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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________to _________________

Commission File #0-8707

NATURE'S SUNSHINE PRODUCTS, INC.
(Exact Name of Registrant)

Utah	87-0327982
(State of Incorporation)	(I.R.S. Employer Identification Number)

75 East 1700 South
Provo, Utah 84606
(Address of Principal Executive Offices)

(801) 342-4300
(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, during the preceding 12 months (or such shorter period that the Registrant was required to file such report(s)), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

The number of shares of common stock, without par value, outstanding as of November 10, 1999, was 17,171,599.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts In Thousands)
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	September 30, 1999 <C>	December 31, 1998 <C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 22,413	$ 22,099
Accounts receivable, net	9,715	9,939
Inventories	22,355	22,494
Deferred income tax assets	2,302	2,438
Prepaid expenses and other	9,605	6,025
Total Current Assets	66,390	62,995
PROPERTY, PLANT AND EQUIPMENT, net	25,830	25,896
LONG-TERM INVESTMENTS	13,831	11,675

OTHER ASSETS	3,512	3,133
	$109,563	$103,699

</TABLE>

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

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Amounts In Thousands)
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	September 30, 1999 <C>	December 31, 1998 <C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	$ 1,166	$ 1,728
Accounts payable	6,421	4,403
Accrued volume incentives	9,914	9,638
Accrued liabilities	11,890	8,649
Income taxes payable	2,466	3,279
Total Current Liabilities	31,857	27,697
LONG-TERM LIABILITIES:		
Deferred income tax liabilities	1,952	2,035
Deferred compensation	753	---
Total Long-Term Liabilities	2,705	2,035
SHAREHOLDERS' EQUITY:		
Common stock, no par value, 20,000 shares authorized; 19,446 shares issued	37,528	37,528
Retained earnings	84,154	72,013
Treasury stock, at cost, 2,200 and 1,421 shares at September 30, 1999 and December 31, 1998, respectively	(36,934)	(28,926)
Accumulated other comprehensive loss	(9,747)	(6,648)
Total Shareholders' Equity	75,001	73,967
	$109,563	$103,699

</TABLE>

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

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(Amounts In Thousands, Except Per-Share Information)
(UNAUDITED)

<TABLE>
<CAPTION>

	Three Months Ended September 30	
<S>	1999 <C>	1998 <C>
SALES REVENUE	$73,240	$73,456
COSTS AND EXPENSES:		

Cost of goods sold	13,151	13,155
Volume incentives	33,275	33,628
Selling, general and administrative	20,622	17,774
	67,048	64,557
OPERATING INCOME	6,192	8,899
OTHER INCOME, net	304	749
INCOME BEFORE PROVISION FOR INCOME TAXES	6,496	9,648
PROVISION FOR INCOME TAXES	2,368	3,589
NET INCOME	4,128	6,059
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:		
Foreign currency translation adjustments	(520)	(1,818)
Unrealized holding losses arising during the period	(8)	(77)
Reclassification adjustment for gains included in net income	(40)	---
	(568)	(1,895)
COMPREHENSIVE INCOME	$ 3,560	$ 4,164
BASIC NET INCOME PER COMMON SHARE	$ 0.24	$ 0.33
WEIGHTED AVERAGE BASIC SHARES	17,472	18,341
DILUTED NET INCOME PER COMMON SHARE	$ 0.24	$ 0.33
WEIGHTED AVERAGE DILUTED SHARES	17,547	18,548

</TABLE>

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

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(Amounts In Thousands, Except Per-Share Information)
(UNAUDITED)

<TABLE>
<CAPTION>

	Nine Months Ended September 30	
	1999	1998
<S>	<C>	<C>
SALES REVENUE	$217,056	$225,940
COSTS AND EXPENSES:		
Cost of goods sold	38,292	40,342
Volume incentives	99,162	104,301
Selling, general and administrative	58,370	55,317
	195,824	199,960
OPERATING INCOME	21,232	25,980
OTHER INCOME, net	1,446	1,778
INCOME BEFORE PROVISION FOR INCOME TAXES	22,678	27,758
PROVISION FOR INCOME TAXES	8,763	10,727

