and consist of approximately 57,000 square feet. The lease agreement for the main building, comprising approximately 32,000 square feet was extended during 1997 for an additional 5-year term (of which 3 1/2 years remain at December 31, 1998) and grants the Company an option to purchase the premises at fair market value. The lease for the second building, approximately 25,000 square feet, expires in November of 2000.

The Company's principal manufacturing and warehousing facilities are housed in a building owned by the Company, of approximately 265,000 square feet, located on approximately ten acres in Spanish Fork, Utah. The building was constructed to the Company's specifications in 1977. The building has been expanded on several occasions. During 1998, the Company completed a 129,000-square-foot expansion. Approximately 60,000 square feet is a high bay warehouse with the remaining 69,000 square feet to be used by the Company for future expansion of its manufacturing, research and development and quality assurance areas. This expansion replaced a 70,000 square foot building the Company leased. The consolidation of warehousing space should increase operating efficiencies and allow the Company to meet the increased demand for its products. The total cost of the project was approximately $6.2 million of which $3.5 million was incurred during 1998. The entire cost of the

project was funded from working capital. The building presently includes approximately 34,000 square feet of office space and 231,000 square feet of manufacturing and warehouse space. The building is suited to the Company's business, with the current manufacturing areas presently being utilized at approximately 95 percent of productive capacity.

The Company also leases properties used primarily as distribution warehouses which are located in Columbus, Ohio; Dallas, Texas; Atlanta, Georgia; as well as office and distribution warehouses in Brazil, Colombia, Japan, Canada, Venezuela, South Korea, the United Kingdom, El Salvador, Guatemala, Costa Rica, Peru, Panama, Argentina, Chile, Ecuador, Honduras and Nicaragua. Management believes these facilities are suitable for their respective uses and are, in general, adequate for the Company's present needs. During 1998, the Company spent approximately $2.6 million for all of its leased facilities.

The Company also owns approximately 60,000 square feet of office and warehouse space in Mexico.

ITEM 3. LEGAL PROCEEDINGS

The Company is a defendant in various lawsuits which are incidental to the Company's business. Management, after consultation with its legal counsel, believes that any liability as a result of these matters will not have a material effect upon the Company's results of operations or financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the NASDAQ National Market System (symbol NATR). The information in the table below reflects the actual high and low sales prices of the Company's stock for 1998 and 1997.

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	Market Prices			Market Prices	
1998	HIGH	LOW	1997	HIGH	LOW
First Quarter	28 5/8	23 1/4	First Quarter	18 3/4	14
Second Quarter	27 3/8	21 3/4	Second Quarter	18 3/8	13 1/2
Third Quarter	24 1/4	13 5/8	Third Quarter	24	17 7/8
Fourth Quarter	17 3/4	13 3/4	Fourth Quarter	26 3/4	20 7/8

</TABLE>

There were approximately 1,473 shareholders of record as of March 4, 1999. During 1998 and 1997, the Company paid quarterly cash dividends of 3 1/3 cents per common share. On February 9, 1999, the Company declared a cash dividend of 3 1/3 cents per common share to shareholders of record on February 19, 1999. On February 26, 1999, the Company paid approximately $0.6 million related to this declared dividend. The Company expects to continue to pay equivalent cash dividends in the future.

ITEM 6. SELECTED FINANCIAL DATA
NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
AMOUNTS IN THOUSANDS EXCEPT FOR PER SHARE INFORMATION

<TABLE>

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INCOME STATEMENT DATA

	Sales Revenue	Cost of Goods Sold	Volume Incentives	Selling, General & Administrative Expenses	Operating Income	Income Before Income Taxes	Net Income
1998	$296,052	$52,191	$136,490	$71,304	$36,067	$38,373	$23,278
1997	280,902	51,608	130,709	67,580	31,005	33,203	20,133
1996	249,046	44,886	114,419	63,252	26,489	27,869	16,848
1995	205,566	38,533	94,316	55,221	17,496	20,189	11,878
1994	160,901	30,839	74,163	41,691	14,208	14,511	8,448

</TABLE>

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BALANCE SHEET DATA

	Working Capital	Current Ratio	Inventories	Property, Plant & Equipment, Net	Total Assets	Long-Term Debt	Shareholders' Equity
1998	$35,298	2.27:1	$22,494	$25,896	$103,699	$ ---	$73,967
1997	38,571	2.40:1	19,555	23,711	95,796	---	66,857
1996	39,560	2.44:1	24,459	20,197	91,966	---	63,163
1995	24,433	2.07:1	23,127	13,088	65,247	---	41,505
1994	18,798	2.06:1	17,278	9,919	52,458	---	33,279

</TABLE>

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COMMON SHARE SUMMARY

	Cash Dividends Per Share	Basic Net Income Per Share	Diluted Net Income Per Share	Book Value Per Share(1)	Basic Weighted Average Shares (000s)	Diluted Weighted Average Shares (000s)
1998	$0.133	$1.27	$1.25	$4.10	18,383	18,639
1997	0.133	1.08	1.06	3.60	18,653	19,070
1996	0.133	0.90	0.86	3.30	18,793	19,684
1995	0.133	0.65	0.63	2.25	18,301	18,888
1994	0.120	0.46	0.45	1.81	18,381	18,779

</TABLE>

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OTHER INFORMATION

	Return on Shareholders' Equity(2)	Return on Assets(3)	Number of Managers	Square Footage of Property In Use	Number of Employees
<S>	<C>	<C>	<C>	<C>	<C>
1998	33.1%	23.3%	14,006	631,430	971
1997	31.0	21.4	13,776	522,373	994
1996	32.2	21.4	11,694	485,772	955
1995	31.8	20.2	11,547	443,895	862
1994	27.2	18.0	8,404	346,747	718

</TABLE>

1 Year end shareholders' equity divided by actual shares outstanding at the end of each year.
2 Net income divided by average shareholders' equity.
3 Net income divided by average total assets.
The information in the preceding tables has been adjusted, where necessary, to reflect stock dividends and splits.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

SALES REVENUE

Consolidated sales revenue for the year ended December 31, 1998, was $296.1 million compared to $280.9 million in 1997, an increase of approximately 5 percent. Sales revenue increased approximately 13 percent in 1997 compared to $249.0 million reported in 1996. The increases in sales revenue are directly related to the growth of the Company's independent sales force and international operations, and the continued expansion of the nutritional products market. During 1998, the Company's sales revenue was negatively impacted by foreign currency devaluation in the majority of its international markets and increased competition in the Company's domestic market. Eliminating the adverse affect of foreign currency devaluation, sales revenue for the year ended December 31, 1998, would have increased approximately 9 percent.

The Company distributes its products to consumers through an independent sales force comprised of Managers and Distributors. Active Managers totaled approximately 14,000, 13,800 and 11,700 at December 31, 1998, 1997 and 1996, respectively. Active Distributors totaled approximately 516,000, 660,000 and 522,000 at December 31, 1998, 1997 and 1996, respectively. At December 31, 1998, the number of active Distributors decreased 22 percent as compared to 1997, as the result of the Company's standardization of the definition of an active Distributor in its international operations. Domestically, active Distributors increased 4 percent in 1998 to approximately 185,000. During 1997 and 1996, the growth rate of active Distributors increased approximately 26 percent and 40 percent, respectively, primarily due to the expansion into new markets in Latin America as well as Asia. Due to the increased awareness of the benefits of herbs, vitamins and supplements, new customers having a desire to purchase the products at wholesale cost, instead of at retail, sign up as Distributors of the Company. The Company expects that the number of active Distributors will continue to increase as the Company enters new markets and as current Distributors grow their business.

Price increases of approximately 2 percent and less than 1 percent went into effect in 1998 and 1997, respectfully, and resulted in greater sales revenue for those years. A price increase of approximately 2 percent, primarily driven by increased raw material costs, is scheduled to become effective on April 1, 1999. Management believes this price increase will be acceptable to its sales force and will result in increased sales revenue. However, there can be no assurance that the price increase will be accepted by the sales force.

Sales revenue, related to the Company's domestic operations, increased approximately 7 percent during 1998 and 11 percent for 1997. International sales revenue increased to approximately $105.7 million in 1998, or 2 percent, and $103.3 million in 1997, or 16 percent. The Company's operations in Brazil and Venezuela were the principal drivers of the growth in international sales revenue, increasing approximately $8.3 million and $11.7 million in 1998 and 1997, respectively. During 1998, the Company continued to experience foreign currency devaluation in its international operations. International operations which reported the most significant impact from foreign currency devaluation were Brazil, Colombia, Venezuela, Mexico and Japan. Sales revenue in the Company's Latin America segment decreased approximately 8 percent, primarily as the result of foreign currency

devaluation. Operating income in the Company's Asia Pacific segment decreased approximately $1.4 million, primarily as the result of startup costs associated with the opening of the Company's new international market in South Korea. The Company's board of directors has authorized the management of the Company to implement programs in Japan, the world's largest direct selling market, aimed at increasing sales revenue and operating income. Subsequent to December 31, 1998, the Brazilian real has experienced a significant devaluation against the U.S. dollar. Brazil represents approximately 30 percent of international sales revenue. Price increases are planned in various international markets to adjust for foreign currency devaluation. Management believes the price increases will be acceptable to its sales force and will result in increased sales. However, there can be no assurance that the price increase will be accepted by the sales force. Further information related to the Company's domestic and international segment information is set forth in Note 12 of the Notes to the Consolidated Financial Statements appearing in Item 8 of this report, and such information is incorporated herein by reference and made a part hereof.

