

MANNATECH INC  
Form DEF 14A  
April 20, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934  
(Amendment No. )

Filed by the Registrant

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(Name of Registrant as Specified In Its Charter)

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COPPELL, TEXAS

April 20, 2011

Dear Shareholder:

This letter extends to you a personal invitation to join us at our 2011 Annual Shareholders' Meeting on Thursday, June 9, 2011, at 9:00 a.m., Central Daylight Time, at the Grapevine Convention Center located at 1209 South Main Street, Grapevine, Texas.

The purpose of this year's meeting is to (i) elect two Class III directors and (ii) ratify the appointment of our independent registered public accounting firm.

We have enclosed with this letter an official notice of our 2011 Annual Shareholders' Meeting and proxy statement, which contains further information about the items to be voted on and information about the meeting itself, including a description of the matters to be considered and acted on at our 2011 Annual Shareholders' Meeting.

REMEMBER, regardless of the number of shares that you hold, your vote is very important to our business and to us. Whether or not you plan to attend our 2011 Annual Shareholders' Meeting, we urge you to cast your vote by telephone or through the Internet by following the instructions included on the Notice of Internet Availability of Proxy Materials that you received, or if you received a paper copy of the proxy card, to mark, date, sign and return the proxy card in the envelope provided. You may still vote in person if you attend the meeting, even if you have previously given your proxy.

We want to thank you for your ongoing support and we hope to see you at our 2011 Annual Shareholders' Meeting.

Sincerely,  
J. Stanley Fredrick  
Chairman of the  
Board of Directors

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MANNATECH, INCORPORATED  
NOTICE OF OUR 2011 ANNUAL SHAREHOLDERS' MEETING  
TO BE HELD ON JUNE 9, 2011

TO THE SHAREHOLDERS OF MANNATECH, INCORPORATED,

The 2011 Annual Shareholders' Meeting of Mannatech, Incorporated will be held at the Grapevine Convention Center, located at 1209 South Main Street, Grapevine, Texas, on Thursday, June 9, 2011, at 9:00 a.m., Central Daylight Time, for the following purposes:

- Proposal 1 - To elect Mr. Alan D. Kennedy and Mr. Robert A. Toth as Class III directors.
- Proposal 2 - To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm, for the year ending December 31, 2011.

and

- To act upon such other matters as may properly come before our annual meeting.

Our Board of Directors has set the close of business on April 15, 2011 as the record date for the determination of shareholders entitled to receive notice of and to vote at our 2011 Annual Shareholders' Meeting or any adjournment(s) thereof.

By order of our Board  
of Directors,  
J. Stanley Fredrick  
Chairman of the Board  
of Directors

Coppell, Texas  
April 20, 2011

**IMPORTANT**

Whether or not you expect to attend the 2011 Annual Shareholders' Meeting, we strongly urge you to cast your vote by telephone or through the Internet by following the instructions included on the Notice of Internet Availability of Proxy Materials that you received, or if you received a paper copy of the proxy card, to mark, date, sign and return the proxy card in the envelope provided, prior to the meeting on June 9, 2011, to help ensure the presence of a quorum for the meeting and to save the expense and extra work of additional solicitation. Voting by proxy by any method prior to the meeting will not prevent you from attending the 2011 Annual Shareholders' Meeting or revoking your prior vote and voting at the 2011 Annual Shareholders' Meeting.

In accordance with rules promulgated by the SEC, we are providing access to our proxy materials, including this proxy statement and our annual report on Form 10-K, for the year ended December

31, 2010, over the Internet. As a result, we are mailing to many of our shareholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of our proxy materials. The notice contains instructions on how to access those proxy materials over the Internet, as well as instructions on how to request a paper copy of our proxy materials. All shareholders who do not receive a notice will receive a paper copy of our proxy materials by mail. We believe that this process reduces the environmental impact and lowers the costs of printing and distributing our proxy materials.

MANNATECH, INCORPORATED  
600 South Royal Lane, Suite 200  
Coppell, Texas 75019

PROXY STATEMENT FOR OUR 2011 ANNUAL SHAREHOLDERS' MEETING  
TO BE HELD ON JUNE 9, 2011

GENERAL INFORMATION ABOUT OUR 2011 ANNUAL SHAREHOLDERS' MEETING

General Information

Our Board of Directors (the "Board") is soliciting the enclosed proxy for use at our 2011 Annual Shareholders' Meeting to be held on June 9, 2011 at 9:00 a.m., Central Daylight Time, at the Grapevine Convention Center located at 1209 South Main Street, Grapevine, Texas. The Notice of Internet Availability of Proxy Materials is being mailed or delivered on or about April 29, 2011, to shareholders of record owning our common stock on the close of business on April 15, 2011. Paper copies of our proxy materials are being mailed or delivered on or about May 4, 2011, to shareholders of record who have previously requested to receive paper copies of proxy materials. The list of frequently asked questions is attached to this proxy statement as Appendix A. Unless otherwise stated, all references in this proxy statement to "Mannatech," the "Company," "us," "our," or "we" are to Mannatech, Incorporated, a Texas corporation.

Shareholders Entitled to Vote

Shareholders who owned our common stock as of the close of business on April 15, 2011, the record date, are called "shareholders of record" and are entitled to vote at the 2011 Annual Shareholders' Meeting. As of April 15, 2011, we had 26,490,466 outstanding shares of our common stock, \$0.0001 par value per share, which is our only class of outstanding voting securities. As of April 15, 2011, we had approximately 3,200 shareholders of record who held their common stock directly and approximately 9,100 beneficial shareholders who held their common stock through approximately 130 brokers of record which represented approximately 74% of our total outstanding common stock. Each share of our common stock entitles a shareholder to one vote. A complete list of direct shareholders entitled to vote at the 2011 Annual Shareholders' Meeting will be available for examination by shareholders for purposes pertaining to the 2011 Annual Shareholders' Meeting at our corporate headquarters in Coppell, Texas during normal business hours from May 30, 2011 until June 8, 2011. The shareholder list will also be available for review prior to and during the 2011 Annual Shareholders' Meeting to be held on June 9, 2011. A shareholder who wants to examine the list prior to our Annual Shareholders' Meeting should arrange an appointment by contacting our Investor Relations department at (972) 471-6512.

Voting in Person

If you are a shareholder of record and plan to attend the 2011 Annual Shareholders' Meeting, you may deliver your completed and signed proxy card in person. If your Mannatech shares are held in street name by a broker, and you wish to vote in person at the 2011 Annual Shareholders' Meeting, you will need to obtain a legal proxy form from your broker or bank that holds your shares of record and you must bring that document to the 2011 Annual Shareholders' Meeting.

Voting by Proxy



The proxy process is the means by which shareholders can exercise their rights to vote for the election of directors and other strategic corporate proposals. The notice of meeting and this proxy statement provide notice of a scheduled shareholder meeting, describe the directors presented for re-election, include information regarding the selection of BDO USA, LLP as our independent registered public accounting firm for 2011 and include other information required to be disclosed to shareholders. Shareholders may vote by telephone or through the Internet, or by returning a proxy card, without having to attend the shareholder meeting in person.

By executing a proxy, you authorize Larry A. Jobe, to act as your proxy to vote your shares in the manner that you specify. The proxy voting mechanism is vitally important to us. In order for us to obtain the necessary shareholder approval of proposals, a “quorum” of shareholders (a majority of the issued and outstanding shares of common stock as of the record date entitled to vote) must be represented at the meeting in person or by proxy. Since few shareholders can spend the time or money to attend shareholder meetings in person, voting by proxy is necessary to obtain a quorum and complete the shareholder vote. It is important that you attend the meeting in person or grant a proxy to vote your shares to assure a quorum is present so corporate business may be transacted. If a quorum is not present, we must postpone the meeting and solicit additional proxies; this is an expensive and time-consuming process that is not in the best interest of our company or our shareholders.

Properly executed votes by proxy received prior to or at the 2011 Annual Shareholders’ Meeting on June 9, 2011 or at any adjournment(s) or postponement(s) thereof will be counted by Broadridge Financial Solutions, Inc., our Inspector of Elections. If a shareholder specifies how such shareholder’s proxy-vote is to be cast on any business to come before the meeting, such proxy-vote will be voted in accordance with such specifications. If no specification is made on a properly executed proxy card, the shareholder’s vote by proxy will be voted “FOR” each of proposals 1 and 2, as consistent with the recommendations made by the Board.