NET INCOME	13,915	17,031
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:		
Foreign currency translation adjustments	(3,066)	(1,974)
Unrealized holding gains (losses) arising during the period	38	(182)
Reclassification adjustment for gains included in net income	(71)	(9)
	(3,099)	(2,165)
COMPREHENSIVE INCOME	$ 10,816	$ 14,866
BASIC NET INCOME PER COMMON SHARE	$ 0.79	$ 0.92
WEIGHTED AVERAGE BASIC SHARES	17,722	18,467
DILUTED NET INCOME PER COMMON SHARE	$ 0.78	$ 0.91
WEIGHTED AVERAGE DILUTED SHARES	17,821	18,764

</TABLE>

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

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
(Amounts In Thousands)
(UNAUDITED)

<TABLE>
<CAPTION>

	Nine Months Ended September 30	
	1999	1998
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$13,915	$ 17,031
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	204	80
Depreciation and amortization	6,046	3,777
Gain on sale of fixed assets	(7)	(66)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	20	(2,005)
Decrease (increase) in inventories	139	(1,403)
(Increase) decrease in prepaid expenses and other assets	(2,809)	1,982
Increase in accounts payable	2,018	644
Increase in accrued volume incentives	276	504
Increase in accrued liabilities	3,994	3,632
Decrease in income taxes payable	(813)	(237)
Increase in deferred income taxes	53	251
Cumulative translation adjustments	(1,889)	(1,283)
Net Cash Provided by Operating Activities	21,147	22,907
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(5,198)	(5,678)
(Purchase) sale of long-term investments	(2,156)	156
Payments received on long-term receivables	46	130
Purchase of other assets	(2,030)	(554)
Proceeds from sale of assets	25	---
Minority interest elimination	---	(293)
Net Cash Used in Investing Activities	(9,313)	(6,239)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of cash dividends	(1,773)	(1,849)
Purchase of treasury stock	(8,008)	(10,888)
Repayments of short-term debt	(562)	(1,041)
Proceeds from exercise of stock options	---	1,397

Tax benefit from stock option exercise	---	318
Net Cash Used in Financing Activities	(10,343)	(12,063)
EFFECT OF EXCHANGE RATES ON CASH	(1,177)	(691)
NET INCREASE IN CASH AND CASH EQUIVALENTS	314	3,914
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	22,099	27,813
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$22,413	$31,727

</TABLE>

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

NATURE'S SUNSHINE PRODUCTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts In Thousands, Except Per-Share Information)
(UNAUDITED)

(1) INTERIM FINANCIAL STATEMENT POLICIES AND DISCLOSURES

The unaudited, condensed consolidated financial statements of Nature's Sunshine Products, Inc. and subsidiaries included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally required in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the following disclosures are adequate to make the information presented not misleading.

These condensed consolidated financial statements reflect all adjustments, which in the opinion of management, are necessary to present fairly the financial position as of September 30, 1999, and the results of operations for the periods presented. All of the adjustments which have been made in these condensed consolidated financial statements are of a normal recurring nature. Operating results for the three- and nine-month periods ended September 30, 1999, are not necessarily indicative of the results that may be expected for the year ending December 31, 1999.

It is suggested that these consolidated condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

(2) INVENTORIES

<TABLE>
<CAPTION>

Inventories consist of the following:	September 30, 1999	December 31, 1998
<S>	<C>	<C>
Raw materials	$ 6,913	$ 6,104
Work in process	1,556	1,377
Finished goods	13,886	15,013
	$22,355	$22,494

</TABLE>

(3) NET INCOME PER 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 period. 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 share

As of September 30, 1999, the Company had a total of 1,068 options outstanding. The options were granted at market prices and have a weighted average exercise price of $10.59.

Following is a reconciliation of the numerator and denominator of Basic EPS to the numerator and denominator of Diluted EPS for the three and nine months ended:

	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
THREE MONTHS ENDED SEPTEMBER 30, 1999			
Basic EPS	$4,128	17,472	$0.24
Effect of stock options	---	75	
Diluted EPS	$4,128	17,547	$0.24
Three Months Ended September 30, 1998			
Basic EPS	$6,059	18,341	$0.33
Effect of stock options	---	207	
Diluted EPS	$6,059	18,548	$0.33

	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
NINE MONTHS ENDED SEPTEMBER 30, 1999			
Basic EPS	$13,915	17,722	$0.79
Effect of stock options	---	99	
Diluted EPS	$13,915	17,821	$0.78
Nine Months Ended September 30, 1998			
Basic EPS	$17,031	18,467	$0.92
Effect of stock options	---	297	
Diluted EPS	$17,031	18,764	$0.91

For the three months ended September 30, 1999 and 1998, there were outstanding options to purchase 700 and 298 shares of common stock, respectively, that were not included in the computation of Diluted EPS, as their effect would have been anti-dilutive. For the nine months ended September 30, 1999 and 1998, there were outstanding options to purchase 535 and 74 shares of common stock, respectively, that were not included in the computation of Diluted EPS, as their effect would have been anti-dilutive.