COSTS AND EXPENSES

The Company's costs and expenses, which include cost of goods sold, volume incentives, and selling, general and administrative expenses, are identified as a percentage of sales in the table below:

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Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Cost of goods sold	17.6%	18.4%	18.0%
Volume incentives	46.1	46.5	46.0
Selling, general and administrative expenses	24.1	24.1	25.4
	87.8%	89.0%	89.4%

</TABLE>

COST OF GOODS SOLD

Cost of goods sold decreased as a percent of sales in 1998 as compared to 1997 primarily as a result of efforts made by management to control costs in its international operations and efficiencies gained through the construction of its new warehousing and manufacturing facility. Cost of goods sold increased as a percent of sales during 1997 as compared to 1996 as a result of higher freight and duty costs.

Management believes that cost of goods sold will remain approximately the same as a percent of sales during 1999 as compared to 1998. Management also believes that the expansion of the Company's manufacturing and warehouse facility will not have a material impact on cost of goods sold due to the savings associated with the elimination of leased facilities and increased operating efficiencies.

VOLUME INCENTIVES

Volume incentives are a significant part of the Company's direct sales marketing program and represent payments made to its independent sales force. These payments are designed to provide incentives for reaching higher sales levels and to encourage organizational development. Total volume incentives decreased slightly, as a percent of sales, during 1998 as compared to 1997, primarily as a result of pricing adjustments in several international operations.

Management expects volume incentives to remain relatively constant as a percent of sales during 1999 as compared to 1998.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses remained constant as a percent of sales in 1998 as compared to 1997. In addition to typical selling and administrative expenses, this expense category includes costs for research and development, distribution, as well as incentive programs such as the Company's conventions.

Selling, general and administrative expenses decreased from 25.4 percent of sales in 1996 to 24.1 percent of sales in 1997. The decrease in selling, general and administrative expenses resulted from an increase in sales revenue and focused efforts on the part of management to control costs.

Management believes that selling, general and administrative expenses will remain constant as a percent of sales during 1999 as compared to 1998, as the result of continued emphasis on cost containment and improved sales revenue in certain of the Company's international operations.

INTEREST AND OTHER INCOME

Interest and other income is earned principally from investments of excess operating cash balances. Investment income will vary depending upon the rate of interest, the investment instruments available and the need for cash in the Company's operations. It is management's policy to invest only in high-grade investments.

Interest income decreased slightly during 1998 as the result of lower yields earned on short-term investments as well as cash used on capital projects and the Company's common share repurchase program. Interest income increased during 1997 as the result of greater cash balances available for investment as well as higher yields obtained in certain of the Company's international operations. Management expects interest and other income to decrease during 1999 as the result of the cash requirements for international market development and repayment of a short-term debt in Japan.

INCOME TAXES

The Company's effective tax rate was 39.3, 39.4 and 39.6 percent for 1998, 1997 and 1996, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of funds are its available cash and cash equivalents and cash generated from operations. At December 31, 1998, cash and cash equivalents decreased approximately $5.7 million as compared to December 31, 1997. During 1998, cash and cash equivalents were used to purchase long-term investments of $8.3 million. These investments were made in accordance with the Company's policy to invest in only high-grade investments. Cash provided by operating activities was $25.6 million in 1998 compared to $24.2 million in 1997.

Cash was used during 1998 to purchase approximately 720,000 shares of common stock for $14.3 million. The Company purchased approximately $6.5 million of property, plant and equipment of which $3.5 million was associated with the expansion of the Company's manufacturing and

warehouse facility in Spanish Fork, Utah. The warehouse portion of the facility was completed during the second quarter of 1998. The manufacturing portion of the facility will be completed as additional manufacturing capacity is needed. Total costs associated with the expansion were approximately $6.2 million. Volume incentive payments increased approximately $6.5 million during 1998, primarily as the result of increased sales. Cash paid to suppliers and employees increased approximately $3.4 million as a result of increased production to support higher levels of sales, as well as increased employment-related costs. The Company paid approximately $2.5 million in cash dividends during 1998. During 1999, the Company anticipates increased expenses associated with market development of certain international subsidiaries.

Cash was used during 1997 to purchase approximately 1.4 million shares of common stock totaling $26.1 million. The Company purchased approximately $7.5 million of property, plant and equipment of which $2.7 million was associated with the expansion of the Company's manufacturing and warehouse facility in Spanish Fork, Utah. Volume incentive payments increased approximately $17.0 million during 1997, primarily as the result of increased sales. Cash paid to suppliers and employees increased approximately $8.8 million as a result of increased production to support higher levels of sales, as well as increased employment-related costs. The Company paid approximately $2.5 million in cash dividends during 1997.

Management believes the Company's stock is an attractive investment and, pursuant to its previously announced 500,000 share buyback program, may utilize some of its available cash to purchase up to 200,000 shares, the remaining balance as of March 9, 1999, should market conditions warrant.

Options for 159,835 and 883,682 shares of the Company's common stock were exercised during 1998 and 1997, respectively. The proceeds from and tax benefits associated with the options exercised were approximately $2.3 million in 1998, and $13.2 million in 1997.

From time to time, the Company has issued shares of its stock to certain key Distributors. These shares are generally issued during an awards ceremony at the Company's annual convention and are intended to reward these Distributors for their efforts. The Company issued 1,000, 2,000 and 3,000 restricted shares of common stock to certain key Distributors during 1998, 1997 and 1996, respectively. The Company relied on Section (2)(3) and/or Section (4)(2) of the Securities Act of 1933, as amended, in connection with these issuances.

Management believes that working capital requirements can be met through the Company's available cash and cash equivalents and internally-generated funds for the foreseeable future; however, a prolonged economic downturn or a decrease in the demand for the Company's products could adversely affect the long-term liquidity of the Company. In the event of a significant decrease in cash provided by the Company's operations, it may be necessary for the Company to obtain external sources of funding. The Company does not currently maintain a credit facility or any other external sources of long-term funding; however, management believes that such funding could be obtained on competitive terms in the event additional sources of funds became necessary.

SUBSEQUENT EVENT

Subsequent to December 31, 1998, Brazil experienced a significant foreign currency devaluation. As of January 29, 1999, the Brazilian real devalued relative to the U.S. dollar by approximately 72 percent. Any impact of future fluctuations of the Brazilian real relative to the U.S. dollar on the Company's net monetary assets denominated in Brazilian real will be reflected on the Company's consolidated balance sheet in the shareholders' equity section as a component of accumulated other comprehensive income.

YEAR 2000

In an effort to ensure the Company's information systems as well as all other systems are Year 2000 ("Y2K") compliant, the Company is actively engaged in assessing and correcting any potential problems. During 1997, the Company formed a committee to review all systems and correct any potential problems. After initial review of all internal systems, the Company has determined that the majority are currently Y2K compliant. It is estimated by third quarter of 1999, systems which are not currently Y2K compliant will be brought into compliance.

The Company has estimated that it may need to spend from $0.5 million to $1.0 million to ensure that all areas of non-compliance are corrected. Most of the systems that are not currently compliant had previously been scheduled for replacement as part of the Company's ongoing maintenance and upgrading programs.

The Company anticipates that risks related to its information and non-information systems will be mitigated by current efforts being made in conjunction with ongoing testing and review of its systems. However, the primary Y2K risk to the Company's operation is potential service disruption from third-party providers. These services include but are not limited to providers that supply telephone, electrical, banking, shipping and raw materials for the Company's manufacturing operations. Any disruption of these critical services would hinder the Company's ability to receive, process and ship orders. In the event of a temporary disruption in the supply of raw materials, the Company believes it currently maintains an adequate supply of finished goods and raw material inventories to sustain manufacturing and distribution of finished product until alternative sources become available. Although in the past the Company has been able to locate alternative sources, there can be no assurance the Company will be successful in locating such sources in the future. The Company also believes that a temporary disruption of communication services would seriously impact the Company's ability to receive and process orders. The Company has manual processes in place, which it believes would provide temporary replacement for such services. Efforts are currently underway to verify Y2K compliance of the Company's major service providers.

Notwithstanding the foregoing, there can be no assurance that the Company will not experience operational difficulties as a result of Y2K issues, either arising out of internal operations or caused by third-party service providers, which individually or collectively could have an adverse impact on business operations and require the Company to incur unanticipated expenses to remedy any problems. The Company is currently evaluating what contingency plans, if any, may need to be made in the event the Company or third-party providers with whom the Company does business experience Y2K problems.