#### Revoking or Changing a Proxy

A shareholder may revoke a vote by proxy at any time prior to the 2011 Annual Shareholders’ Meeting. If you are a shareholder of record with direct ownership over your Mannatech common stock, your proxy can be revoked by (i) timely delivery of a written revocation delivered to B. Keith Clark, General Counsel and Corporate Secretary, Mannatech Incorporated, 600 South Royal Lane, Suite 200, Coppell Texas 75019; (ii) submission of another valid proxy bearing a later date; or (iii) attendance at the 2011 Annual Shareholders’ Meeting in person and notice to the Inspector of Elections that you intend to vote your shares in person. If your Mannatech shares are held in street name by a broker or bank (“broker”), you must contact your broker in order to revoke your proxy, but generally, you may change your vote by submitting new voting instructions to your broker, trustee or nominee, or, if you have obtained a legal proxy from your broker or nominee giving you the right to vote your shares, by attending the 2011 Annual Shareholders’ Meeting and voting in person.

#### Effects of Not Voting

The effect of not voting depends on how you own your shares. If you own shares directly, as a holder of record, rather than indirectly through a broker of record, your unvoted shares will not be represented at our meeting and will not count toward the quorum requirement. Assuming a quorum is obtained, your unvoted shares will not affect whether a proposal is approved or rejected. If you own shares through a broker and do not vote, your broker may represent your shares at the meeting for purposes of obtaining a quorum. As described below, if you own your shares through a broker and you do not vote, your broker may or may not vote your shares, depending upon the proposal.

If you own your shares through a broker and you do not vote, your broker may vote your shares at its discretion on “routine matters.” However, with respect to other proposals, a broker may not vote a non-voting shareholder’s shares. With respect to proposals on which a broker may not vote a non-voting shareholder’s shares, the aggregate number of non-voted shares is reported as “broker non-votes” (shares held by brokers or nominees for which they have no discretionary power to vote on a particular matter and have received no instructions from the beneficial owners or persons entitled to vote) and counted only for purposes of determining a quorum.

If you do not vote your shares on Proposal 1 (Election of Directors), your brokerage firm cannot vote them for you and they will remain unvoted. Therefore, it is very important that you vote your shares for all proposals including the election of directors. Proposal 2 (Ratification of Auditors) set forth in this proxy statement is a routine matter on

which brokers will be permitted to vote “broker non-votes” shares.

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### Direct Ownership

For the purpose of determining how to vote your shares at the 2011 Annual Shareholders' Meeting, registered holders of record are deemed to have "direct ownership" over their Mannatech shares if they hold their shares directly in their name. This is typically evidenced by the receipt of our mailings directly from us or from our transfer agent, Computershare.

### Beneficial Ownership

For the purposes of determining how to vote your shares at the 2011 Annual Shareholders' Meeting, you are deemed to have "beneficial ownership" over your Mannatech shares if you (i) previously deposited your stock certificates with a broker; (ii) purchased your shares directly through a broker; or (iii) sent your stock certificates to a broker to be deposited into your brokerage account. Beneficial ownership is typically evidenced by a shareholder's receipt of our mailings from either a broker or through a solicitor, which is usually Broadridge Financial Solutions, Inc.

As a beneficial owner, a shareholder still holds Mannatech shares, but neither we nor our transfer agent has access to any list of individual shareholders' names from the various brokers of record. The only information our transfer agent has concerning shareholders who own stock through a broker is the broker's name, the aggregate total number of shares held by each broker on behalf of their clients, and the aggregate number of votes cast for any of our proposals.

**WE CAUTION OUR SHAREHOLDERS THAT** each brokerage firm has a unique set of voting instructions. As a result, a shareholder should always read all the information provided in each of the proxy information packets received and follow the specific voting instructions enclosed in each packet with respect to applicable telephone numbers, Internet addresses, mailing addresses, and attending or voting at the 2011 Annual Shareholders' Meeting.

If a shareholder receives more than one proxy information packet, such shareholder's shares are registered in more than one account. Again, remember that each proxy information packet may have different voting instructions, account or control numbers, mailing addresses, Internet addresses, and telephone numbers. As a result, each shareholder should be cautioned to use only the set of voting instructions, account and control numbers, addresses, and telephone numbers provided in such shareholder's proxy information packet to ensure such shareholder's vote for all of its owned shares is properly included in the tabulation of votes for our meeting.

Beneficial shareholders are also instructed to read their proxy-voting card instructions given to them by their brokers or their brokers' solicitors prior to the meeting in order to obtain instructions on how to vote at the meeting. If a beneficial shareholder does not follow the brokers' specific instructions, our Inspector of Elections is not allowed to count such beneficial shareholder's vote by ballot at the 2011 Annual Shareholders' Meeting.

### Tabulating the Votes

A representative from Broadridge Financial Solutions, Inc., which will act as our Inspector of Elections, is responsible for tabulating the votes for the 2011 Annual Shareholders' Meeting. The presence, in person or by proxy, of the holders of at least a majority of the shares of our common stock outstanding as of April 15, 2011, our record date, is necessary to establish a quorum for the 2011 Annual Shareholders' Meeting. Abstentions and "broker non-votes," if any, will be counted as shares present and entitled to vote for purposes of determining a quorum for the 2011 Annual Shareholders' Meeting. A "broker non-vote" occurs when brokers do not receive a properly executed proxy and, therefore, have not been given discretionary power to vote shares on behalf of the beneficial holders thereof. If a proxy-voting card is signed by the shareholder but submitted without specific voting instructions, the shareholder's vote will automatically be counted as a vote "FOR" Proposal 1 (Election of Directors) and Proposal 2 (Ratification of Auditors).

For Proposal 1 (Election of Directors) — Assuming a quorum is obtained, our Class III directors will be elected by a plurality of the shares represented, in person or by proxy, at the 2011 Annual Shareholders' Meeting and entitled to vote. This means that the two nominees receiving the highest number of affirmative votes at the meeting will be elected as our two Class III directors. Votes marked "FOR ALL" will be counted in favor of both nominees. Votes marked "WITHHOLD ALL" will be counted against both nominees. To specify differently, a shareholder must check the "FOR ALL EXCEPT" box and then write the names of the nominees for whom the shareholder wishes to vote against. Votes marked "WITHHOLD ALL" have no effect on the vote since a plurality of the votes is required for the election of each nominee. Shareholders may not abstain from voting with respect to the election of directors.

A shareholder cannot write-in the names of additional nominees when voting by proxy. However, at the meeting, shareholders of record will be allowed to write-in additional names of nominee(s) on the ballot. To write-in a nominee on the ballot, the shareholder will need to check the "FOR ALL EXCEPT" box and identify each of the nominees for which the shareholder does not wish to vote in the space provided. The shareholder will then be allowed to write-in only as many nominees as the shareholder has withheld votes from. For example, if there are a total of two nominees listed on the ballot and the shareholder wishes to withhold its vote for one of the two nominees, the shareholder should list the name of one nominee for whom the vote is withheld and write-in one additional name for nominee to the Board.

For Proposal 2 (Ratification of Auditors) — If a quorum is obtained, and a majority of the shares represented, in person or by proxy, at the 2011 Annual Shareholders' Meeting and entitled to vote, are in favor of Proposal 2 (Ratification of Auditors), the ratification of the appointment of our independent registered public accounting firm for the year ended December 31, 2011, will be approved. Votes marked "FOR" Proposal 2 (Ratification of Auditors) will be counted in favor of the ratification of the appointment of our independent registered public accounting firm for the year ended December 31, 2011. An abstention from voting on Proposal 2 (Ratification of Auditors) will be treated as a vote against the ratification of the appointment of our independent registered public accounting firm for the year ended December 31, 2011.

(THE BOARD RECOMMENDS A VOTE "FOR" PROPOSALS 1 and 2.)

"Say on Pay" and "Say on Frequency" — The Company is classified under the Securities and Exchange Commission rules as a "smaller reporting company;" therefore, we are not subject to the new "say on pay" and "say on frequency" rules adopted under the Dodd-Frank Financial Reform Act until our 2013 Annual Shareholders' Meeting.

### Solicitation of Proxy-Votes

We may solicit proxy-votes through the mail, in person, and by telecommunications. We will bear all expenses in preparing, printing, and mailing the proxy materials to our shareholders.