(4) EQUITY TRANSACTIONS

The Company has declared 45 consecutive quarterly cash dividends. The most recent quarterly cash dividend of 3 1/3 cents per common share was declared on October 29, 1999, to shareholders of record on November 10, 1999 and is payable on November 19, 1999.

For the nine months ended September 30, 1999, the Company repurchased approximately 779 shares of its common stock in the open market. On May 11, 1999, the Board of Directors authorized the repurchase up to 500 shares of the Company's common stock as market conditions warrant. As of September 30, 1999, the Company had repurchased approximately 458 shares of common stock under this approval. Subsequent to September 30, 1999, the Company repurchased the additional 42 shares of common stock under this authorization.

On October 20, 1999, the Board of Directors authorized the repurchase of an additional 1,000 shares of the Company's common stock as market conditions warrant.

(5) RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (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, 2000. 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.

(6) ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

<TABLE>
<CAPTION>

	Foreign Currency Adjustments	Unrealized Gains/(Losses) on Available-for-Sale Securities	Total Accumulated Other Comprehensive Income (Loss)
<S>	<C>	<C>	<C>
Balance as of December 31, 1998	$ (7,012)	$364	$(6,648)
Current period change	(3,066)	(33)	(3,099)
Balance as of September 30, 1999	$(10,078)	$331	$(9,747)

</TABLE>

During the nine months ended September 30, 1999, the Brazilian real devalued approximately 61 percent relative to the U.S. dollar. Approximately $3.0 million of the foreign currency adjustment is associated with the devaluation of the Brazilian real.

(7) 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 the ultimate disposition of these matters will not have a material effect upon the Company's consolidated results of operations or financial position.

(8) SEGMENT 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 sales revenue and operating income (loss).

The Company's operating segments are based on geographic regions, including a domestic segment (United States) and three international segments that consist of Latin America, Asia Pacific and other regions. Intersegment sales, eliminated in consolidation, are not material.

Prior balances have been restated to reflect the Company's implementation of SFAS No. 131.

Segment information for the three and nine months ended Septemer 30, 1999 and 1998, are as follows:

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998	Nine Months Ended September 30, 1999	Nine Months Ended September 30, 1998
Sales Revenue:				
Domestic	$44,510	$47,119	$139,482	$145,880
International:				
Latin America	18,336	21,909	52,986	68,354
Asia Pacific	6,164	3,295	12,870	8,335
Other	4,230	1,133	11,718	3,371
	73,240	73,456	217,056	225,940
Operating Expenses:				
Domestic	39,053	40,080	120,633	125,322
International:				
Latin America	18,326	19,842	50,962	61,940
Asia Pacific	6,006	3,696	13,838	9,984
Other	3,663	939	10,391	2,714
	67,048	64,557	195,824	199,960
Operating Income:				
Domestic	5,457	7,039	18,849	20,558
International:				
Latin America	10	2,067	2,024	6,414
Asia Pacific	158	(401)	(968)	(1,649)
Other	567	194	1,327	657
	6,192	8,899	21,232	25,980
Other Income (Expense)	304	749	1,446	1,778
Income Before Provision for Income Taxes	$ 6,496	$9,648	$ 22,678	$ 27,758

Segment assets as of September 30, 1999 and December 31, 1998, are as follows:

	September 30, 1999	December 31, 1998

<S> <C> <C>

Assets		
Domestic	$ 68,002	$ 62,971
International:		
Latin America	30,115	32,154
Asia Pacific	8,082	6,236
Other	3,364	2,338
	$109,563	$103,699

</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements, the notes thereto and management's discussion and analysis included in the Company's Annual Report for the year ended December 31, 1998.

RESULTS OF OPERATIONS

The following table identifies (i) the relationship that net income items disclosed in the condensed consolidated financial statements have to total sales, and (ii) amount and percent of change of such items compared to the corresponding prior period.