FORWARD-LOOKING INFORMATION

Statements included in this Management's Discussion and Analysis of Financial Condition and Results of Operations and other items of this Form 10-K may contain forward-looking statements. Such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements may relate but not be limited to projections of revenues, costs and expenses, income or loss, capital expenditures, the expected development schedule of existing real estate projects, plans for growth and future operations, financing needs, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. When used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations", and elsewhere in this Form 10-K the words "estimates", "expects", "anticipates", "forecasts", "plans", "intends" and variations of such words and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Information required by this item is not presented because the Company believes that its investments in market-risk-sensitive instruments is not material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Nature's Sunshine Products, Inc.:

We have audited the accompanying consolidated balance sheets of Nature's Sunshine Products, Inc. (a Utah corporation) and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income and comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nature's Sunshine Products, Inc. and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

San Francisco, California
January 29, 1999

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
AMOUNTS IN THOUSANDS EXCEPT PER SHARE INFORMATION

<TABLE>
<CAPTION>

Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Sales Revenue	$ 296,052	$ 280,902	$ 249,046
Costs and Expenses:			
Cost of goods sold	52,191	51,608	44,886
Volume incentives	136,490	130,709	114,419
Selling, general and administrative expenses	71,304	67,580	63,252
	259,985	249,897	222,557

Operating Income	36,067	31,005	26,489
Other Income (Expense):			
Interest and other income	2,095	2,453	2,021
Interest expense	(48)	(182)	(63)
Foreign exchange loss	(78)	(565)	(787)
Minority interest	337	492	209
	2,306	2,198	1,380
Income Before Provision for Income Taxes	38,373	33,203	27,869
Provision for Income Taxes	15,095	13,070	11,021
Net Income	23,278	20,133	16,848
Other Comprehensive Income (Loss), net of tax:			
Foreign currency translation adjustments	(1,722)	(1,450)	(103)
Unrealized holding gain (loss) arising during period	(14)	416	---
Less: reclassification adjustment for (gain) loss included in net income	(38)	---	---
	(1,774)	(1,034)	(103)
Comprehensive Income	$ 21,504	$ 19,099	$ 16,745
Basic Net Income Per Common Share	$ 1.27	$ 1.08	$ 0.90
Diluted Net Income Per Common Share	$ 1.25	$ 1.06	$ 0.86

</TABLE>

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

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AMOUNTS IN THOUSANDS

<TABLE>
<CAPTION>

As of December 31	1998	1997
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 22,099	$ 27,813
Accounts receivable, net of allowance for doubtful accounts of $819 in 1998 and $661 in 1997	9,939	7,465
Inventories	22,494	19,555
Deferred income tax assets	2,438	2,204
Prepaid expenses and other	6,025	8,993
Total current assets	62,995	66,030
Property, plant and equipment, net	25,896	23,711
Long-term investments	11,675	3,468

Other assets	3,133	2,587
	$ 103,699	$ 95,796
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term debt	$ 1,728	$ 2,665
Accounts payable	4,403	5,094
Accrued volume incentives	9,638	9,531
Accrued liabilities	8,649	7,223
Income taxes payable	3,279	2,946
Total current liabilities	27,697	27,459
Long-Term Deferred Income Tax Liabilities	2,035	1,480
Commitments and Contingencies (Note 11)		
Shareholders' Equity:		
Common stock, no par value, 20,000 shares authorized, 19,446 shares issued	37,528	37,896
Retained earnings	72,013	51,190
Treasury stock, at cost, 1,421 and 861 shares as of December 31, 1998 and 1997, respectively	(28,926)	(17,278)
Receivables from related parties	---	(77)
Accumulated other comprehensive income (loss)	(6,648)	(4,874)
Total shareholders' equity	73,967	66,857
	$103,699	$95,796

</TABLE>

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

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
AMOUNTS IN THOUSANDS

<TABLE>
<CAPTION>

Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
COMMON STOCK:			
Balance at beginning of year	$ 37,896	$ 39,406	$ 31,263
Tax benefit related to exercise of stock options	809	3,240	6,328
Issuance of 161, 886 and 929 shares of treasury stock, respectively	(1,177)	(4,750)	1,815
Balance at end of year	37,528	37,896	39,406
RETAINED EARNINGS:			
Balance at beginning of year	51,190	33,549	19,214
Net income	23,278	20,133	16,848
Cash dividends	(2,455)	(2,492)	(2,513)
Balance at end of year	72,013	51,190	33,549
TREASURY STOCK:			
Balance at beginning of year	(17,278)	(5,868)	(4,942)
Purchase of 721, 1,413 and 261 shares of common stock, respectively	(14,306)	(26,128)	(4,902)
Issuance of 161, 886 and 929 shares of treasury stock, respectively	2,658	14,718	3,976
Balance at end of year	(28,926)	(17,278)	(5,868)
RECEIVABLES FROM RELATED PARTIES:			
Balance at beginning of year	(77)	(84)	(293)
Reductions/Reclassification	77	7	209
Balance at end of year	---	(77)	(84)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):			
Balance at beginning of year	(4,874)	(3,840)	(3,737)
Other comprehensive income (loss)	(1,774)	(1,034)	(103)
Balance at end of year	(6,648)	(4,874)	(3,840)

TOTAL SHAREHOLDERS' EQUITY	$ 73,967	$ 66,857	$ 63,163

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

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
AMOUNTS IN THOUSANDS

Increase (Decrease) in Cash and Cash Equivalents

Year ended December 31	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from sales revenue	$ 293,315	$ 279,525	$ 247,566
Cash paid as volume incentives	(136,382)	(129,907)	(112,897)
Cash paid to suppliers and employees	(119,398)	(116,020)	(107,269)
Interest paid	(48)	(182)	(62)
Interest received	2,279	2,497	2,058
Income taxes paid	(14,209)	(11,744)	(10,807)
Net cash provided by operating activities	25,557	24,169	18,589
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(6,473)	(7,453)	(10,544)
(Purchase) sale of long-term investments, net	(8,260)	(1,004)	333
Payments received (advanced) on long-term receivables, net	228	394	(170)
Payments received from related parties	77	7	489
Purchase of other assets	(861)	(599)	(215)
Proceeds from sale of assets	153	25	344
Receipt from (advance to) minority interest partners	(337)	383	(396)
Net cash used in investing activities	(15,473)	(8,247)	(10,159)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments of cash dividends	(2,455)	(2,492)	(2,513)
Purchase of treasury stock	(14,306)	(26,128)	(4,902)
Proceeds from(repayments of) short-term debt, net	(678)	(123)	746
Proceeds from exercise of stock options	1,481	9,925	5,732
Tax benefit from stock option exercise	809	3,240	6,328
Issuance of treasury stock	---	43	60
Net cash provided by (used in) financing activities	(15,149)	(15,535)	5,451
EFFECT OF EXCHANGE RATES ON CASH	(649)	(453)	

			(174)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,714)	(66)	13,707
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	27,813	27,879	14,172
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 22,099	$ 27,813	$ 27,879
Reconciliation of Net Income to Net Cash Provided by Operating Activities			
NET INCOME	$ 23,278	$ 20,133	$ 16,848
Allowance for doubtful accounts	229	67	133
Depreciation and amortization	4,812	4,292	3,420
(Gain) loss on sale of fixed assets	(75)	8	(96)
Increase in accounts receivable	(2,704)	(834)	(788)
(Increase) decrease in inventories	(2,939)	4,904	(1,332)
Decrease (increase) in prepaid expenses and other	2,533	(3,106)	(4,010)
(Decrease) increase in accounts payable	(691)	868	(806)
Increase (decrease) in income taxes payable	333	1,190	(126)
Increase (decrease) in accrued liabilities and volume incentives	1,534	(1,967)	4,936
Increase (decrease) in deferred income taxes	321	(389)	341
Foreign currency translation adjustment	(1,074)	(997)	69
Total adjustments	2,279	4,036	1,741
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 25,557	$ 24,169	$ 18,589

</TABLE>

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

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AMOUNTS IN THOUSANDS EXCEPT PER SHARE INFORMATION

NOTE 1: OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Nature's Sunshine Products, Inc., and its subsidiaries (hereinafter referred to collectively as the "Company") are primarily engaged in the manufacturing and marketing of herbal and homeopathic products, vitamin and mineral supplements and personal care products. The Company sells its products to a sales force of independent Distributors who use the products themselves or resell them to other Distributors or consumers. The formulation, manufacturing, packaging, labeling, advertising, distribution and sale of each of the Company's major product groups are subject to regulation by one or more governmental agencies.

The Company markets its products directly in the United States, Brazil, Colombia, Mexico, Japan, South Korea, Canada, Venezuela, the United Kingdom, El Salvador, Guatemala, Costa Rica, Peru, Panama, Argentina, Chile, Ecuador, Honduras and Nicaragua. The Company also exports its products to numerous other countries, including Australia, Malaysia, New Zealand, Norway and Russia.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Nature's Sunshine Products, Inc. and its majority-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

PERVASIVENESS OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Company considers all highly liquid short-term investments to be cash equivalents, which generally include only investments with original maturities of three months or less.

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS

The Company's marketable securities and long-term investments are categorized as available-for-sale securities. Unrealized holding gains and losses are reflected as a net amount in other comprehensive income of shareholders' equity. Realized gains and losses on sales of investments, as determined on a specific identification basis, are included in the consolidated statement of income in the year of disposition.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist primarily of cash, cash equivalents, trade receivables, long-term investments, trade payables and debt instruments. The estimated fair values have been determined using appropriate market information and valuation methodologies.

INVENTORIES

Inventories are stated at the lower of cost (using the first-in, first-out method) or market value. At December 31, 1998, management believes the Company had incurred no material impairments in the carrying value of its inventories, other than impairments for which a provision has been made.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives for buildings and improvements range from 20 to 30 years, and equipment, furniture and fixtures range from 3 to 10 years. Leasehold improvements are amortized over the lesser of the life of the applicable lease or the estimated useful life of the applicable asset. Maintenance and repairs are charged to expenses as incurred, and major improvements are capitalized. Gains or losses on sales or retirements are included in the consolidated statement of income in the year of disposition.

TRANSLATION OF FOREIGN CURRENCIES

The local currency of the international subsidiaries is used as the functional currency in translation, except for subsidiaries operating in highly inflationary economies. The financial statements of foreign subsidiaries, where the local currency is the functional currency, are translated into U.S. dollars using exchange rates in effect at the year end for assets and liabilities and average exchange rates during each year for the results of operations. Adjustments resulting from translation of financial statements are reflected in accumulated other comprehensive income.

Countries considered to have highly inflationary economies were Mexico, Venezuela and Ecuador; Brazil, Mexico, Venezuela and Ecuador; and Brazil, Venezuela and Ecuador, during 1998, 1997 and 1996, respectively. The functional currency in these highly inflationary economies is the U.S. dollar and transactions denominated in a local currency are remeasured as if the functional currency were the U.S. dollar. The remeasurement of local currencies into U.S. dollars creates translation adjustments which are included in the consolidated statements of income. Effective January 1, 1998, Brazil was no longer considered highly inflationary. Effective January 1, 1999, Mexico will no longer be considered highly inflationary.