### Admission and Voting at Our 2011 Annual Shareholders' Meeting

Voting at the 2011 Annual Shareholders' Meeting is limited to shareholders of record having evidence of ownership as of the record date, April 15, 2011. If your shares are NOT held in your name, we may require you to show evidence of your ownership at our meeting. Evidence typically includes your proxy-voting card or your brokerage statement showing proof of stock ownership as of the close of business on April 15, 2011, such as your May 2011 brokerage statement or a printout of shares held at the close of April 15, 2011. At our 2011 Annual Shareholders' Meeting, shareholders of record will be given a ballot upon verification of stock ownership.

We will not allow any cameras or recording equipment in the meeting room. As a courtesy and as time permits, we will provide a brief question and answer period for our shareholders of record.

Shareholders of record will be given ballots upon verification of stock ownership. REMEMBER that beneficial shareholders must obtain a power of attorney form or legal proxy from their brokers prior to the meeting in order for their votes by ballot to be counted since their brokers may have already reported their shares as "broker non-votes". Prior to our June 9, 2011 meeting, beneficial shareholders are strongly urged to read their proxy-voting card instructions on how to vote at our 2011 Annual Shareholders' Meeting. They should also contact their brokers by the Monday prior to our 2011 Annual Shareholders' Meeting to ensure they obtain the proper paperwork in order to vote at our meeting. If a beneficial shareholder does not follow its broker's instructions, our Inspector of Elections will not count such shareholder's vote by ballot at the 2011 Annual Shareholders' Meeting. The instructions are usually located on the back of each proxy-voting card.

### Shareholder Procedures for Nominating Board Members or Introducing Proposals

#### a) For the 2011 Annual Shareholders' Meeting

For the 2011 Annual Shareholders' Meeting, the deadline for recommending a nominee for nomination to the Board expired on December 31, 2010. A shareholder of record is prohibited from writing in nominees for the Board on their proxy-voting card. However, a shareholder of record may write-in nominees for the Board on its ballot at the 2011 Annual Shareholders' Meeting by following the instructions outlined above on page 4, under the heading "Tabulating the Votes." We reserve the right to reject, rule out-of-order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

The deadline for submitting written shareholder proposals that comply with all applicable provisions of Rule 14a-8 under the Securities and Exchange Act of 1934, as amended, and are intended to be presented at our 2011 Annual Shareholders' Meeting for inclusion in our proxy statement and proxy-voting card expired on January 1, 2011.

Subject and pursuant to Rule 14a-4(c)(1) under the Securities Exchange Act of 1934, as amended, we have not been given notice of any shareholder proposals intended to be presented at the 2011 Annual Shareholders' Meeting without inclusion in our proxy statement. Because we did not receive notice of any shareholder proposals intended to be presented at the 2011 Annual Shareholders' Meeting by March 16, 2011, your properly executed proxy card will confer discretionary authority on the holder of your proxy to vote your shares, in the manner the holder so chooses, on any such shareholder proposals properly presented at the 2011 Annual Shareholders' Meeting. The Board reserves the right to reject, rule out-of-order, or take other appropriate action with respect to any proposal that does not comply

with these and other applicable requirements. We also did not receive any nominees for directors from shareholders for the 2011 Annual Shareholders' Meeting.



b) For our 2012 Annual Shareholders' Meeting

Under our Fourth Amended and Restated Bylaws, dated August 8, 2001, as amended (our "Bylaws"), the Nominating and Governance Committee of our Board of Directors recommends all candidates for nomination to the Board. If a shareholder would like our Nominating and Governance Committee to consider specific candidates for nomination to the Board, a shareholder should deliver written notice to our Chief Financial Officer at our United States corporate headquarters, located at 600 S. Royal Lane, Suite 200, Coppell, Texas 75019, or fax (972) 471-7342. Written notice of such proposed candidates for director should be delivered no later than December 31, 2011 to allow the Board time to consider such persons for nomination at our 2012 Annual Shareholders' Meeting. The written notice should include the candidates' full name, age, biographical background, and qualifications.

Our Chief Financial Officer is required to forward all received written notices to our Nominating and Governance Committee. Our Nominating and Governance Committee consists of four independent directors who review each proposed candidate and submits a recommended list of proposed candidates to the Board. The Board then approves a list of proposed candidates, which are the only nominees that are listed on our ballot, the proxy-voting card, and our proxy statement on Schedule 14A. We expect to file our 2012 proxy statement with the United States Securities and Exchange Commission on or before April 30, 2012.

Proposals by shareholders that comply with all applicable provisions of Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and are intended to be presented at our 2012 Annual Shareholders' Meeting must be delivered in writing to our Chief Financial Officer at our United States corporate offices, on or before December 31, 2011, in order to be eligible for inclusion in our 2012 proxy statement and proxy-voting card.

Subject to and pursuant to Rule 14a-4(c)(1) under the Securities Exchange Act of 1934, as amended, if a shareholder proposal is intended to be presented at our 2012 Annual Shareholders' Meeting without inclusion in our 2012 proxy statement, and notice of such proposal is not submitted in writing to our Chief Financial Officer by March 15, 2012, then with regard to any such shareholder proposals, a properly executed proxy card for our 2012 Annual Shareholders' Meeting will confer discretionary authority on the holder of a shareholder's proxy to vote such shareholder's shares in the manner the proxy holder so chooses. However, the Board reserves the right to reject, rule out-of-order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

A copy of our Bylaws is published on our corporate website or may be obtained upon written request to our General Counsel, Mr. B. Keith Clark, at our United States headquarters located at 600 S. Royal Lane, Suite 200, Coppell, Texas 75019. In addition, our Bylaws were furnished as Exhibits 3.2 and 3.1 to our Form 10-K and Form 8-K, respectively, filed with the United States Securities and Exchange Commission on March 16, 2007 and December 6, 2007, respectively.

## PROPOSAL 1 — ELECTION OF DIRECTORS

Our Bylaws provide for a classified Board of Directors, divided into three staggered classes – I, II, and III. The terms of office for each of these classes are scheduled to expire on the date of our annual shareholders' meeting in 2012, 2013, and 2011, respectively. All of our Class III directors are up for election at the 2011 Annual Shareholders' Meeting.

Nominees. The Board has nominated Mr. Alan D. Kennedy and Mr. Robert A. Toth as nominees for election as our Class III directors. Once elected, each of our Class III directors' terms will expire on the earlier of the date of our 2014 Annual Shareholders' Meeting or the date of such director's disqualification, resignation, death, or removal. The nominees' biographical information is as follows:

- Alan D. Kennedy has served as a Class III director since June 2002 and he is the Chairman of the Science Committee. His current term as director expires in 2011. Mr. Kennedy has over 30 years experience with various direct selling companies. From 1998 until his retirement in December 2001, he served as President Worldwide for Tupperware Corporation, a publicly-traded company that distributes and sells various products in over 100 countries, primarily through direct selling channels. Since retiring, Mr. Kennedy continues to serve as a consultant to Tupperware Corporation. From 1989 to 1996, he served as President and Chief Executive Officer of Nature's Sunshine Products, Inc., a publicly-traded, network marketing company that manufactures and markets nutritional and personal care products worldwide. From 1986 to 1989, Mr. Kennedy provided various consulting services to several direct selling companies. From 1982 to 1986, he served as Vice President of Sales Development for Avon Products, Inc., a publicly-traded, multinational manufacturer and distributor of cosmetics, toiletries, jewelry, chemicals and clothing. He received a B.A. degree, with honors, in Economics from Colgate University, in Hamilton, New York. His professional affiliations include serving as Chairman of the Direct Selling Association from 1995 to 1996 and serving as Chairman of the Direct Selling Education Foundation from 1996 to 1997. In 2004, Mr. Kennedy was inducted into the Direct Selling Association's highest honor, the "Hall of Fame." He serves on the Board of the Direct Selling Education Foundation and also serves on the Board of Regents for Mercersburg Academy, a private secondary school in Mercersburg, Pennsylvania.
- Robert A. Toth has served as a Class III director since March 2008 and he is the Chairman of the Compensation and Stock Option Plan Committee. His current term as director expires in 2011. Mr. Toth is Co-founder and Chairman of Tatra Spring LLC, a supply chain services company based in Poland. He is a director of the Knowtions Company, a performance support systems software firm based in Ringoes, New Jersey. Since 2006, he has worked in venture capital as a private investor focused on new business start ups in the technology sector. Mr. Toth has over 27 years of direct selling experience, most recently as President of Avon International from 2004 to 2005. In that capacity, his operations included over 120 countries with annual revenues in excess of \$5.5 billion. Mr. Toth began his Avon career in customer service in 1978, then moved to U.S. sales and operations and was promoted to U.S. Director of Sales in 1989. He transitioned to Avon International in 1991 as Director of New Business Development, where he played a lead role in Avon's market entry plan for Russia. He was based in Warsaw from 1993 to 1997 as Avon's President of Central and Eastern Europe, where he established and led Avon Poland. From 1997 to 2004, Mr. Toth was based in London where he held a number of senior management positions including Group Vice President, Eastern Europe, Middle East and Africa (1997-1999), Senior Vice President, Europe, Middle East and Africa (1999-2002) and Executive Vice President for Asia-Pacific, Europe, Middle East and Africa (2002-2003). Mr. Toth graduated from LaSalle University in 1974 with a B.A. in Business Administration and was an officer in the U.S. Marine Corps from 1975 to 1978.

