

MANNATECH INC  
Form DEF 14A  
April 20, 2016

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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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to

§240.14a-12

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14a-6(e)(2))

Mannatech, Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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COPPELL, TEXAS

April 20, 2016

Dear Shareholder:

This letter extends to you a personal invitation to join us at our 2016 Annual Shareholders' Meeting on Thursday, June 2, 2016, 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 II directors, (ii) ratify the appointment of our independent registered public accounting firm, and (iii) hold an advisory vote on executive compensation ("Say-on-Pay").

We have enclosed with this letter an official notice of our 2016 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 2016 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 2016 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 2016 Annual Shareholders' Meeting.

Sincerely,

J. Stanley Fredrick  
Chairman of the Board of Directors

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MANNATECH, INCORPORATED  
NOTICE OF OUR 2016 ANNUAL SHAREHOLDERS' MEETING  
TO BE HELD ON JUNE 2, 2016

TO THE SHAREHOLDERS OF MANNATECH, INCORPORATED,

The 2016 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 2, 2016, at 9:00 a.m., Central Daylight Time, for the following purposes:

Proposal 1 - To elect Messrs. J Stanley Fredrick and Eric Schrier as Class II directors.

Proposal 2 - To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm, for the year ending December 31, 2016.

Proposal 3 – To hold an advisory vote on executive compensation (“Say-on-Pay”).

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 11, 2016 as the record date for the determination of shareholders entitled to receive notice of and to vote at our 2016 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, 2016

**IMPORTANT**

Whether or not you expect to attend the 2016 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 2, 2016, 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 2016 Annual Shareholders' Meeting or revoking your prior vote and voting at the 2016 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, 2015, 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.

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MANNATECH, INCORPORATED

600 South Royal Lane, Suite 200

Coppell, Texas 75019

PROXY STATEMENT FOR OUR 2016 ANNUAL SHAREHOLDERS' MEETING  
TO BE HELD ON JUNE 2, 2016

GENERAL INFORMATION ABOUT OUR 2016 ANNUAL SHAREHOLDERS' MEETING

General Information

Our Board of Directors (the "Board") is soliciting the enclosed proxy for use at our 2016 Annual Shareholders' Meeting to be held on June 2, 2016 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 20, 2016, to shareholders of record owning our common stock on the close of business on April 11, 2016. Paper copies of our proxy materials are being mailed or delivered on or about April 20, 2016, 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 11, 2016, the record date, are called "shareholders of record" and are entitled to vote at the 2016 Annual Shareholders' Meeting. As of April 11, 2016, we had 2,706,986 outstanding shares of our common stock, \$0.0001 par value per share, which is our only class of outstanding voting securities. As of April 11, 2016, we had 1,518 shareholders of record. Each share of our common stock entitles a shareholder to one vote. A complete list of direct shareholders entitled to vote at the 2016 Annual Shareholders' Meeting will be available for examination by shareholders for purposes pertaining to the 2016 Annual Shareholders' Meeting at our corporate headquarters in Coppell, Texas during normal business hours from May 23, 2016 until June 1, 2016. The shareholder list will also be available for review prior to and during the 2016 Annual Shareholders' Meeting to be held on June 2, 2016. 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 2016 Annual Shareholders' Meeting, you may deliver your completed and signed proxy card in person. If a broker or bank holds your Mannatech shares in street name, and you wish to vote in person at the 2016 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 2016 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 proposals to be voted on by shareholders at the meeting and include other information required to be disclosed to shareholders. Shareholders may vote by telephone, through the Internet, or by returning a proxy card, without having to attend the shareholder meeting in person.





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By executing a proxy, you authorize Gerald E. Gilbert, 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 the Company or our shareholders.

Properly executed votes by proxy received prior to or at the 2016 Annual Shareholders’ Meeting on June 2, 2016 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 our 3 proposals consistent with the recommendations made by the Board and as the proxy holder may determine in his discretion with respect to any other matters properly presented for a vote at the 2016 Annual Shareholders’ Meeting. Other than the proposals described in this proxy statement, we are not aware of any other matters to be presented at the 2016 Annual Shareholders’ Meeting.