REVENUE RECOGNITION

For domestic sales, the Company generally receives its product sales price in the form of cash or credit card accompanying the orders from independent sales force members. From time to time, the Company's domestic operation extends short-term credit associated with product promotions. For certain of the Company's international operations, the Company offers credit terms consistent with industry standards within each respective country. A volume incentive payment related to product

orders is made in the month following the sale. Sales revenue and related volume incentives are recorded when the merchandise is shipped. Cash received for unshipped merchandise is recorded as customer deposits and is included in accrued liabilities.

SELLING EXPENSES

Independent sales force members may earn Company-paid attendance at conventions as well as other travel awards by achieving the required levels of product purchases within the qualification period. Convention costs and other travel expenses are accrued over the qualification period as they are earned. Accordingly, the Company accrued approximately $3,089, $3,456 and $2,625 at December 31, 1998, 1997 and 1996, respectively.

RESEARCH AND DEVELOPMENT

All research and development costs are expensed as incurred. Total research and development costs were approximately $1,528, $1,500 and $1,400 in 1998, 1997 and 1996, respectively.

INCOME TAXES

The Company recognizes a liability or asset for the deferred tax consequences of temporary differences between the tax basis of assets or liabilities and their reported amounts in the financial statements. These temporary differences will result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled. The deferred tax assets are reviewed for recoverability and valuation allowances are provided as necessary. Foreign and other tax credits are accounted for using the "liability" method, which reduces income tax expense in the year in which these credits are generated.

NET INCOME PER COMMON SHARE

Basic net income per common share (Basic EPS) excludes dilution and is computed by dividing net income by the weighted-average number of common shares outstanding during the year. Diluted net income per common share (Diluted EPS) reflects the potential dilution that could occur if stock options or other contracts to issue common stock were exercised or converted into common stock. The computation of Diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect on net income per common shares. Net income per common share amounts and share data have been restated for all periods presented to reflect Basic and Diluted EPS and the stock split described in Note 8.

Following is a reconciliation of the numerator and denominator of Basic EPS to the numerator and denominator of Diluted EPS for all periods:

<TABLE>
<CAPTION>

	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
<S>	<C>	<C>	<C>
DECEMBER 31, 1998			
Basic EPS	$23,278	18,383	$ 1.27
Effect of options	---	256	
Diluted EPS	$23,278	18,639	$ 1.25
DECEMBER 31, 1997			
Basic EPS	$20,133	18,653	$ 1.08
Effect of options	---	417	
Diluted EPS	$20,133	19,070	$ 1.06
DECEMBER 31, 1996			
Basic EPS	$16,848	18,793	$ 0.90
Effect of options	---	891	
Diluted EPS	$16,848	19,684	$ 0.86

</TABLE>

At December 31, 1998, 1997 and 1996, there were outstanding options to purchase 87, 233 and 5 shares of common stock, respectively, that were not included in the computation of Diluted EPS because the options' exercise prices were greater than the average market price of the common shares during the year.

RECLASSIFICATIONS

Certain reclassifications have been made in the prior periods' consolidated financial statements to conform with the current year presentation.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Statement establishes accounting and reporting standards requiring that derivative instruments be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999. The adoption of this Statement will not have a material effect on the Company's consolidated financial statements as the Company does not currently hold any derivative or hedging instruments.

NOTE 2: INVENTORIES

The composition of inventories is as follows:

<TABLE>
<CAPTION>

As of December 31	1998	1997
<S>	<C>	<C>
Raw materials	$ 6,104	$ 5,912
Work in process	1,377	1,455
Finished goods	15,013	12,188
	$22,494	$19,555

</TABLE>

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

The composition of property, plant and equipment is as follows:

<TABLE>
<CAPTION>

As of December 31	1998	1997
<S>	<C>	<C>
Buildings and improvements	$17,128	$14,015
Machinery and equipment	12,218	11,676
Furniture and fixtures	14,171	12,695
	43,517	38,386
Accumulated depreciation and amortization	(19,020)	(16,074)
Land	1,399	1,399
	$25,896	$23,711

</TABLE>

NOTE 4: INVESTMENTS

The amortized cost and estimated market values of securities available for sale by balance sheet classification are as follows:

<TABLE>
<CAPTION>

As of December 31, 1998	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>

Cash equivalents:				
Municipal obligations	$ 4,750	$ ---	$ ---	$ 4,750
Total cash equivalents	4,750	---	---	$ 4,750
Long-term investments:				
Municipal obligations	10,564	81	(34)	10,611
Equity securities	747	335	(18)	1,064
Total long-term investments	11,311	416	(52)	11,675
Total securities available for sale	$16,061	$416	$(52)	$16,425

</TABLE>

<TABLE>
<CAPTION>

As of December 31, 1997	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
Cash equivalents:				
Municipal obligations	$ 7,358	$ ---	$ ---	$ 7,358
Corporate bonds	5,750	---	---	5,750
Total cash equivalents	13,108	---	---	13,108
Long-term investments:				
Corporate bonds	2,583	90	---	2,673
Equity securities	469	358	(32)	795
Total long-term investments	3,052	448	(32)	3,468
Total securities available for sale	$16,160	$448	$(32)	$16,576

</TABLE>

Contractual maturities of long-term debt securities at market value at December 31, 1998, are as follows:

<TABLE>

<S>	<C>
Mature after one year through five years	$ 8,551
Mature after five years	2,060
Total long-term investments	$10,611

</TABLE>

During 1998, 1997 and 1996, the proceeds from the sales of available-for-sale securities were $11,763, $5,153 and $4,226 respectively. The gross realized gains on sales of available-for-sale securities were $65, for the each of the years ended December 31, 1998 and 1997. The gross realized losses on the sales of available-for-sale securities were $26 and $8 for the years ended December 31, 1998 and 1997, respectively.

NOTE 5: SHORT-TERM DEBT

The Company has operating lines of credit in Japan which are payable in local currency, to facilitate payment of operating expenses. During 1998, the Company repaid approximately $937. The debt is unsecured and matures during 1999. The outstanding amounts relating to the lines of credit at December 31, 1998 and 1997, were $1,728 and $2,665, respectively, with a weighted average interest rate of 2 percent at December 31, 1998. The weighted average outstanding amounts relating to these lines of credit in Japan were $2,224 and $2,727 for 1998 and 1997, respectively.

NOTE 6: ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The composition of accumulated other comprehensive income (loss), net of tax, is as follows:

<TABLE>
<CAPTION>

	Foreign Currency Translation Adjustments	Unrealized Gains On Available-For-Sale Securities	Total Accumulated Other Comprehensive Income (Loss)

<S>	<C>	<C>	<C>
Balance as of December 31, 1997	$(5,290)	$416	$(4,874)
Current period change	(1,722)	(52)	(1,774)
Balance as of December 31, 1998	$(7,012)	$364	$(6,648)

</TABLE>

NOTE 7: INCOME TAXES

The domestic and foreign components of income before provision for income taxes are as follows:

<TABLE>
<CAPTION>

Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Domestic	$30,569	$27,919	$20,516
Foreign	7,804	5,284	7,353
Total	$38,373	$33,203	$27,869

</TABLE>

The provision (benefit) for income taxes consists of the following:

<TABLE>
<CAPTION>

Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Current:			
Federal	$ 9,574	$ 9,177	$ 6,655
State	1,858	1,683	1,146
Foreign	3,342	2,768	3,249
	14,774	13,628	11,050
Deferred	321	(558)	(29)
Total provision for income taxes	$15,095	$13,070	$11,021

</TABLE>

The tax benefit associated with the nonqualified stock option plan decreased the income tax payable by $809, $3,240 and $6,328 in 1998, 1997 and 1996, respectively. These benefits were recorded as an increase to common stock.

The provision for income taxes as a percentage of income before provision for income taxes differs from the statutory Federal income tax rate due to the following:

<TABLE>
<CAPTION>

Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Statutory Federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of Federal income tax benefit	3.1	3.1	2.7
Foreign and other tax credits	(5.6)	(3.4)	(2.8)
Net effect of foreign subsidiaries tax attributes	7.1	6.2	5.3
Other	(0.3)	(1.5)	(0.6)
Effective tax rate	39.3%	39.4%	39.6%

</TABLE>

The significant components of the deferred income tax assets and liabilities are as follows:

Year ended December 31	1998	1997
Deferred tax assets:		
Inventory	$ 300	$300
Accrued liabilities	703	140
State income taxes	644	427
Foreign tax credits	126	190
Sale of subsidiary	---	386
Other	665	761
Total deferred tax assets	$ 2,438	$ 2,204
Deferred tax liabilities:		
Accelerated depreciation	$(2,016)	$(1,452)
Gain on sale of subsidiaries	(19)	(28)
Total deferred tax liabilities	$(2,035)	$(1,480)

Although realization of the net deferred tax assets is not assured, management believes it is more likely than not that all of the net deferred tax assets will be realized. The amount of net deferred tax assets considered realizable could be reduced based on changing conditions.

As of December 31, 1998, the Company has available net operating losses from its foreign subsidiaries for foreign income tax purposes and financial reporting purposes of approximately $11,900 and $12,200, respectively. The tax net operating losses will expire in 2000 through 2003. Certain of these net operating losses may be limited by the extent of foreign taxable income in future years. Due to the uncertainty regarding the utilization of these net operating loss carryforwards, management has provided valuation allowances equal to the amount of the deferred income tax assets related to the net operating loss carryforwards of the foreign subsidiaries.

The Company considers all international earnings which have not been previously taxed for U.S. purposes to be permanently invested in the international subsidiaries. As of December 31, 1998, such earnings were approximately $15,500. If federal taxes and foreign dividend withholding taxes had been provided on those earnings, net of the effect of utilization of foreign tax credits, such taxes would have approximated $250 as of December 31, 1998.