(THE BOARD RECOMMENDS A VOTE "FOR ALL" TO ELECT BOTH NOMINEES.)

PROPOSAL 2 — RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholder ratification of the selection of our independent registered public accounting firm is not required by our Articles of Incorporation or Bylaws or other applicable legal requirements. However, the Board, as a matter of good corporate governance, has always sought shareholder ratification of the appointment of our independent registered public accounting firm. The Board is seeking shareholder ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

Our Audit Committee appoints our independent registered public accounting firm on an annual basis. The decision is based on a number of factors including the scope of the audit, the independence of the auditors, the estimated audit fees, and any non-auditing services that are performed by the independent registered public accounting firm.

Representatives from BDO USA, LLP will attend the 2011 Annual Shareholders' Meeting and will have the opportunity to make a statement, if they so desire. They will also be available to respond to any appropriate questions from our shareholders.

#### Pre-Approval Policies and Procedures

All services provided by our independent registered public accounting firm must be preapproved by our Audit Committee. The non-audit services, specified in Section 10-A(g) of the Securities Exchange Act of 1934, as amended, may not be provided by our independent registered public accounting firm.

Each year, the approval of the estimated annual audit, audit-related services, and routine tax services takes place at an Audit Committee meeting. In addition, during the course of the year, requests for unforeseen or additional allowable services to be provided by our independent registered public accounting firm must be preapproved by our Audit Committee, except for those qualifying for the "de minimis exception." The de minimis exception provides that the pre-approval requirements for certain non-audit services may be waived if:

- the aggregate amount of such non-audit services provided constitutes not more than 5% of the total fees paid to our independent registered public accounting firm in the calendar year that such non-audit services are provided;
- such services were recognized as non-audit services at the time they were provided; and
- such services are promptly brought to the attention of our Audit Committee.

Our Audit Committee may delegate to its Chairman the authority to grant pre-approvals. In such event, the decisions of the Chairman of the Audit Committee regarding pre-approvals will then be presented to our full Audit Committee at the next scheduled meeting.

Our independent registered public accounting firm provides a revised estimate for the year, by project, for all planned and approved services to our Chief Financial Officer prior to each Audit Committee annual planning meeting. The revised estimate is then reviewed at our Audit Committee annual planning meeting.

#### Fees Paid to Our Independent Registered Public Accounting Firm

For the years ended December 31, 2010 and 2009, we were billed the following fees by our current independent registered public accounting firm, BDO USA, LLP (formerly, BDO Seidman, LLP), as follows:

Type of Service	2010	2009
	(in thousands)	
Audit Fees, including the audit of our consolidated financial statements and annual report on Form 10-K, assessment of our internal control over financial reporting in compliance with Section 404 of the Sarbanes-Oxley Act of 2002, review of our quarterly financial statements and quarterly reports filed on Form 10-Q, and international statutory audits	\$ 779	\$ 1,001
Audit-Related Fees, including fees related to the annual audit of employee 401(k) benefit plan	23	23

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Tax Fees, including fees for tax services, tax advice, transfer pricing, state, and international tax consultation	235	128
All Other Fees, related to all other services including expatriation issues and miscellaneous consulting and advisory services	—	—
Total Fees	\$ 1,037	\$ 1,152

The “de minimis exception” described above was not used for any fees paid to BDO USA, LLP in 2010 and 2009. All fees were pre-approved by our Audit Committee. As of April 20, 2011, we were advised by BDO USA, LLP that neither the firm, nor any member of its firm, had any direct or indirect financial interest in any capacity in our Company. The members of our Audit Committee believe the payment of all fees set forth above did not prohibit BDO USA, LLP from maintaining its independence.

(THE BOARD RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED ACCOUNTING FIRM.)

## CORPORATE GOVERNANCE

## Overview

We are committed to maintaining the highest standards of business conduct and corporate governance, which we believe are essential to running our business efficiently and maintaining our integrity in the marketplace. We have adopted a code of business conduct and ethics for our directors, officers, and employees, which, in conjunction with our Articles of Incorporation, Bylaws, and Board of Directors committee charters, form the framework for our corporate governance. All of these documents are available on our corporate website at [www.mannatech.com](http://www.mannatech.com).

## Summary of All Directors and Executive Officers

The following table sets forth certain information regarding our executive officers and directors, including their ages as of April 20, 2011:

Name	Age	Position
Stephen D. Fenstermacher	58	Co-CEO and Chief Financial Officer
Robert A. Sinnott, M.N.S., Ph.D	46	Co-CEO and Chief Science Officer
Randy S. Bancino	50	President, International
B. Keith Clark	48	Executive Vice President, Chief Legal Officer, and Corporate Secretary
Claire E. Zevalkink	57	Senior Vice President and Chief Global Marketing Officer
Alfredo Bala	50	Senior Vice President, Global Sales
Natalie L. Clark	50	Senior Vice President, North America
J. Stanley Fredrick	72	Chairman of the Board of Directors
Gerald E. Gilbert	77	Independent Board Member
Larry A. Jobe	71	Independent Board Member
Alan D. Kennedy	80	Independent Board Member
Marlin Ray Robbins	65	Non-employee Board Member
Robert A. Toth	58	Independent Board Member
Patricia A. Wier	73	Independent Board Member

The following biographical information about our directors and executive officers listed above is in alphabetical order:

Alfredo Bala joined Mannatech in September 2007 to serve as our Senior Vice President of Global Sales. Prior to joining Mannatech, Mr. Bala served from 1992 to 2006 as Chief Operating Officer for Britt Worldwide, LLC, one of the largest independent network marketing organizations for Amway, a global direct selling company. While with Britt Worldwide, Mr. Bala was heavily involved in the launch and re-launch of over 40 international markets. From 1983 to 1992, Mr. Bala served as a manufacturing plant manager for Bose Corporation. He received an Associates Degree in Electrical Engineering from the County College of Rhode Island. Mr. Bala is conversant and/or fluent in more than 13 languages.

Randy S. Bancino joined Mannatech in March 2009 to serve as our Senior Vice President of Global Business Operations. In December 2009, Mr. Bancino was named President, International. After 15 years with one of the

largest global companies in the direct selling industry, Mr. Bancino founded a training and consulting firm, Profitable Growth Partners, LLC, in 2006 that served clients ranging in size from small internet start-ups to Fortune 100 companies. Mr. Bancino also served as a college professor, general manager, chief information officer, and vice president of sales and marketing, working with various companies around the globe to drive strategic business growth. Mr. Bancino graduated from Grand Valley State University with a degree in Computer Science, and has a Master's degree in Business Administration from Western Michigan University.

B. Keith Clark joined Mannatech in August 2006 to serve as our Senior Vice President, General Counsel, and Corporate Secretary. In December 2009, Mr. Clark was named Executive Vice President, Chief Legal Officer, and Corporate Secretary. Prior to joining Mannatech, Mr. Clark served as Senior Vice President and General Counsel from 2004 until August 2006 for Metromedia Restaurant Group, a subsidiary of Metromedia Company, which is one of the largest privately-held companies in the United States with holdings in the hospitality, energy, and telecommunications industries. From 1997 to 2004, Mr. Clark was employed by Pizza Inn, Inc., a publicly-traded international restaurant franchising company, and from 2002 to 2004, served as Pizza Inn, Inc.'s Senior Vice President - Corporate Development, General Counsel and Secretary. Mr. Clark received a B.S. degree with honors in Political Science from Texas Christian University in Fort Worth, Texas and received M.B.A. and J.D. degrees from the University of Texas at Austin, in Austin, Texas. In addition, Mr. Clark is a member of the State Bar of Texas and has also served on the board of directors of several non-profit organizations.