### Revoking or Changing a Proxy

A shareholder may revoke a vote by proxy at any time prior to the 2016 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 Erin Barta, 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 2016 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 2016 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), and Proposal 3 (“Say-on-Pay” Advisory Vote), 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. Proposal 2 (Ratification of Auditors) set forth in this proxy statement is a routine matter on which brokers will be permitted to vote your shares at the broker’s discretion if you do not provide your broker with instructions on how to vote on this matter.

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### Direct Ownership

For the purpose of determining how to vote your shares at the 2016 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 2016 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 2016 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 2016 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 2016 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 11, 2016, our record date, is necessary to establish a quorum for the 2016 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 2016 Annual Shareholders' Meeting. A "broker non-vote" occurs when brokers holding shares in "street name" have not received voting instructions from the beneficial owner and either chooses not to vote those shares on a routine matter at the 2016 Annual Shareholders' Meeting or is not permitted to vote those shares on a non-routine matter. 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 ALL" on Proposal 1 (Election of Directors), and "FOR" on Proposal 2 (Ratification of Auditors) and Proposal 3 ("Say-on-Pay" Advisory Vote). If your shares are held in "street name" and you

do not provide specific voting instructions to your broker, then your shares will not be included in the vote for Proposal 1 (Election of Directors) or Proposal 3 (“Say-on-Pay” Advisory Vote), but will be voted at the discretion of your broker with respect to Proposal 2 (Ratification of Auditors).

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For Proposal 1 (Election of Directors) — Assuming a quorum is obtained, our Class II directors will be elected by a plurality of the shares represented, in person or by proxy, at the 2016 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 II 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 the one nominee for whom the vote is withheld and write-in one additional name for nominee to the Board.

(THE BOARD RECOMMENDS A VOTE “FOR ALL” PROPOSAL 1.)

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 2016 Annual Shareholders’ Meeting and entitled to vote, are in favor of Proposal 2, the ratification of the appointment of our independent registered public accounting firm for the year ended December 31, 2016, will be approved. Votes marked “FOR” Proposal 2 will be counted in favor of the ratification of the appointment of our independent registered public accounting firm for the year ending December 31, 2016. An abstention from voting on Proposal 2 will not be voted on that item, although it will be counted for purposes of determining the number of shares represented and entitled to vote. Accordingly, an “ABSTENTION” will have the same effect as a vote “AGAINST” Proposal 2.

(THE BOARD RECOMMENDS A VOTE “FOR” PROPOSAL 2.)

For Proposal 3 (“Say-on-Pay” Advisory Vote) — If a quorum is obtained, and a majority of shares represented, in person or by proxy, at the 2016 Annual Shareholders’ Meeting and entitled to vote, are in favor of Proposal 3 the current executive compensation program will be approved by shareholders on an advisory basis. Votes marked “FOR” Proposal 3 will be counted in favor of the current executive compensation program. An abstention from voting on Proposal 3 will not be voted on that item, although it will be counted for purposes of determining the number of shares represented and entitled to vote. Accordingly, an “ABSTENTION” will have the same effect as a vote “AGAINST” Proposal 3. “Broker non-votes” are not considered shares entitled to vote for purposes of Proposal 3 and thus will have no effect on the outcome of the approval, on an advisory basis, of our executive compensation program.

(THE BOARD RECOMMENDS A VOTE “FOR” PROPOSAL 3.)