NOTE 8: CAPITAL TRANSACTIONS

STOCK SPLIT

In February 1996, the Board of Directors declared a three-for-two stock split of the Company's common stock to shareholders of record on March 4, 1996. The effects of the stock split have been retroactively reflected in the accompanying consolidated financial statements and in these notes to consolidated financial statements.

TREASURY STOCK

During 1998, 1997 and 1996, the Company repurchased 721, 1,413 and 261 shares of common stock for a total of $14,306, $26,128 and $4,902, respectively. In September 1998, the Board of Directors approved the repurchase of up to 500 shares of the Company's common stock. As of January 29, 1999, approximately 220 shares had been repurchased under this repurchase approval.

STOCK OPTIONS

The Company maintains a 1995 Stock Option Plan which provides for the granting or awarding of certain nonqualified stock options to officers, directors and employees. The term, not to exceed 10 years, and the exercise period of each stock option awarded under the plan are determined by the Company's Board of Directors. Such grants have been made at the fair market value of the stock at the date of grant. At December 31, 1998, the Company had approximately 525 shares remaining in the 1995 Stock Option Plan, which are available to be granted to employees. At December 31, 1998, the Company had reserved approximately 1,129 treasury shares to accommodate the exercise of the outstanding options.

Stock option activity for 1998, 1997 and 1996 consisted of the following:

<TABLE>
<CAPTION>

	Number of Shares	Weighted Average Exercise Price Per Share
<S>	<C>	<C>
Options outstanding at December 31, 1995	3,377	$10.32
Issued	313	19.67
Canceled	(135)	15.01
Exercised	(960)	5.97
Options outstanding at December 31, 1996	2,595	12.81
Issued	139	19.83
Canceled	(617)	15.61
Exercised	(884)	11.33
Options outstanding at December 31, 1997	1,233	13.26
Issued	83	18.32
Canceled	(27)	15.83
Exercised	(160)	9.15
Options outstanding at December 31, 1998	1,129	14.15

</TABLE>

Shares issued during 1998, 1997 and 1996, related to the exercise of stock options were issued from treasury stock. Options for 908, 956 and 2,012 shares of common stock were exercisable on December 31, 1998, 1997 and 1996, respectively, with weighted average exercise prices of $12.91, $11.36 and $11.69, respectively. The weighted average fair value of options granted was $10.30, $8.69 and $10.82 for 1998, 1997 and 1996, respectively.

The following table summarizes information about options outstanding and options exercisable at December 31, 1998.

<TABLE>
<CAPTION>

	Options Outstanding			Options Exercisable	
Range of Option Prices (Per Share)	Shares Outstanding	Weighted-Avg. Remaining Contractual Life	Weighted-Avg. Exercise Price Per Share	Shares Exercisable	Weighted-Avg. Exercise Price Per Share
<S>	<C>	<C>	<C>	<C>	<C>
$1.79	16	2.0 years	$ 1.79	16	$ 1.79
$4.03 to $8.83	384	5.3 years	7.22	384	7.22
$15.50 to $19.75	562	7.9 years	16.93	420	17.00
$20.00 to $26.44	167	8.4 years	21.89	88	20.24
$1.79 to $26.44	1,129	7.0 years	$14.15	908	$12.91

</TABLE>

The Company accounts for the stock option plans under Accounting Principles Board Opinion No. 25, under which no compensation cost has been recognized in the accompanying consolidated statements of income for the years ended December 31, 1998, 1997 and 1996. Had compensation costs been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income and earnings per share would have been reduced to the following proforma amounts:

<TABLE>
<CAPTION>

Year ended December 31		1998	1997	1996
<S>	<C>	<C>	<C>	<C>
Net Income	As reported	$23,278	$20,133	$16,848
	Proforma	22,613	20,026	14,349
Basic Earnings Per Share	As reported	$ 1.27	$ 1.08	$ .90
	Proforma	1.23	1.07	.76
Diluted Earnings Per Share	As reported	$ 1.25	$ 1.06	$ .86
	Proforma	1.21	1.05	.73

</TABLE>

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants: risk-free interest rate of 6.5 percent with expected lives of seven years in 1998, 1997 and 1996; expected dividend yield of approximately 0.6, 0.5 and 1.0 percent in 1998, 1997 and 1996, respectively; and expected volatility of 48.9, 32.0 and 47.5 percent in 1998, 1997 and 1996, respectively. The estimated fair value of options granted is subject to the assumptions made, and if the assumptions were to change, the estimated fair value amounts could be significantly different.

Because SFAS No. 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting proforma compensation cost may not be representative of what is to be expected in future years.

NOTE 9: EMPLOYEE BENEFIT PLANS

DEFERRED COMPENSATION PLANS

The Company sponsors a qualified deferred compensation plan which qualifies under Section 401(k) of the Internal Revenue Code. The Company contributes matching contributions of 100 percent of employee contributions up to a maximum of five percent of the employee's compensation. The Company's contributions to the plan vest after a period of four years. During 1998, 1997 and 1996, the Company contributed to the plan approximately $545, $530 and $451, respectively.

During 1998, the Company established a funded nonqualified deferred compensation plan for its officers, directors and certain key employees. Under this plan, participants may defer up to 100 percent of their annual salary and bonus. The amounts deferred remain the sole property of the Company, which uses them to purchase certain investments as directed by the participants. The program is not qualified under Section 401 of the Internal Revenue Code. At December 31, 1998, the amounts payable under the plan are valued at the fair market value of the assets owned by the Company.

MANAGEMENT AND EMPLOYEE BONUS PLAN

The Company has a bonus plan that provides for participants to receive payments based upon the achievement of set annual increases in revenue and operating income as set by the Board of Directors. The expense related to the plan was approximately $1,239, $687 and $2,822 for 1998, 1997 and 1996, respectively. All domestic employees as well as key international employees participate in the plan.

NOTE 10: RELATED PARTY TRANSACTIONS

During 1998, as part of the Company's marketing efforts, the Company spent approximately $100 for the services of a certain outside advertising agency. The president and CEO of the advertising agency is a relative of a key officer and director of the Company.

During 1996, the Company purchased an office building and warehouse in Mexico for its administrative and warehousing operations. The Company made improvements to the buildings at a cost of $483. The improvements were made by a company, which is owned by a former key employee of the Mexican subsidiary.

NOTE 11: COMMITMENTS AND CONTINGENCIES

The Company leases certain facilities and equipment used in its operations. The approximate aggregate commitments under non-cancelable operating leases in effect at December 31, 1998, were as follows:

<TABLE>
<CAPTION>

Year ending December 31	
<S>	<C>
1999	$2,067
2000	1,303
2001	700
2002	446
2003	131
Thereafter	436
	$5,083

</TABLE>

The Company incurred expenses of approximately $2,865, $2,962 and $2,512 in connection with operating leases during 1998, 1997 and 1996, respectively.

The Company is a defendant in various lawsuits which are incidental to the Company's business. Management, after consultation with its legal counsel, believes that any liability as a result of these matters will not have a material adverse effect upon the Company's results of operations or financial position.

NOTE 12: OPERATING SEGMENT AND INTERNATIONAL OPERATION INFORMATION

The Company has four operating segments. These operating segments are components of the Company for which separate information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance. The Company evaluates performance based on operating income (loss).

The Company's operating segments are based on geographic operations and include a domestic segment (United States) and three international segments consisting of Latin America, Asia Pacific and other regions. The segments have similar business characteristics and each offers similar products through similar methods of distribution as described in Note 1. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1. Intersegment sales, eliminated in consolidation, are not material.

Operating segment information for the years ended December 31, 1998, 1997 and 1996 as follows:

<TABLE>
<CAPTION>

Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Sales Revenue:			
Domestic	$ 190,309	$ 177,647	$ 159,977
International:			
Latin America	80,798	87,389	71,690
Asia Pacific	10,581	11,413	12,497
Other	14,364	4,453	4,882
	296,052	280,902	249,046
Operating Expenses:			
Domestic	160,946	152,474	141,295
International:			
Latin America	72,508	81,106	63,499
Asia Pacific	13,172	12,557	12,921
Other	13,359	3,760	4,842
	259,985	249,897	222,557
Operating Income:			
Domestic	29,363	25,173	18,682
International:			
Latin America	8,290	6,283	8,191
Asia Pacific	(2,591)	(1,144)	(424)
Other	1,005	693	40
	36,067	31,005	26,489
Unallocated Amounts			
Other Income (Expense)	2,306	2,198	1,380
Income Before Provision for Income Taxes	$ 38,373	$ 33,203	$ 27,869

As of December 31	1998	1997	1996
Assets:			
Domestic	$ 62,971	$ 58,700	$ 58,674
International:			
Latin America	32,154	31,818	28,764
Asia Pacific	6,236	4,685	3,767
Other	2,338	593	791
Total Assets	$ 103,699	$ 95,796	$ 91,996

</TABLE>

<TABLE>
<CAPTION>

Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Capital Expenditures:			
Domestic	$5,880	$6,328	$ 6,452
International:			
Latin America	477	596	3,739
Asia Pacific	76	438	51
Other	40	91	302
	$6,473	$7,453	$10,544
Depreciation and Amortization:			
Domestic	$3,439	$2,862	$ 2,388
International:			
Latin America	1,169	1,191	860
Asia Pacific	138	132	96
Other	66	107	76
	$4,812	$4,292	$ 3,420

</TABLE>

Revenues by classes of principal product lines for the years ended December 31, 1998, 1997 and 1996 are as follows:

<TABLE>
<CAPTION>

Year Ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Sales Revenue by Product Lines:			
Herbal Products	$198,355	$188,204	$161,880
Vitamins & Mineral Supplements	68,092	64,607	59,771
Personal Care Products	8,882	8,427	4,981
Homeopathic	2,961	2,809	4,981
Other	17,762	16,855	17,433
	$296,052	$280,902	$249,046

</TABLE>

Revenues attributed to individual countries for the years ended December 31, 1998, 1997 and 1996 are as follows:

<TABLE>
<CAPTION>

Year ended December 31	1998	1997	1996
<S>	<C>	<C>	<C>
Sales Revenue:			
United States	$190,309	$177,647	$159,977
International:			
Brazil	30,289	25,981	17,559
Other	75,454	77,274	71,510
	$296,052	$280,902	$249,046

</TABLE>

International countries not shown individually comprise less than 10 percent of consolidated sales revenue.