Natalie L. Clark has been with Mannatech since 1995 and has more than 15 years experience in the direct selling industry. In February 2010, she was named Senior Vice President, North America. Mrs. Clark has overseen the implementation of Mannatech's strategic business plan, compliance department, call center, distribution center and development of the Company's global compensation plan. Mrs. Clark has contributed to all facets of the Company such as managing a joint executive team in facilitating strategic plans, leading project management efforts to re-design a global Associate compensation plan, initiating an Associate Advisory Council and designing a recognition and incentive programs to award field leadership. In addition, Mrs. Clark acted as Interim Chief Information Officer, managed global compensation plan coordination and logistics for international expansion efforts, established the Compliance Department to enforce global policies and procedures and continues to manage both promotional and educational compliant messaging. She contributed in the development and implementation of a \$35 million global IT project that integrated global Accounting, Tax, Distribution, Call Center, Sales Order, Commissions and Supply Chain. Mrs. Clark also developed and currently manages a customer care program.

Stephen D. Fenstermacher joined Mannatech in November 1998 to serve as our Vice President of Accounting and Controller. In October 1999, Mr. Fenstermacher was named Senior Vice President and Chief Financial Officer. In 2008, he began serving as our Executive Vice President and Global Chief Financial Officer and, in December 2009, was named Co-CEO and Chief Financial Officer. Prior to joining Mannatech, Mr. Fenstermacher was a consultant for Kibel, Green, Issa, Inc., a crisis management firm specializing in turnaround strategy and consulting. From April 1995 to October 1997, he served as Executive Vice President and Chief Financial Officer for The Johnny Rockets Group, Inc., a corporate and franchise restaurant chain. From 1991 to 1995, Mr. Fenstermacher served as Chief Executive Officer and Chief Financial Officer for On the Border Cafes, Inc. He was instrumental in the merger of On the Border Cafes, Inc. with Brinker International, Inc. Mr. Fenstermacher received a B.A. in Government from the University of Notre Dame, in Notre Dame, Indiana, and received an M.B.A. in Finance and Accounting from the University of Pittsburgh, in Pittsburgh, Pennsylvania.

J. Stanley Fredrick has served as a Class II director since September 2001. His current term as director expires in 2013. From November 2003 through January 2009, Mr. Fredrick served as the Lead Director for the Board. In January 2009, Mr. Fredrick was elected to serve as the Chairman of the Board of Directors. In 2003, Mr. Fredrick was a founding board member of Professional Bank in Dallas, Texas, a boutique bank that provided certain financial resources to its customers. He co-founded Cameo Couture, Inc., which operated as Colesce Couture, a distributor of intimate apparel, and Colony House, Inc., a private label cookware company, both of which operated through direct selling channels. Mr. Fredrick also co-founded Irving National Bank Shares, a commercial bank holding company, and served as a consultant to the bank from 1994 until it was sold in 2000. Mr. Fredrick has been actively involved for over 35 years in the Direct Selling Association, a national trade association of leading firms that manufacture and distribute goods and services directly to consumers. He has served on the Direct Selling Association's Board and various committees of its Board. From 1987 to 1988, Mr. Fredrick served as Chairman of the Direct Selling



Association and from 1988 to 1990, he served as Chairman of the Direct Selling Education Foundation. He has been inducted into the Direct Selling Association's highest honor, the "Hall of Fame," as well as into the Direct Selling Education Foundation "Circle of Honor." Mr. Fredrick received a B.A. in English from Central State University, in Edmond, Oklahoma.

Gerald E. Gilbert has served as a Class I director since June 2003 and he is the Chairman of the Compliance Committee. His current term as director expires in 2012. A former Assistant U.S. Attorney, from 1968 until his retirement in December 2002, Mr. Gilbert practiced law with the international law firm of Hogan and Hartson L.L.P., now known as Hogan Lovells L.L.P. His legal and business expertise includes international trade, national trade associations, and various areas of consumer products. From 1968 to 1999, Mr. Gilbert served as General Counsel to the Direct Selling Association. Mr. Gilbert was the recipient of the “Hall of Fame Award,” which is the Direct Selling Association’s highest honor. He also served as General Counsel to the World Federation of Direct Selling Associations and the Tropical Forest Foundation. Mr. Gilbert served in the U.S. Naval Reserve from 1956 to 1992 and was promoted to Rear Admiral (Two Stars), the top ranking officer in the Naval Reserve JAG Corps. During his distinguished military service, Mr. Gilbert received numerous awards, including the “Legion of Merit”. He is also a Past National President of the Federal Bar Association. He received a B.A. degree in English from Denison University, in Granville, Ohio and a Juris Doctor from the University of Virginia School of Law, in Charlottesville, Virginia. Mr. Gilbert is a member of the State Bars of Virginia and the District of Columbia and is admitted to practice before the United States Supreme Court.

Larry A. Jobe has served as a Class I director since January 4, 2006. His current term as director expires in 2012. In February 2007, Mr. Jobe began serving as Chairman of our Audit Committee. Mr. Jobe serves as Chairman of Legal Network, Ltd., a firm he founded in 1993 that provides staffing and litigation support to law firms and corporate legal departments. He also currently serves as President and founder of P 1 Resources, LLC, which has provided engineering and light industrial staffing services to the construction industry since 1994. From 1991 to 1994, Mr. Jobe was Chairman and founder of Mitchell Jobe & Company, a provider of professional staffing services for government and industry. From 1973 to 1991, he served in various capacities, including member of the Executive Committee and Chairman of the Strategic Planning Committee, with the accounting firm Grant Thornton LLP. In 1969, he was appointed by President Richard Nixon to serve as the Assistant Secretary of Commerce for Administration at the United States Commerce Department. Mr. Jobe currently serves as the Chairman of Independent Bank of Texas and Chairman of the Audit Committee for U.S. Home Systems, Inc. In addition, Mr. Jobe serves as Chairman of the Audit Committee and a member of the Board of Directors of SWS Group, Inc., a Dallas-based New York Stock Exchange member. He received a B.B.A. degree in Accounting from the University of North Texas, in Denton, Texas. Mr. Jobe maintained an active Certified Public Accountant (CPA) license from 1962 to 2002 and currently maintains his license on an inactive or retired status. Mr. Jobe serves as Chairman of the Dallas Seminary Foundation.

Alan D. Kennedy has served as a Class III director since June 2002 and he is the Chairman of the Science Committee. His current term as director expires in 2011. Mr. Kennedy has over 30 years experience with various direct selling companies. From 1998 until his retirement in December 2001, he served as President Worldwide for Tupperware Corporation, a publicly-traded company that distributes and sells various products in over 100 countries, primarily through direct selling channels. Since retiring, Mr. Kennedy continues to serve as a consultant to Tupperware Corporation. From 1989 to 1996, he served as President and Chief Executive Officer of Nature’s Sunshine Products, Inc., a publicly-traded, network marketing company that manufactures and markets nutritional and personal care products worldwide. From 1986 to 1989, Mr. Kennedy provided various consulting services to several direct selling companies. From 1982 to 1986, he served as Vice President of Sales Development for Avon Products, Inc., a publicly-traded, multinational manufacturer and distributor of cosmetics, toiletries, jewelry, chemicals and clothing. He received a B.A. degree, with honors, in Economics from Colgate University, in Hamilton, New York. His professional affiliations include serving as Chairman of the Direct Selling Association from 1995 to 1996 and serving as Chairman of the Direct Selling Education Foundation from 1996 to 1997. In 2004, Mr. Kennedy was inducted into the Direct Selling Association’s highest honor, the “Hall of Fame.” He serves on the Board of the Direct Selling Education Foundation and also serves on the Board of Regents for Mercersburg Academy, a private secondary school in Mercersburg, Pennsylvania.