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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 2016 Annual Shareholders' Meeting

Voting at the 2016 Annual Shareholders' Meeting is limited to shareholders of record having evidence of ownership as of the record date, April 11, 2016. 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 11, 2016, such as your March 2016 brokerage statement or a printout of shares held at the close of April 11, 2016. At our 2016 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 2, 2016 meeting, beneficial shareholders are strongly urged to read their proxy-voting card instructions on how to vote at our 2016 Annual Shareholders' Meeting. They should also contact their brokers by the Monday prior to our 2016 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 2016 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

Requirements for Shareholder Proposals to Be Considered for Inclusion in the Company's Proxy Materials. Proposals that a shareholder intends to present at the 2017 Annual Shareholders' Meeting and wishes to be considered for inclusion in the proxy statement and form of proxy relating to the 2017 Annual Shareholders' Meeting must be received no later than December 22, 2016. All proposals must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which lists the requirements for the inclusion of shareholder proposals in company-sponsored proxy materials. Shareholder proposals must be delivered to the Company's Corporate Secretary by mail at 600 South Royal Lane, Suite 200, Coppell, Texas 75019.

Requirements for Other Shareholder Proposals to Be Brought Before the 2017 Annual Shareholders' Meeting and Director Nominations. Notice of any proposal that a shareholder intends to present at the 2017 Annual Shareholders' Meeting, but does not intend to have included in the proxy statement and form of proxy relating to the 2017 Annual Shareholders' Meeting, as well as any director nominations, must be delivered to the Company's Corporate Secretary by mail at 600 South Royal Lane, Suite 200, Coppell, Texas 75019, not earlier than the close of business on February 2, 2017, and not later than the close of business on March 4, 2017. The notice must be submitted by a shareholder of record and must set forth the information required by our Fifth Amended and Restated Bylaws, dated August 25, 2014 (our "Bylaws"), with respect to each director nomination or other proposal that the shareholder intends to present at the 2017 Annual Shareholders' Meeting. If you are a beneficial owner of shares held in street name, you can contact the organization that holds your shares for information about how to register your shares directly in your name as a shareholder of record.

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A copy of our Bylaws is published on our corporate website or may be obtained upon written request to our General Counsel at our United States headquarters located at 600 S. Royal Lane, Suite 200, Coppell, Texas 75019. In addition, our Bylaws were filed as Exhibit 3.1 to our Form 8-K filed with the SEC on August 27, 2014.



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PROPOSAL 1 — ELECTION OF DIRECTORS

Our Bylaws provide for a classified Board, 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 2016, 2017, and 2018, respectively. Class II is comprised of two directors with both Class II board seats being up for election at the 2016 Annual Shareholders’ Meeting.

Nominees. The Board has nominated Messrs. J. Stanley Fredrick and Eric W. Schrier as nominees for election as our Class II directors. Once elected, our Class II directors’ term will expire on the earlier of the date of our 2019 Annual Shareholders’ Meeting or the date of such director’s disqualification, resignation, death, or removal. The nominee’s biographical information is as follows:

J. Stanley Fredrick has served as a Class II director since September 2001. His current term as director expires in 2016. 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. He currently serves on the Board of Directors of Wineshop at Home, a party plan company. Mr. Fredrick has been actively involved for over 39 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 of Directors and various committees thereof. 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 currently serves as Chairman of their Development Committee. 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.

Eric W. Schrier was appointed to the Board as a Class II director in October 2014. Mr. Schrier also serves on the Audit Committee, Compensation and Stock Option Plan Committee, Associate Compliance Sub-Committee and is Chairman of the Science and Marketing Committee. Mr. Schrier served as President and CEO of The Reader’s Digest Association where he was responsible for \$2.4 billion in revenue, 4,500 employees, and more than 100 million customers in 70 countries during his tenure from January 2006 to March 2007. Since June 2013, Mr. Schrier has served on the Board of Directors as Chairman for Lifestyle Media Partners, a multi-platform media company in the farm-to-table food space. He currently is a Senior Advisor to This Old House Holdings LLC and serves on the Board of Directors for TEN (The Enthusiast Network) (since January 2011), Reader’s Digest Association (since April 2014), and MeQuilibrium (since October 2011). He has previously served on the boards of Willow House (from July 2009 to December 2013), Demdex Corp (from July 2009 to January 2011), and Bonnier USA (from September 2007 to July 2009). Since January 2009, he has consulted with large media corporations to help them create and pursue their digital strategies and diversify their revenue streams. Mr. Schrier earned a Bachelor’s Degree in Human Biology from Brown University in 1973 and a Masters in Journalism from U.C. Berkeley in 1977.