Long-lived assets attributed to individual countries consist primarily of property, plant and equipment and are as follows:

<TABLE>
<CAPTION>

As of December 31,	1998	1997	1996

Long-Lived Assets:			
United States	$18,799	$16,291	$13,010
International:			
Brazil	3,085	3,209	3,052
Other	4,012	4,211	4,135
	$25,896	$23,711	$20,197

International countries not shown individually comprise less than 10 percent of consolidated long-lived assets.

NOTE 13: SUBSEQUENT EVENT

Subsequent to December 31, 1998, Brazil experienced a significant foreign currency devaluation. As of January 29, 1999, the Brazilian real devalued relative to the U.S. dollar by approximately 72 percent. Any impact of fluctuations of the Brazilian real relative to the U.S. dollar on the Company's net monetary assets denominated in Brazilian real will be reflected on the Company's consolidated balance sheet in the shareholders' equity section as a component of accumulated other comprehensive income.

NOTE 14: SUMMARY OF QUARTERLY OPERATIONS -- UNAUDITED

1998	Sales Revenue	Cost of Goods Sold	Volume Incentives	Selling, General & Admin. Expenses	Operating Income	Other Income (Expense)	Income Before Income Taxes	Net Income	Basic Net Income Per Share	Diluted Net Income Per Share
First Qtr	$ 75,283	$13,542	$ 35,199	$18,684	$ 7,858	$ 329	$ 8,187	$ 4,867	$0.26	$ 0.26
Second Qtr	77,201	13,646	35,474	18,858	9,223	700	9,923	6,105	0.33	0.32
Third Qtr	73,456	13,155	33,628	17,774	8,899	749	9,648	6,059	0.33	0.33
Fourth Qtr	70,112	11,848	32,189	15,988	10,087	528	10,615	6,247	0.34	0.34
	$296,052	$52,191	$136,490	$71,304	$36,067	$2,306	$38,373	$23,278	$1.27	$1.25
1997										
First Qtr	$ 67,825	$12,060	$ 31,404	$17,951	$ 6,410	$ 361	$ 6,771	$ 4,010	$0.21	$0.21
Second Qtr	71,411	13,405	33,319	16,720	7,967	672	8,639	5,247	0.28	0.28
Third Qtr	71,589	12,756	33,424	17,272	8,137	683	8,820	5,406	0.29	0.29
Fourth Qtr	70,077	13,387	32,562	15,637	8,491	482	8,973	5,470	0.29	0.29
	$280,902	$51,608	$130,709	$67,580	$31,005	$2,198	$33,203	$20,133	$1.08	$1.06

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information called for by Item 10 is omitted because the Company intends to file with the Securities and Exchange Commission, not later than 120 days after the close of the fiscal year ended December 31, 1998, a definitive Proxy Statement pursuant to Regulation 14A of the Commission.

ITEM 11. EXECUTIVE COMPENSATION

Information called for by Item 11 is omitted because the Company intends to file with the Securities and Exchange Commission, not later than 120 days after the close of the fiscal year ended December 31, 1998, a definitive Proxy Statement pursuant to Regulation 14A of the Commission.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information called for by Item 12 is omitted because the Company intends to file with the Securities and Exchange Commission, not later than 120 days after the close of the fiscal year ended December 31, 1998, a definitive Proxy Statement pursuant to Regulation 14A of the Commission.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information called for by Item 13 is omitted because the Company intends to file with the Securities and Exchange Commission, not later than 120 days after the close of the fiscal year ended December 31, 1998, a definitive Proxy Statement pursuant to Regulation 14A of the Commission.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) LIST OF FINANCIAL STATEMENTS

The following are filed as part of this Report:

Report of Independent Public Accountants

Consolidated statements of income for the years ended December 31, 1998, 1997 and 1996.

Consolidated balance sheets as of December 31, 1998 and 1997.

Consolidated statements of shareholders' equity for the years ended December 31, 1998, 1997 and 1996.

Consolidated statements of cash flows for the years ended December 31, 1998, 1997 and 1996.

Notes to Consolidated Financial Statements

(a)(2) LIST OF FINANCIAL STATEMENT SCHEDULES

Report of Independent Public Accountants on Consolidated Financial Statement Schedule.

Schedule II - Valuation and Qualifying Accounts.

Financial statement schedules other than those listed are omitted for the reason that they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto, or contained in this Report.

(a)(3) LIST OF EXHIBITS

3.1(1) - Restated Articles of Incorporation

3.2(2) - By-laws, as amended

10.2(3) - Form of Employment Agreement between the Registrant and its executive officers together with a schedule identifying the agreements omitted and setting forth the material differences between the filed agreement and the omitted agreements

10.3(4) 1995 Stock Option Plan

10.4(4) Form of Stock Option Agreement (1995 Stock Option Plan)

10.5(5) -	1998 Employee Incentive Compensation Plan
10.6	Supplemental Elective Deferral Plan
10.7	Executive Loan Program
21 -	List of Subsidiaries of Registrant
23 -	Consent of Independent Public Accountants
27-	Financial Data Schedule

- ------------

[1] Previously filed with the Commission as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1988 and is incorporated herein by reference.

[2] Previously filed with the Commission as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1985 and is incorporated herein by reference.

[3] Previously filed with the Commission as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1994 and is incorporated herein by reference.

[4] Previously filed with the Commission as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1995 and is incorporated herein by reference.

[5] Previously filed with the Commission as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1997 and is incorporated herein by reference.

(b) REPORTS ON FORM 8-K

The Registrant did not file any reports on Form 8-K during the last quarter of the year ended December 31, 1998.

(c) EXHIBITS

Exhibits required to be filed in respect to this paragraph of Item 14 are listed above in subparagraph (a)(3).

(d) FINANCIAL STATEMENT SCHEDULES

See subparagraph (a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Nature's Sunshine Products, Inc.
(Registrant)

Date: March 16, 1999 By: /s/ Daniel P. Howells

Daniel P. Howells, President, C.E.O. and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
/s/ Daniel P. Howells - ---------------------- Daniel P. Howells	President, Chief Executive Officer and Director	March 16, 1999
/s/ Craig D. Huff - ---------------------- Craig D. Huff	Vice President of Finance, Treasurer, Chief Financial Officer, Chief Accounting Officer	March 16, 1999
/s/ Douglas Faggioli - ---------------------- Douglas Faggioli	Chief Operating Officer and Director	March 16, 1999

/s/ Kristine F. Hughes - ---------------------- Kristine F. Hughes	Chairman of the Board and Director	March 16, 1999
/s/ Eugene L. Hughes - ---------------------- Eugene L. Hughes	Vice President and Director	March 16, 1999
/s/ Merrill Gappmayer - ---------------------- Merrill Gappmayer	Director	March 16, 1999
/s/ Pauline T. Hughes - ---------------------- Pauline T. Hughes	Director	March 16, 1999
/s/ Robert H. Daines - ---------------------- Robert H. Daines	Director	March 16, 1999

</TABLE>

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON CONSOLIDATED FINANCIAL STATEMENT SCHEDULE

To Nature's Sunshine Products, Inc.:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of Nature's Sunshine Products, Inc., and subsidiaries appearing in Item 8 in this Annual Report on Form 10-K, and have issued our report thereon dated January 29, 1999. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in Item 14(a)(2) is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

San Francisco, California
January 29, 1999

NATURE'S SUNSHINE PRODUCTS, INC.
SCHEDULE II-- VALUATION AND QUALIFYING ACCOUNTS
FOR THE THREE YEARS ENDED DECEMBER 31, 1998
(Dollar Amounts in Thousands)

<TABLE>
<CAPTION>

Description	Balance at Beginning of Year	Provisions	Amounts Written Off	Amounts Recovered	Balance at End of Year
<S>	<C>	<C>	<C>	<C>	<C>
Year ended December 31, 1998					
Allowance for doubtful accounts receivable	$ 661	$ 229	$ (46)	$ (25)	$ 819
Allowance for obsolete inventory	534	468	(375)	---	627
Allowance for notes receivable	14	---	---	---	14
Year ended December 31, 1997					
Allowance for doubtful accounts receivable	$ 417	$ 394	$(138)	$ (12)	$ 661
Allowance for obsolete inventory	304	470	(240)	---	534

Allowance for notes receivable	14	---	---	---	14
Year ended December 31, 1996					
Allowance for doubtful accounts receivable	$ 346	$ 162	$ (83)	$ (8)	$ 417
Allowance for obsolete inventory	436	203	(335)	---	304
Allowance for notes receivable	14	---	---	---	14

</TABLE>

LIST OF EXHIBITS

<TABLE>
<CAPTION>

ITEM NO.	EXHIBIT	LOCATED AT SEQUENTIALLY NUMBERED PAGE
3.1(1) -	Restated Articles of Incorporation	---
3.2(2) -	By-laws, as amended	---
10.2(3) -	Form of Employment Agreement between the Registrant and its executive officers together with a schedule identifying the agreements omitted and setting forth the material differences between the filed agreement and the omitted agreements.	---
10.3(4)	1995 Stock Option Plan	---
10.4(4)	Form of Stock Option Agreement (1995 Stock Option Plan)	---
10.5(5) -	1998 Employee Incentive Compensation Plan	---
10.6	Executive Loan Program	43
10.7	Supplemental Elective Deferral Plan	44
21 -	List of Subsidiaries of Registrant	52
23 -	Consent of Independent Public Accountants	53
27 -	Financial Data Schedule	54

</TABLE>

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[2] Previously filed with the Commission as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1985 and is incorporated herein by reference.