Marlin Ray Robbins co-founded Mannatech and is a high-level independent associate. Mr. Robbins has served as a Class I director since June 2001 and his current term as director expires in 2012. From 1992 to 1995, Mr. Robbins served on the Board of Republic Bank/NCNB. Mr. Robbins also served as a member of the Grand Prairie Independent School District Board from 1991 to 1994 and served as their President from 1993 to 1994. Mr. Robbins has over 25 years of experience with various network marketing and direct selling companies. He holds multiple positions in our global associates' incentive network marketing system and is considered an expert regarding issues and critical needs related to building the success of our independent associates. Mr. Robbins has published a book related to his experience as an independent associate entitled *You Can Too*. He also helped to develop our global associate career and compensation plan. Mr. Robbins received a B.S. degree in Biology and Chemistry from Southwest Texas State University, in San Marcos, Texas. Mr. Robbins served in the active United States Army from 1969-1975 and as a helicopter pilot during the Vietnam War from 1971 to 1972. Mr. Robbins continued serving in the Army National Guard until 1983. During his service he was awarded thirteen air medals and the Bronze Star and reached the rank of Major.

Robert A. Sinnott, M.N.S., Ph.D. has served as our Chief Science Officer and Vice President since August 2005. In November 2006, Dr. Sinnott was promoted to Senior Vice President. In August 2008 he began serving as our Senior Vice President and Global Chief Science Officer and was named Co-CEO and Chief Science Officer in December 2009. He brings over thirteen years of experience in life sciences, chemistry, and biotechnology to Mannatech and was a founder of Larrea BioSciences Corporation (OTC BB symbol LRRR DB). From 1997 to 2003, Dr. Sinnott was a founding team member and Chairman of Biotechnology and Agribusiness for the Arizona Agribusiness and Equine Sciences Center at South Mountain Community College. From 1993 to 1996, Dr. Sinnott founded and served as Research Director of Gaiaventures, Ltd., a scientific consulting firm. Dr. Sinnott earned his B.S. degree in Botany, an M.N.S. in Natural Science, and a Ph.D. degree in Plant Sciences from Arizona State University, in Tempe, Arizona. During graduate school, Dr. Sinnott's primary focus was plant medicinal chemistry and plant biotechnology, and his 1995 dissertation research focused on agricultural biotechnology of economic plants including the aloe vera plant.

Robert A. Toth has served as a Class III director since March 2008 and he is the Chairman of the Compensation and Stock Option Plan Committee. His current term as director expires in 2011. Mr. Toth is Co-founder and Chairman of Tatra Spring LLC, a supply chain services company based in Poland. He is a director of the Knowtions Company, a performance support systems software firm based in Ringoes, New Jersey. Since 2006, he has worked in venture capital as a private investor focused on new business start ups in the technology sector. Mr. Toth has over 27 years of direct selling experience, most recently as President of Avon International from 2004 to 2005. In that capacity, his operations included over 120 countries with annual revenues in excess of \$5.5 billion. Mr. Toth began his Avon career in customer service in 1978, then moved to U.S. sales and operations and was promoted to U.S. Director of Sales in 1989. He transitioned to Avon International in 1991 as Director of New Business Development, where he played a lead role in Avon's market entry plan for Russia. He was based in Warsaw from 1993 to 1997 as Avon's President of Central and Eastern Europe, where he established and led Avon Poland. From 1997 to 2004, Mr. Toth was based in London where he held a number of senior management positions including Group Vice President, Eastern Europe, Middle East and Africa (1997-1999), Senior Vice President, Europe, Middle East and Africa (1999-2002) and Executive Vice President for Asia-Pacific, Europe, Middle East and Africa (2002-2003). Mr. Toth graduated from LaSalle University in 1974 with a B.A. in Business Administration and was an officer in the U.S. Marine Corps from 1975 to 1978.

Patricia A. Wier has served as a Class II director since October 2003 and as Chairman of our Audit Committee from October 2003 until February 2007. Her current term as director expires in 2013. In February 2007, Mrs. Wier began serving as Chairman of our Nominating and Governance Committee. Mrs. Wier owns Patricia Wier, Inc., which provides consulting services to various companies. Mrs. Wier served as President of Encyclopedia Britannica North America from 1986 until her retirement in 1994. From 1991 until she retired in 2005, Mrs. Wier also served on the board of NICOR Inc., a publicly traded gas utility company, and served as Chairman of NICOR's Audit Committee and as a member of NICOR's Compensation Committee. Mrs. Wier was a member of the Direct Selling Association from 1977 until 1994 and was inducted into the Direct Selling Association's highest honor, the "Hall of Fame." Mrs. Wier received a B.A. in English Literature from the University of Missouri, in Kansas City, Missouri and an M.B.A. in General Management from the University of Chicago, in Chicago, Illinois. Mrs. Wier is a life member of the Council of the Graduate School of Business at the University of Chicago and is a member of the Council of Regents for Lewis University.

Claire E. Zevalkink joined Mannatech in September 2009 to serve as our Senior Vice President and Global Chief Marketing Officer. Ms. Zevalkink has extensive executive experience in the multi-level marketing industry which includes marketing, global brand management, brand communications, new business development and sales training. Ms. Zevalkink began working in the multi-level marketing industry in 1982. She led a marketing division through various stages of growth and profitability; developed and directed marketing strategies; managed a growing international marketing team; and created and implemented a multi-million dollar brand growth plan. Most recently,

Ms. Zevalkink held the position as managing partner for Profitable Growth Partners, LLC, where she developed marketing and brand strategies for a number of growing multi-level marketing companies and created leadership training programs for client management teams. In January 2009, as a consultant, Ms. Zevalkink took on the role of acting Vice President, Field Development and Training for Mannatech. In June 2009, she began serving as interim Chief Marketing Officer at Mannatech.

## Directors Qualifications

The Board respects its responsibility to provide oversight, counseling and direction to the management in the interest, and for the benefit of, our shareholders. Accordingly, it seeks to be comprised of directors with diverse skills, experience and qualifications. It is critical that our directors understand the direct selling industry. It is equally important that, collectively, our directors have successful experience in each of the primary aspects of our business, including network marketing, direct sales, finance and audit, product strategy and development, independent associate relations, supply chain management, and sales and marketing.

J. Stanley Fredrick, our Chairman and second-largest shareholder, brings to the Board many years of direct selling experience as well as broad operational and marketing expertise as a co-founder of two direct selling companies. Mr. Fredrick also has significant experience serving on other company boards, as well as the Direct Selling Association's board and its various committees. Mr. Fredrick's professional background provides him with a vast understanding of our Company, associate field leadership, and sales techniques.

Gerald E. Gilbert brings to the Board extensive legal and business experience in international trade and various areas of consumer products. Mr. Gilbert served as General Counsel to the Direct Selling Association and as General Counsel to the World Federation of Direct Selling Associations. Mr. Gilbert's legal expertise in the direct selling industry makes him a valued member of the Board.

Larry A. Jobe brings to the Board extensive experience in management, finance and auditing. Mr. Jobe also has significant experience serving on other public company boards. Mr. Jobe's considerable experience in public accounting and in evaluating financial statements makes him particularly well-suited to serve as chair of the Audit Committee. Mr. Jobe maintained an active CPA license from 1962 to 2002.

Alan D. Kennedy brings to the Board over 30 years of experience with various direct selling companies. Mr. Kennedy shares with the Board extensive knowledge of operations, sales, and marketing which he acquired through his executive experience with various public direct selling companies, such as Tupperware Corporation, Nature's Sunshine Products, Inc., and Avon Products, Inc.

Marlin Ray Robbins is our co-founder, a substantial shareholder, and a high-level associate in our global downline network marketing system. Mr. Robbins brings to the Board over 25 years of experience with various network marketing and direct selling companies. Mr. Robbins' vast understanding of associate field leadership makes him an expert in issues and critical needs related to building the success of our independent associates and a valued member of the Board.

Robert A. Toth brings to the Board extensive experience in senior management and as a venture capitalist. Mr. Toth has over 25 years of direct selling experience, most recently with Avon Products, Inc. Mr. Toth's considerable experience with international markets makes him a valuable member of the Board, as international expansion has been, and continues to be, an important part of our long-term strategic plan. Having served in various leadership positions of Avon International, Mr. Toth has an in-depth understanding of the direct selling industry.

Patricia A. Wier brings to the Board many years of experience in direct selling, general business, marketing, and systems operations. Mrs. Wier served as a member of the Direct Selling Association for over 15 years. Mrs. Wier's executive experience at Encyclopedia Britannica and director service at NICOR Inc., a publicly traded gas utility company, provide her with an understanding of corporate governance issues and make her a valued member of the Board.