(THE BOARD RECOMMENDS A VOTE “FOR ALL” TO ELECT BOTH OF THE NOMINEES.)

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

Neither our Articles of Incorporation, Bylaws nor any other applicable legal requirements require shareholder ratification of the selection of our independent registered public accounting firm. 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, 2016. In the event our shareholders do not ratify our appointment of BDO USA, LLP, the Audit Committee and the Board will reconsider the appointment.

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 2016 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

Our Audit Committee must preapprove all services provided by our independent registered public accounting firm. The non-audit services, specified in Section 10A(g) of the Exchange Act 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 Accounting Officer prior to each Audit Committee annual planning meeting. The revised estimate is then reviewed at our Audit Committee annual planning meeting.

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## Fees Paid to Our Independent Registered Public Accounting Firm

For the years ended December 31, 2015 and 2014, we were billed the following fees by our current independent registered public accounting firm, BDO USA, LLP as follows:

Type of Service	2015	2014
	(in thousands)	
Audit Fees, including the audit of our consolidated financial statements and annual report on Form 10-K, review of our quarterly financial statements and quarterly reports filed on Form 10-Q, and international statutory audits	\$ 663	\$ 734
Audit-Related Fees, including fees related to the annual audit of employee 401(k) benefit plan	16	24
Tax Fees, including fees for tax services, tax advice, transfer pricing, state, and international tax consultation	20	108
All Other Fees, related to all other services including expatriation issues and miscellaneous consulting and advisory services	—	—
Total Fees	\$ 699	\$ 866

The “de minimis exception” described above was not used for any fees paid to BDO USA, LLP in 2015 and 2014. All fees were pre-approved by our Audit Committee. As of April 11, 2016, 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.)

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PROPOSAL 3 — ADVISORY VOTE ON EXECUTIVE COMPENSATION (“SAY-ON-PAY”)

In accordance with Section 14A(a)(1) of the Exchange Act implementing Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, we are submitting to our shareholders the opportunity to vote on a non-binding advisory resolution to approve the compensation program for our Named Executive Officers, which is described in the section titled “Executive Compensation” in this Proxy Statement. At our 2013 Annual Shareholders’ Meeting, shareholders recommended, on an advisory basis, an annual frequency of shareholder advisory votes on executive compensation. The Company intends to follow the shareholders’ recommendation and include a shareholder advisory vote on executive compensation on an annual basis until the next required “Say-on-Frequency” vote. Accordingly, the following resolution is submitted for a shareholder advisory vote at the 2016 Annual Shareholders’ Meeting:

“RESOLVED, that the shareholders of Mannatech, Incorporated approve, on an advisory basis, the overall compensation of the Company’s Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K of the regulations promulgated by the SEC, including the section entitled “Executive Compensation,” and the accompanying compensation tables and the corresponding narrative discussion and footnotes set forth in the Proxy Statement for the 2016 Annual Shareholders’ Meeting.”

As described in the section titled “Executive Compensation” our executive compensation program is designed to provide a competitive level of compensation necessary to attract, motivate, and retain talented and experienced executives and to motivate them to achieve short-term and long-term objectives that enhance shareholder value.

This vote is merely advisory and will not be binding upon the Company and the Board. However, the Compensation and Stock Option Plan Committee, which is responsible for designing and administering the Company’s executive compensation program, values constructive dialogue on executive compensation and other important governance topics with the Company’s shareholders and encourages all shareholders to vote their shares on this matter.

(OUR BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” APPROVAL OF THE ADVISORY RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS “SAY-ON-PAY”.)