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[5] Previously filed with the Commission as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1997 and is incorporated herein by reference.

EXHIBIT 10.6

EXECUTIVE LOAN PROGRAM

All loans are secured by Company stock and bear interest at 7.75%. The amounts of all loans for officers shall be limited to $59,000. Loan proceeds shall be used for the purchase of Nature's Sunshine Products' common stock. Loans shall bear simple interest only. Principal and interest shall be callable upon 90 days notice or automatically due 90 days after termination from the Company.

EXHIBIT 10.7

SUPPLEMENTAL ELECTIVE DEFERRAL PLAN

This Supplemental Elective Deferral Plan of Nature's Sunshine Products, Inc. is effective as of May 15, 1998 except as otherwise provided in this Plan.

ARTICLE I

NAME

1.1 NAME. The Plan shall be known as the "NATURE'S SUNSHINE PRODUCTS, INC. SUPPLEMENTAL ELECTIVE DEFERRAL PLAN" and is hereinafter sometimes referred to as the "Plan".

ARTICLE II

PURPOSE

2.1 PURPOSE. This Plan herein set forth has been created for the primary purpose of providing certain selected employees and non-employee directors of the Employer with the ability to defer the receipt of income, including amounts that cannot be deferred under the Tax Deferred Retirement Plan of the Employer due to limitations in the law. The Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and shall be administered as such.

ARTICLE III

DEFINITIONS

When used herein, the following words shall have the meanings indicated, unless the context clearly indicates otherwise:

3.1 ACCOUNT. The words "ACCOUNT" means the Deferral Account described in Section 5.1.

3.2 BENEFICIARY. The word "BENEFICIARY" shall mean the person or persons entitled to receive benefits upon the death of a Member under this Plan.

3.3 CODE. The word "CODE" shall mean the Internal Revenue Code of 1986, as amended.

3.4 COMMENCEMENT DATE. The words "Commencement Date" shall mean the date selected by the Member on his/her initial election form from among the following:

(a) The Termination Date; or

(b) First day of the year following the year containing the Termination Date.

If no election is properly made, the Commencement Date shall be the Termination Date.

The Member may change the Commencement Date by submitting an election form to the Plan Administrator specifying a Commencement Date, provided, however, such election shall not be effective unless:

(i) the Plan Administrator, in its sole discretion, approves the proposed Commencement Date; and

(ii) the election form is received by the Plan Administrator at least one year before the proposed Commencement Date.

3.5 COMPENSATION. The word "COMPENSATION" with respect to employees of the Employer has the following meaning:

(a) "Compensation" shall mean the total of all amounts paid by the Employer by reason of services performed by the Member, including any bonus pay, taking into account any of the following:

(1) Contributions or payments by the Employer for or on account of the Member under any employee benefit plan, including but not limited to any qualified pension plan and any health or welfare plan;

(2) Compensation that is not subject to employer income tax withholding under Code Section 3402 (or any successor thereof);

(3) Income caused by the exercise of stock options;

(4) Income attributable to benefits received under any long term disability plan maintained by the Company; and

(5) Automobile, moving or entertainment allowances; reimbursements for medical, professional or transportation expenses; excess group term life insurance coverage or other life insurance coverage; tuition refunds; expense reimbursements and other fringe benefits including such things as physical exams, Christmas gifts and service awards.

(c) Notwithstanding the foregoing, a Member's Compensation shall include contributions made on behalf of the Member under a salary reduction agreement to any plan of the Employer qualifying under Code Sections 125, 401(k), or 408(k), and any amounts deferred at the election of the Member pursuant to the terms of this Plan.

The word "COMPENSATION" with respect to members of the Board of Directors of the Employer who are not employees of the Employer shall mean the total amount paid for services as a member of the Board of Directors of the Employer.

3.6 DEFERRAL ACCOUNT. The words "DEFERRAL ACCOUNT" means the account maintained on the books of the Employer as described in Section 5.1.

3.7 DISABILITY. The word "Disability" shall mean any medically determinable physical or mental impairment which is considered a permanent disability under the terms of the Tax Deferred Retirement Plan.

3.8 EFFECTIVE DATE. The "EFFECTIVE DATE" of this Plan shall be May 15, 1998.

3.9 ELIGIBLE PERSON. The word "Eligible Person" means any member of the Board of Directors of the Employer who is not an employee of the Employer, each employee who is an officer of the Employer, and each employee who is in an employment position that has the title of director. In addition, Eligible Person includes any other employee who is a management or highly compensated employee for purposes of ERISA designated as eligible by the Plan Administrator; provided, however, such employee shall be an Eligible Person only so long as so designated by the Plan Administrator which designation can be changed by the Plan Administrator at anytime in its sole discretion.

3.10 EMPLOYER. The word "EMPLOYER" shall mean Nature's Sunshine Products, Inc. or any successor thereof, if its successor shall adopt this Plan.

3.11 MEMBER. The word "MEMBER" means a person who has become a participant in the Plan.

3.12 PLAN. The word "PLAN" shall mean the Supplemental Elective Deferral Plan set forth in and by this document, as the same may be amended from time to time.

3.13 PLAN ADMINISTRATOR. The words "Plan Administrator" shall mean the person or committee designated by the Employer to administer this Plan. In the absence of an effective designation, it shall mean the Employer.

3.14 PLAN YEAR. The words "PLAN YEAR" shall mean the calendar year, with a short plan year from May 15, 1998 to December 31, 1998.

3.15 TAX DEFERRED RETIREMENT PLAN. The words "TAX DEFERRED RETIREMENT PLAN" shall mean the Nature's Sunshine Products, Inc. Tax Deferred Retirement Plan, and any successor to that Plan.

3.16 TERMINATION DATE. The words "TERMINATION DATE" means the date a Member ceasing to render services to the Employer for any reason whatsoever, voluntary or involuntary, including death or disability of the Member.

ARTICLE IV

ELIGIBILITY

4.1 PARTICIPATION. Each Eligible Person shall be eligible to participate in this Plan as of the later of May 15, 1998 or the first day of the month coincident with or immediately following

the date he or she becomes an Eligible Person. A Member shall cease to be eligible to make further elective deferrals under this Plan at such time as the Member ceases to be an Eligible Person.

ARTICLE V

ACCOUNTS

5.1 ESTABLISHMENT AND DETERMINATION OF ELECTIVE ACCOUNT. The Employer shall establish an Elective Deferral Account on its books for each Member. The Deferral Account balance of a Member shall be credited with each of the following:

(a) ELECTIVE DEFERRAL CONTRIBUTION. At the time each payroll is paid, the Employer shall credit to the Deferral Account of the Member the amount equal to the percentage or amount of the Compensation of the Member for the payroll period set forth on the election form submitted by the Member prior to the date the compensation was earned in accordance with the rules adopted by the Plan Administrator . The normal compensation actually paid to the Member for the payroll period by the Employer shall be reduced by the amount credited to the Deferral Account under this Section 5.1(a).

(b) ADDITIONAL DEFERRALS. The Deferral Account of the Member shall be credited with the amount that the Member has notified the Employer in writing prior to the date the compensation is earned in accordance with rules adopted by the Plan Administrator that he/she wishes to have deferred. The amount set forth in writing by the Member to be deferred shall be expressed as a percentage or amount of Compensation for the Plan Year or as a percentage or amount of a contingent payment (such as a year-end bonus). The Deferral Account of the Member shall be credited with the deferred amount as of the date such amount otherwise would have been paid to the Member. The compensation paid by the Employer to the Member for the Plan Year shall be reduced by the amount deferred under this Section 5.1(b).

(c) EARNINGS. As of the end of each month, and as of the date the benefit is payable under Article VI, the Employer shall credit as earnings to the Deferral Account of a Member under rules established by the Plan Administrator an amount equal to that which would have been earned on the account since the last day of the preceding month if the account had earned an investment return for the applicable period equal to the investment return for the investments selected in advance by the Member from those made available by the Plan Administrator, or to the extent no selection has properly been made, by crediting the account with the rate of return for the applicable period of the fixed income fund selected in its sole discretion by the Plan Administrator. The Plan Administrator shall prescribe such rules as it deems necessary or appropriate regarding the crediting of earnings and the adjustments to be made in the way the earnings are credited to the Deferral Accounts to reflect the timing of investment elections made by the Member and the timing of amounts being credited or debited to the Deferral Accounts.

The Deferral Account balance of a Member shall be debited with the amount paid to or on behalf of the Member under this Plan.

5.2 STATEMENT OF ACCOUNTS. The Plan Administrator shall provide to each Member within one hundred twenty (120) days after the close of each Plan Year, a statement in such form as the Plan Administrator selects setting forth the balance, if any, in the Deferral Account of the Member as of the last day of the Plan Year just ended.

5.3 ACCOUNTING DEVICE ONLY. The Deferral Account shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Member under this Plan. The Deferral Account shall not constitute or be treated as a trust fund of any kind.