### Consideration of Director Nominees

Although the Board has not formally established criteria for Board membership, the Board does consider several factors before recommending a candidate for Board membership. These factors include the following:

- the experience level, mix of skills and other business qualities a potential nominee may possess;
  - the general experience and skill levels of current Board members;
  - the potential nominee's experience with accounting rules and practices;
- the verification of background, work, and education of a potential nominee; and
- other factors as the Nominating and Governance Committee may deem in the best interests of our shareholders.

In addition, the Nominating and Governance Committee will recommend director candidates in order to ensure that:

- a majority of the Board of Directors are "independent" as defined by NASDAQ and SEC rules;
- each of the Audit, Compensation and Stock Option Plan, and Nominating and Governance Committees are comprised entirely of independent directors; and
- at least one member of the Audit Committee has the experience, education and qualifications necessary to qualify as an "audit committee financial expert" as defined by the SEC.

The Nominating and Governance Committee may solicit recommendations for director nominees from any or all of the following sources: non-management directors, executive officers, third-party search firms or any other source it deems appropriate. The Nominating and Governance Committee will review and evaluate the qualifications of any proposed director candidate that it is considering or has been recommended to it by a shareholder in compliance with the Nominating and Governance Committee's procedures for that purpose, and conduct inquiries it deems appropriate into the background of these proposed director candidates. When nominating a director for re-election, the Nominating and Governance Committee will also consider the director's past performance on the Board. The Nominating and Governance Committee will evaluate all proposed director candidates based on the same criteria, with no regard to the source of the initial recommendation of the proposed director candidate.

The Nominating and Governance Committee does not have a formal policy with respect to diversity; however, the Board and Nominating and Governance Committee believe it is important that the Board members represent diverse viewpoints. In considering candidates, the Nominating and Governance Committee considers the entirety of each candidate's credentials, including such candidate's diverse skills, experience and qualifications.

### Board Leadership Structure and Role in Risk Oversight

Meetings of the Board are presided over by the Chairman of the Board, currently Mr. Fredrick. Our Bylaws do not require that the Chairman be independent. However, the Board believes in the separation of the Chairman and CEO roles. Therefore, these positions have been separated. Most important among the considerations was that the separation of the Chairman and CEO positions allowed our co-CEOs to focus on operational issues and the Chairman to focus on governance and other related issues.



Each member of the Board is sophisticated and has significant business experience. In addition, we believe that the effectiveness of the Board is enhanced by having separate Chairman and CEO positions.

It is management's responsibility to manage risk and bring the Board's attention to any material risks facing the Company. The Board as a whole and through its committees, regularly reviews various areas of significant risk, and advises and directs management on the scope and implementation of policies, strategic initiatives and other actions designed to mitigate various types of risks. Specific examples of risks primarily overseen by the full Board include competition risks, industry risks, economic risks, liquidity risks, business operations risks, regulatory risks and risks posed by significant litigation matters. Our Audit Committee regularly discusses with management and the independent auditors significant financial risk exposures and the processes management has implemented to monitor, control and report such exposures. Specific examples of risks primarily overseen by the Audit Committee include risks related to the preparation of the Company's financial statements, disclosure controls and procedures, internal controls and procedures required by the Sarbanes-Oxley Act, accounting, financial and auditing risks, matters reported to the Audit Committee through the internal audit department and through anonymous reporting procedures.

Classes of Our Board of Directors

Seven directors currently serve on the Board, which is divided into three classes serving staggered three-year terms which expire on the day of our Annual Shareholders' Meeting. The Board has determined that five of our directors are independent. The members of each of the classes and the expiration dates of their terms as of April 20, 2011, are as follows:

Class	Term Expiration	Directors
Class I	2012	Gerald E. Gilbert*, Larry A. Jobe* , and Marlin Ray Robbins
Class II	2013	J. Stanley Fredrick(1) and Patricia A. Wier*
Class III	2011	Alan D. Kennedy* and Robert A. Toth*

\* Independent Board Member  
 (1) Chairman of the Board of Directors

The Board held 5 regular meetings and 4 special meetings during 2010. All of our directors attended, on average, approximately 98% of the meetings of the Board and of various committees on which they served. Although we do not have a formal policy regarding attendance by directors at our Annual Shareholders' Meeting, we encourage and expect all of our directors to attend our Annual Shareholders' Meeting. All of our directors attended our 2010 Annual Shareholders' Meeting, which was held on June 9, 2010. It is anticipated that all of our directors will attend our 2011 Annual Shareholders' Meeting to be held on June 9, 2011.

Director Independence

The Board has determined that each of Messrs. Gilbert, Jobe, Kennedy and Toth and Mrs. Wier qualify as "independent" as defined by applicable NASDAQ and SEC rules. In making this determination, the Board has concluded that none of these members has a relationship, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Committees of Our Board of Directors

During 2010, the Board had five committees with various functions. All committee members attended, on average, approximately 98% of their committee meetings.

As of April 20, 2011, the Board committee membership and 2010 meeting history were as follows:

Director's Name	Audit Committee	Compensation and Stock Option Plan Committee	Nominating and Governance Committee	Compliance Committee	Science Committee
Number of meetings held during 2010	8	8	7	4	4
Non-Employee Independent Directors:					

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Gerald E. Gilbert	X	X	X	C	X
Larry A. Jobe	C	X	X	X	
Alan D. Kennedy	X	X	X	X	C
Robert A. Toth	X	C			X
Patricia A. Wier	X	X	C	X	
Non-Employee					
Directors:					
J. Stanley					
Fredrick(1)					
Marlin Ray Robbins					X

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X  
C  
(1)

Member  
Committee Chairman  
Chairman of the Board of Directors

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The committees and their functions are as follows:

1. **Audit Committee.** Our Audit Committee consists of Messrs. Gilbert, Jobe, Kennedy and Toth and Mrs. Wier and is chaired by Mr. Jobe. The Board has determined that each member of our Audit Committee meets the independence and financial literacy requirements for purposes of serving on such committee under applicable NASDAQ and SEC rules and that Mr. Jobe qualifies as an “audit committee financial expert” as defined by the SEC. Our Audit Committee is primarily responsible for approving all services provided by our independent registered public accounting firm, reviewing our annual audit results, and meeting with our independent registered public accounting firm to periodically review our internal controls, internal control over financial reporting, and financial management practices. Our Audit Committee’s responsibilities are stated more fully in its amended and restated charter, which is posted on our corporate website at [www.mannatech.com](http://www.mannatech.com). Our Audit Committee’s report, as required by SEC rules, appears in this proxy statement on page 41.
2. **Compensation and Stock Option Plan Committee.** Our Compensation and Stock Option Plan Committee consists of Messrs. Gilbert, Jobe, Kennedy and Toth and Mrs. Wier and is chaired by Mr. Toth. The Board has determined that each member of our Compensation and Stock Option Plan Committee meets the independence requirements for purposes of serving on such committee under applicable NASDAQ and SEC rules. None of our executive officers serves as a member of any board of directors or as a member of any other compensation committee for any other entity that has or has had one or more of their executive officers serving as a member of the Board or on our Compensation and Stock Option Plan Committee. Our Compensation and Stock Option Plan Committee is primarily responsible for establishing all compensation for our executive officers and directors including salaries, bonuses, stock option grants, and stock option plan administration. Our Compensation and Stock Option Plan Committee’s responsibilities are stated more fully in its revised charter, which is posted on our corporate website at [www.mannatech.com](http://www.mannatech.com). Our Compensation and Stock Option Plan Committee’s report, as required by SEC rules, appears in this proxy statement on page 28.
3. **Nominating and Governance Committee.** Our Nominating and Governance Committee consists of Messrs. Gilbert, Jobe and Kennedy and Mrs. Wier and is chaired by Mrs. Wier. The Board has determined that each member of the Nominating and Governance Committee meets the independence requirements for purposes of serving on such committee under applicable NASDAQ and SEC rules. Our Nominating and Governance Committee is primarily responsible for reviewing and recommending nominees to the Board, developing plans regarding the size and composition of the Board, and developing management succession planning. For information on criteria for director nominees, see “Consideration of Director Nominees”, beginning on page 15. Our Nominating and Governance Committee’s responsibilities are stated more fully in its charter which is posted on our corporate website at [www.mannatech.com](http://www.mannatech.com). For additional information on nominating nominees to the Board see “Shareholder Procedures for Nominating Board Members or Introducing Proposals,” beginning on page 6 of this proxy statement.
4. **Compliance Committee.** Our Compliance Committee was formed in April 2007 and consists of Messrs. Gilbert, Jobe and Kennedy and Mrs. Wier and is chaired by Mr. Gilbert. The Board determined that each of these members is independent under applicable NASDAQ and SEC rules. Our Compliance Committee is primarily responsible for establishing and maintaining policies and procedures to handle and investigate complaints, including whistleblower or other confidential complaints. Our Compliance Committee is also responsible for directing the investigation of complaints including advising the Board about the outcome of any complaints or any other legal matters.
5. **Science Committee.** Our Science Committee was formed in June 2003 and consists of Messrs. Gilbert, Kennedy, Robbins and Toth and is chaired by Mr. Kennedy. Our Science Committee is primarily responsible for overseeing all aspects of our product development and setting the overall direction of our product research and development.