<TABLE>
<CAPTION>

(Dollar Amounts in Thousands)
(UNAUDITED)

(i) Income and Expense Items as a Percent of Sales — Three Months Ended September 30, 1999	1998		(ii) Three Months Ended September 30 1999 TO 1998 — Amount of Increase (Decrease)	Percent of Change
100.0%	100.0%	Sales revenue	$ (216)	(0.3)%
18.0	17.9	Cost of sales	(5)	---
45.4	45.8	Volume incentives	(353)	(1.0)
28.1	24.2	SG&A expenses	2,849	16.0
91.5	87.9	Total operating expenses	2,491	3.9
8.5	12.1	Operating income	(2,707)	(30.4)
0.4	1.0	Other income	(445)	(59.4)
8.9	13.1	Income before income taxes	(3,152)	(32.7)
3.3	4.9	Provision for income taxes	(1,221)	(34.0)
5.6%	8.2%	Net income	$(1,931)	(31.9)%

</TABLE>

RESULTS OF OPERATIONS

The following table identifies (i) the relationship that net income items disclosed in the consolidated condensed financial statements have to total sales, and (ii) amount and percent of change of such items compared to the corresponding prior period.

<TABLE>
<CAPTION>

(Dollar Amounts in Thousands)
(UNAUDITED)

(i) Income and Expense Items as a Percent of Sales — Nine Months Ended September 30, 1999	1998		(ii) Nine Months Ended September 30, 1999 to 1998 — Amount of Increase (Decrease)	Percent of Change
<S>	<C>	<C>	<C>	<C>
100.0%	100.0%	Sales revenue	$(8,884)	(3.9)%
17.6	17.8	Cost of sales	(2,050)	(5.1)
45.7	46.2	Volume incentives	(5,139)	(4.9)
26.9	24.5	SG&A expenses	3,053	5.5
90.2	88.5	Total operating expenses	(4,136)	(2.1)
9.8	11.5	Operating income	(4,748)	(18.3)
0.6	0.8	Other income	(332)	(18.7)
10.4	12.3	Income before income taxes	(5,080)	(18.3)
4.0	4.8	Provision for income taxes	(1,963)	(18.3)
6.4%	7.5%	Net income	$(3,116)	(18.3)%

</TABLE>

SALES REVENUE

Sales revenue for the three months ended September 30, 1999, was $73.2 million compared to $73.5 million in the prior year. Sales revenue for the nine months ended September 30, 1999, was $217.1 million compared to $225.9 million in the same period the prior year, a decrease of approximately 4 percent. Management believes the decrease in sales revenue for the nine months ended September 30, 1999, is attributable to increased product and price competition in the nutritional supplement market as well as increased competition for new distributors and the continued devaluation of foreign currencies against the U.S. dollar. Sales revenue in the Company's domestic operations for the three and nine months ended September 30, 1999, were $44.5 million and $139.5 million, a decrease of approximately 6 percent and 4 percent, respectively, compared to the same periods in the prior year. The domestic sales revenue was negatively impacted during the period by increased product and price competition in the nutritional supplement market. The Company expects competition to remain strong for the foreseeable future. The Company is testing and evaluating various marketing programs in an effort to restore growth rates to those experienced previously.

The Company's international operations reported sales revenue of $28.7 million and $77.6 million for the three and nine months ended September 30, 1999, an increase of 9 percent and a decrease of 3 percent, respectively, compared to the same periods in 1998. The increase in sales revenue for the third quarter was primarily the result of increased sales revenue reported in Japan, Korea and Mexico. The declining rate of growth in international sales revenue was primarily the result of the increased valuation of the U.S. dollar against foreign currencies. The international operation which reported the most significant foreign currency impact was Brazil. During the nine months September 30, 1999, the Brazilian real devalued approximately 61 percent relative to the U.S. dollar. Effective March 1, 1999,

the Company instituted a price increase in Brazil to offset a portion of this devaluation. Eliminating the adverse effect of the foreign currency devaluation, international sales revenue for the nine months ended September 30, 1999, would have increased approximately 4 percent. The Company also experienced a decrease in sales revenue in local currency in certain of its Latin American subsidiaries, most notably, Colombia and Venezuela.

The Company's independent sales force consists of Managers and Distributors. A Distributor interested in earning additional income by committing more time and effort to selling the Company's products may attain the rank of "Manager." Appointment as a Manager is dependent upon attaining certain purchase volume levels and demonstrating leadership abilities. The number of Managers at September 30, 1999, was 15,279 compared to 14,783 at September 30, 1998, an increase of approximately 3 percent. The number of Distributors at September 30, 1999, was approximately 522,000 compared to approximately 516,000 at December 31, 1998.