ARTICLE VI

PAYMENT OF ACCOUNTS

6.1 BENEFIT PAYMENT. A Member shall be entitled to a payment equal to the amount credited to his/her Deferral Account as of the Commencement Date. The payment shall commence to be paid within 60 days of the Commencement Date.

6.2 FORM OF PAYMENT. The amount due the Member shall be paid in one of the following forms as selected by the Member in his/her initial election form:

(a) substantially equal annual installments over three years; or

(b) substantially equal annual installments over five years.

While the amount of the Deferral Account is being paid in installments, the Deferral Accounts used to measure the amount due the Member shall continue to be adjusted for earnings under rules prescribed by the Plan Administrator as provided in Section 5.1(c). In the event no form of payment is properly elected, the amount due the Member shall be paid in the form of annual installments over a period of five years.

6.3 PAYMENT TO BENEFICIARY. In the event a Member dies before receiving his/her full benefit under this Plan, the Employer shall pay any remaining amount due on behalf of the Member hereunder to the Beneficiary of the Member. Such payment shall be in the form of a single cash payment and shall be paid within 60 days of the date of death. A Member may designate a Beneficiary on the form prescribed by and delivered to the Plan Administrator. If no Beneficiary is properly designated under this Plan, then the Beneficiary shall be the person entitled under the terms of the Tax Deferred Retirement Plan to receive any death benefits payable under the Tax Deferred Retirement Plan on account of the death of that Plan Member. If there is no Beneficiary after application of the foregoing provisions of this Section, then the payment shall be made to the estate of the Member.

ARTICLE VII

CERTAIN OTHER BENEFITS TAKEN INTO ACCOUNT

For purposes of this Plan, the Employer shall take into account and credit against its obligations hereunder with respect to any Member, the actuarial value of any payments or benefits

provided said Member that were intended to pay the benefits to be provided by this Plan. For this purpose, any benefits payable under the qualified plans of the Employer are not intended to pay the benefits to be provided by this Plan.

ARTICLE VIII

CLAIMS AND REVIEW PROCEDURES

8.1 CLAIMS PROCEDURE. The Plan Administrator shall notify the Member or beneficiary ("claimant") in writing, within ninety (90) days of his or her written application for benefits, of his or her eligibility or noneligibility for benefits under the Plan. If the Plan Administrator determines that a claimant is not eligible for benefits or full benefits, the notice shall set forth (1) the specific reasons for such denial, (2) a specific reference to the provisions of the Plan on which the denial is based, (3) a description of any additional information or material necessary for the claimant to perfect his or her claim, and a description of why it is needed, and (4) an explanation of the Plan's claims review procedure and other appropriate information as to the steps to be taken if the claimant wishes to have the claim reviewed. If the Plan Administrator determines that there are special circumstances requiring additional time to make a decision, the Plan Administrator shall notify the claimant of the special circumstances and the date by which a decision is expected to be made, and may extend the time for up to an additional ninety-day period.

8.2 REVIEW PROCEDURE. If a claimant is determined by the Plan Administrator not to be eligible for benefits, or if the claimant believes that he or she is entitled to greater or different benefits, the claimant shall have the opportunity to have such claim reviewed by the Plan Administrator by filing a petition for review with the Plan Administrator within sixty (60) days after receipt of the notice issued by the Plan Administrator. Said petition shall state the specific reasons which the claimant believes entitle him or her to benefits or to greater or different benefits. Within sixty (60) days after receipt by the Plan Administrator of the petition, the Plan Administrator shall afford the claimant (and counsel, if any) an opportunity to present his or her position to the Plan Administrator orally or in writing, and the claimant (or counsel) shall have the right to review the pertinent documents. The Plan Administrator shall notify the claimant of its decision in writing within the sixty-day period, stating specifically the basis of its decision, written in a manner calculated to be understood by the claimant and the specific provisions of the Plan on which the decision is based. If, because of the need for a hearing, the sixty-day period is not sufficient, the decision may be deferred for up to another sixty-day period at the election of the Plan Administrator, but notice of this deferral shall be given to the claimant. In the event of the death of a claimant, the same procedures shall apply to the claimant's beneficiaries.

ARTICLE IX

ADMINISTRATION OF THE PLAN

9.1 PLAN ADMINISTRATION. The Plan Administrator shall have the authority to interpret the Plan and issue such administrative procedures as it deems appropriate. The Plan Administrator shall have the duty and responsibility of maintaining records, making the requisite calculations and disbursing the payments hereunder. The Plan Administrator's interpretations,

determinations, regulations and calculations shall be final and binding on all persons and parties concerned.

9.2 AMENDMENT AND TERMINATION. The Employer may amend or terminate the

Plan at any time, provided, however, that no such amendment or termination shall adversely affect a benefit to which a terminated or retired Member or the Beneficiary of such Member is entitled under Article V prior to the date of such amendment or termination unless the Member becomes entitled to an amount equal to such benefit under another plan or practice adopted by the Employer. In the event of termination of the Plan, the Employer may elect to immediately pay all benefits due under the Plan to Members or may elect to have such benefits paid at such time as such Members would have received the benefits if the Plan had continued. The Plan Administrator may amend this Plan at anytime so long as the amendment does not materially increase the cost of the Plan to the Employer.

9.3 PAYMENTS. The Employer will pay all benefits arising under this Plan. There shall be deducted from each payment any federal, state or local withholding or taxes or charges which may be required under applicable law as determined by the Employer.

9.4 NON-ASSIGNABILITY OF BENEFITS. The benefits payable hereunder or the right to receive future benefits under the Plan may not be anticipated, alienated, pledged, encumbered, or subjected to any charge or legal process, and if any attempt is made to do so, or a person eligible for any benefits becomes bankrupt, the earnings under the Plan of the person affected may be terminated by the Plan Administrator which, in its sole discretion, may cause the same to be held or applied for the benefit of one or more of the dependents of such person or make any other disposition of such benefits that it deems appropriate.

9.5 STATUS OF PLAN. Nothing contained herein shall be construed as providing for assets to be held in trust or escrow or any other form of asset segregation for the Member or for any other person or persons to whom benefits are to be paid pursuant to the terms of this plan, the Member's only earnings hereunder being the right to receive the benefits set forth herein. To the extent any person acquires a right to receive benefits under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Employer.

9.6 INDEMNIFICATION. To the extent permitted by law, the Employer shall indemnify each member of the Board of Directors and any other employee of the Employer to whom duties are assigned with respect to this Plan, against expenses (including any amount paid in settlement) reasonably incurred by him/her in connection with any claims against him/her by reason of his/her conduct in the performance of his/her duties under the Plan, except in relation to matters as to which he/she acted fraudulently or in bad faith in the performance of such duties. This right of indemnification shall be in addition to any other right to which the Board or other person may be entitled as a matter of law or otherwise, and shall pass to the estate of a deceased person.

9.7 REPORTS AND RECORDS. The Plan Administrator and those to whom the Plan Administrator has delegated duties under the Plan shall keep records of all their proceedings and actions and shall maintain books of account, records, and other data as shall be necessary for the proper administration of the Plan and for compliance with applicable law.

9.8 FINANCES. The costs of the Plan shall be borne by the Employer. The rights of the Member (or of his Beneficiary) to benefits under the Plan shall be solely those of an unsecured general creditor of the Employer. Any assets acquired by or held by the Employer shall not be deemed to be held as security for the performance of the obligations of the Employer under this Plan.

9.9 NONGUARANTEE OF EMPLOYMENT. Nothing contained in this Plan shall be construed as a contract of employment between the Employer and any Member, or as a right of any Member to be continued in employment of the Employer, or as a limitation on the right of the Employer to discharge any of its employees, with or without cause.

9.10 APPLICABLE LAW. All questions pertaining to the construction, validity and effect of the Plan shall be determined in accordance with the laws of the United States and to the extent not pre-empted by such laws, by the laws of the State of Utah.

9.11 HEADINGS. The headings of Sections and Articles in this Plan are for convenience purposes only and shall in no way control or be used in the interpretation of the content of the Sections or Articles or this Plan as a whole.

9.12 NUMBER AND GENDER. Where the context requires, the singular shall include the plural and the plural shall include the singular, and any gender shall include both other genders.

EXHIBIT 21

SUBSIDIARIES

Set forth below is a list of all active subsidiaries of the Registrant, the state or other jurisdiction of incorporation or organization of each, and the names under which such subsidiaries do business.

Name	Jurisdiction of Incorporation
Nature's Sunshine Products of Canada, Ltd.	Canada
Nature's Sunshine Products de Mexico, S.A. de C.V.	Mexico
Nature's Sunshine Products de Colombia, S.A.	Colombia
Nature's Sunshine Produtos Naturais Ltda.	Brazil
Nature's Sunshine K.K.	Japan
Nature's Sunshine Korea, Ltd.	South Korea
Nature's Sunshine Products de Venezuela	Venezuela
Nature's Sunshine Products de Centroamerica	Costa Rica
Nature's Sunshine Products de Panama, S.A.	Panama
Nature's Sunshine Products de Guatemala, S.A.	Guatemala
Nature's Sunshine Products de El Salvador, S.A. de C.V.	El Salvador
Nature's Sunshine Products del Peru, S.A.	Peru
Nature's Sunshine Products de Argentina	Argentina
Comercializadora Nature's Sunshine Chile Ltda.	Chile
Nature's Sunshine Products del Ecuador, S.A.	Ecuador
Nature's Sunshine Products de Honduras, S.A.	Honduras
Nature's Sunshine Products de Nicaragua, S.A.	Nicaragua

Each subsidiary listed above is doing business under its corporate name.

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into the Company's previously filed Form S-8 Registration Statements File Nos. 33-38621, 33-80582, 33-59497 and 333-08139.

ARTHUR ANDERSEN LLP

San Francisco, California
March 23, 1999

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