Shareholder Communication with Our Board of Directors

We request that any shareholders interested in communicating directly with individual directors or with our entire Board submit such correspondence in writing. To submit written correspondence to the Board, fax such correspondence to (972) 471-7342, or send by email to BoardofDirectors@mannatech.com, or mail to Mannatech, Incorporated, Attention CFO, “For Mannatech’s Board of Directors,” 600 S. Royal Lane, Suite 200, Coppell, Texas 75019. Upon receipt, a copy of such correspondence will be given to both the General Counsel and to J. Stanley Fredrick, our Chairman of the Board of Directors. All correspondence to specific Board members will be delivered directly to the individual Board member. A voice message can be left for the Board at (972) 471-6512. Our Executive Officers and designated officials may be given access to such shareholder communications with the Board, except in instances in which the charters of our committees require anonymity.

Code of Ethics

In order to help promote the highest levels of business ethics, the Board adopted a Code of Ethics for our executive officers and directors in 2003. The Code of Ethics was amended in April 2006 and is published on our corporate website at www.mannatech.com. Any change in or waiver from and the grounds for such change or waiver of our Code of Ethics shall be promptly disclosed by publishing such change or waiver on our corporate website at www.mannatech.com. Our Code of Ethics applies to all of our executive officers and directors. Our Code of Ethics was designed to ensure that our business is conducted in a consistent legal and ethical manner and sets forth guidelines for all areas of professional conduct, including conflicts of interest, employment policies, protection of confidential information, and fiduciary duties.

Compensation of Directors

We compensate our non-employee directors for serving and participating on the Board, for chairing committees, and for attending the Board and Board’s committee meetings. However, we do not compensate our employee directors for serving on the Board. Our Nominating and Governance Committee reviews the compensation of our non-employee directors and recommends to the Compensation and Stock Option Plan Committee any changes to director compensation that the Nominating and Governance Committee deems appropriate. Our Compensation and Stock Option Plan Committee then reviews such recommendations and after due deliberation and consideration approves any such changes it deems appropriate and recommends them to the Board. The Board then reviews such recommendations and after due deliberation and consideration approves any such changes it deems appropriate. Non-employee director fees during 2010 were as follows:

	Board Member	Audit Committee	Compensation and Stock Option Plan Committee	Nominating and Governance Committee	Compliance Committee	Science Committee
Chairman fee(1)	\$ 400,000(3)	\$ 20,000	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Independent director retainer(1)	\$ 35,000	\$ —	\$ —	\$ —	\$ —	\$ —
In-person meeting fee	\$ 1,500(3)	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Telephonic meeting fee	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Re-elected Board members(2)	\$ 150,000	\$ —	\$ —	\$ —	\$ —	\$ —

- (1) The Chairman and director retainer fees are paid monthly during the calendar year.
- (2) Each non-employee director re-elected to the Board by our shareholders is granted \$150,000 in stock options based on the grant date market value of the common stock. The stock options are priced on the date of grant and expire in ten years. One-third of the stock options vest on the date of grant, another one-third of the stock options vest on the first anniversary date of grant, and the remaining one-third of the stock options vest on the second anniversary of the date of grant.
- (3) Board members have voluntarily agreed to reduce the Chairman and in-person meeting fees. The in-person meeting fee was reduced from \$1,500 to \$1,000 effective January 1, 2011 and the Chairman fee was reduced from \$400,000 per year to \$372,910 per year effective March 1, 2011.

All directors are reimbursed for any reasonable out-of-pocket travel expenses in connection with their travel to and attendance at any of the Board's meetings or committee meetings.

## 2010 Director Compensation Table

The table below summarizes the compensation paid during 2010 to our non-employee directors. We have not granted stock awards to our non-employee directors and our non-employee directors do not receive non-equity incentive plan compensation or nonqualified deferred compensation.

Director	Fees Earned or Paid in Cash(1)	Option Awards(2)	Option Awards(3)	All Other Compensation	Total
J. Stanley Fredrick	\$400,000	\$82,326	\$5,491	\$11,558(4)	\$499,375
Gerald E. Gilbert	\$88,500	\$	\$32,421	\$	\$120,921
Larry A. Jobe	\$95,000	\$	\$19,740	\$	\$114,740
Alan D. Kennedy	\$88,000	\$	\$34,184	\$	\$122,184
Marlin Ray Robbins	\$16,500	\$	\$	\$2,960,265(5)	\$2,976,765
Robert A. Toth	\$75,000	\$	\$33,751	\$	\$108,751
Patricia A. Wier	\$82,500	\$85,815	\$41,478	\$	\$209,793

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- (1) The amounts reported in this column represent the aggregate dollar amount of annual retainer fees, committee and/or chairmanship fees, and meeting fees, as described in the table above.
  - (2) The amounts reported in this column represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 "Stock Compensation" for option awards granted to Mr. Fredrick and Mrs. Wier in connection with their re-election to the Board at the 2010 Annual Shareholders' Meeting. Each Class II director received 69,768 stock options with an exercise price of \$2.15 for Mrs. Wier and \$2.37 for Mr. Fredrick. See table below titled "Directors' Stock Options Outstanding" for aggregate options outstanding at year end. Each non-employee director re-elected to the Board by our shareholders is granted \$150,000 in stock options based on the grant date market value of the common stock. The stock options are priced on the date of grant. One-third of the stock options vest on the date of grant, another one-third of the stock options vest on the first anniversary date of the grant, and the remaining one-third of the stock options vest on the second anniversary of the date of grant.
  - (3) The amounts reported in this column represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 "Stock Compensation" for option awards granted in 2010 in connection with our stock option exchange program.
  - (4) Included in other compensation is our payment for Mr. Fredrick's 2010 medical and dental insurance premiums of \$8,318 and membership dues for a private club of \$3,240.
  - (5) Mr. Robbins holds positions in our associate global downline network marketing system and we paid him commissions of approximately \$3.0 million.



## Directors' Stock Options Outstanding

The table below summarizes the outstanding stock options of our non-employee directors as of December 31, 2010:

Director	Grant Date	Aggregate Number of Shares Underlying Outstanding Stock Options	Exercise Price Per Share	Grant Date Fair Value of Option Awards	Calculated Fair Value Price Per Share	Fair Value of Option Awards Recognized in 2010(a)
J. Stanley Fredrick	November 20, 2008	10,000	\$ 2.75	\$ 9,800	\$ 0.98	\$ 3,267
	June 10, 2010	69,768	\$ 2.37	\$ 82,326	\$ 1.18	\$ 42,120
	August 16, 2010	3,922	\$ 2.71	\$ 5,491	\$ 1.40	\$ 1,049(b)
		83,690		\$ 97,617		\$ 46,436
Gerald E. Gilbert	November 20, 2008	10,000	\$ 2.50	\$ 10,300	\$ 1.03	\$ 3,434
	June 10, 2009	50,000	\$ 3.00	\$ 72,000	\$ 1.44	\$ 24,000
	August 16, 2010	23,158	\$ 2.46	\$ 32,421	\$ 1.40	\$ 1,049(b)
		83,158		\$ 114,721		\$ 28,483
Larry A. Jobe	November 20, 2008	10,000	\$ 2.50	\$ 10,300	\$ 1.03	\$ 3,434
	June 10, 2009	50,000	\$ 3.00	\$ 72,000	\$ 1.44	\$ 24,000
	August 16, 2010	14,100	\$ 2.46			