COST OF GOODS SOLD

For the nine months ended September 30, 1999, the Company experienced a slight decrease in cost of goods sold, as a percentage of sales, compared to the same period in the prior year.

Management expects cost of goods sold to remain relatively constant as a percent of sales during the remainder of 1999, as compared to the nine months ended September 30, 1999.

VOLUME INCENTIVES

Volume incentives are payments to independent sales force members for reaching certain levels of sales performance and organizational development and are an integral part of the Company's direct sales marketing program. Volume incentives vary slightly, on a percentage basis, by product due to the Company's pricing policies. For the nine months ended September 30, 1999, the Company experienced a slight decrease in volume incentives, as a percentage of sales, compared to the same period the prior

year. The decrease in volume incentives is primarily the result of change in product sales mix to products that have a lower volume incentive payout. Management expects volume incentives to remain relatively constant, as a percent of sales, during the remainder of 1999, as compared to the nine months ended September 30, 1999.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses for the three and nine months ended September 30, 1999, increased, as a percent of sales, as the result of the decrease in sales revenue and additional expenditures associated with new marketing efforts. Actual expenses increased $3.1 million during the nine months ended September 30, 1999, as compared to the same period the prior year. SG&A expenses included approximately $1.5 million in test marketing and advertising costs in the Company's domestic market designed to attract new distributors. SG&A expenses also included approximately $1.5 million associated with the Company's relaunch of its Japanese operation, expansion of its South Korean operation as well as expansion into other international markets. Management expects SG&A to decrease slightly, as a percent of sales, for the year ended December 31, 1999, compared to the nine months ended September 30, 1999.

SEGMENT INFORMATION

(See information included in the condensed consolidated financial statements included in Item 1-- Note 8.)

BALANCE SHEET

ACCRUED LIABILITIES

Accrued liabilities increased approximately $4.0 million as of September 30, 1999, as compared to December 31, 1998, as a result of accruals associated with the Company's sales conventions and travel programs.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents increased slightly for the nine months ended September 30, 1999. During the nine months ended September 30, 1999, cash totaling $8.0 million was used to repurchase approximately 779,000 shares of common stock. Management believes the Company's stock is an attractive investment and pursuant to its recently announced 1,000,000 common share buyback program purchased an additional 116,000 shares of its common stock subsequent to September 30, 1999.

On February 23, 1999, the Company's Board of Directors authorized the expenditure of $6.0 million for revitalizing and relaunching the Company's products in Japan of which approximately $2.7 million was expended during the nine months ended September 30, 1999. The authorized funds will be used for marketing and advertising costs as well as capital improvements, and will be funded from the Company's current working capital. The Company expects operating results for the fourth quarter of 1999 as well as the first quarter of 2000 to be impacted by continued, planned investments associated with the relaunch of its Japanese operations.

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.

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 the ultimate disposition of these matters will not have a material effect upon the Company's consolidated results of operations or financial position.

THE YEAR 2000 ISSUE

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 determined that the majority are currently Y2K compliant. During the third quarter of 1999, the Company completed the testing and replacement of systems which were not determined to be Y2K compliant. At this time, the Company believes its systems to be Y2K compliant. The Company will continue to test and review all information and non-information systems during the fourth quarter to ensure continued Y2K compliance.

The Company expended approximately $1.0 million to ensure that areas of non-compliance were corrected. Most of the systems that were not compliant had previously been scheduled for replacement as part of the Company's ongoing maintenance and upgrading programs.

The primary Y2K risk to the Company's operations is the potential service disruption from third-party providers. These services include but are not limited to providers that supply telephone, electricity, 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. To the extent possible, the Company has verified Y2K compliance of its 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.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements included in this Management's Discussion and Analysis of Financial Condition and Results of Operations and other items of this Form 10-Q 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, income or loss, capital expenditures, 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-Q 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 3. 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 6. Exhibits and Reports on Form 8-K

a) No exhibits are required to be filed by Item 601 of Regulation S-K.
b) No reports were filed on Form 8-K during the quarter for which this report is filed.

OTHER ITEMS

There were no other items to be reported under Part II of this report.

SIGNATURES

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

NATURE'S SUNSHINE PRODUCTS, INC.

Date: November 12, 1999 /S/ Daniel P. Howells

Daniel P. Howells, President & Chief Executive Officer

Date: November 12, 1999 /S/ Craig D. Huff

Craig D. Huff, Chief Financial Officer

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