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## 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, 2016:

Name	Age	Position
Alfredo (Al) Bala	55	CEO and President
Erin Barta	46	General Counsel and Corporate Secretary
Joel Bikman	43	Senior Vice President of Sales and Marketing
Landen Fredrick	43	Senior Vice President of Supply Chain and IT
David A. Johnson	45	Chief Accounting Officer
Ronald D. Norman	57	Senior Vice President and Treasurer
Yong Jae (Patrick) Park	48	Regional President – Asia
Christopher J. Simons	53	Regional President – Europe, Middle East, Africa, Australia
J. Stanley Fredrick	77	Chairman of the Board of Directors
Linda K. Ferrell, Ph.D.	56	Independent Board Member
Gerald E. Gilbert	82	Independent Board Member
Larry A. Jobe	76	Independent Board Member
Marlin Ray Robbins	70	Non-employee Board Member
Eric W. Schrier	64	Independent Board Member
Robert A. Toth	63	Vice Chairman of the Board of Directors and an Independent Board Member

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

Alfredo (Al) Bala joined Mannatech in October 2007 as Senior Vice President, Global Sales. He was then named Executive Vice President, Sales in June 2011. Due to his involvement in Mannatech's global sales and marketing efforts, in January 2012, Mr. Bala was named Executive Vice President, Sales & Marketing. Mr. Bala was promoted in February 2014 to serve as President International, Executive Vice President, Chief Sales & Marketing Officer. Mr. Bala was named President of the Company in May 2014. In August 2015, he was promoted to CEO. Mr. Bala served as Chief Operating Officer of Britt Worldwide, LLC, one of the largest independent Amway network marketing organizations, from 1992 to 2006. While with Britt Worldwide, his main focus was providing motivation, training and tools for associates in the field in more than 65 countries across the globe. Mr. Bala was also heavily involved in the launch and re-launch of over 60 international markets, including BRICS markets (Brazil, Russia, India, China and South Africa), which propelled the Britt Worldwide international sales volume to more than \$500 million. Mr. Bala served as manufacturing plant manager for Bose Corporation from 1983 to 1992. He is conversant and/or fluent in more than 13 languages. In addition to more than 20 years of domestic and international experience in network marketing, Al's proven record includes growing a major direct sales organization to \$750 million, reaching more than one million people in 60 countries. Mr. Bala received an Associate Degree in Electrical Engineering from the Community College of Rhode Island.

Erin K. Barta joined Mannatech in November 2006 as Senior Corporate Counsel. She was named Assistant General Counsel in March 2009 and was named General Counsel and Corporate Secretary in August 2013. Prior to joining Mannatech, Ms. Barta served as Corporate Counsel and later Senior Corporate Counsel for Metromedia Restaurant Group, a subsidiary of Metromedia Company. She has a B.S. from Texas Woman's University and received her J.D. from Texas Wesleyan University, now the Texas A&M University School of Law.

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Joel Bikman Senior Vice President of Sales and Marketing and Chief Marketing Officer, joined Mannatech in 2014 and provides the Company with significant experience within the direct selling, nutrition and personal care industries. He is responsible for overseeing and integrating the Company's Research and Development, Customer Service and Sales and Marketing teams to provide a unique product and brand experience to each Associate and customer. Prior to joining Mannatech, Mr. Bikman held senior sales and marketing roles with nutrition-based direct selling companies Isagenix, FreeLife and TriVita, where he worked on strategic planning, product development, digital marketing, marketing communications, and more. Mr. Bikman previously worked in the advertising industry. He holds a BA in Communications and an MBA from Brigham Young University.

Linda K. Ferrell, Ph.D. was appointed to the Board as a Class III director in April 2015. She also serves as Chairman of the Associate Compliance Sub-committee and serves on the Science and Marketing Committee. She is currently a Distinguished Professor of Leadership and Business Ethics at Belmont University. She is President of the Academy of Marketing Science from 2014 through 2016 and serves on the board of the National Association of State Boards of Accountancy (NASBA) Center for the Public Trust. She also serves on the Board of Directors for the Direct Selling Education Foundation (DSEF), in an endowed board seat, and on the DSEF Executive Committee. She has published refereed or peer reviewed articles concerning marketing ethics, ethics training methods and effectiveness, and strategic philanthropy, corporate social responsibility and sustainability. She is a co-author of textbooks, including Business Ethics: Ethical Decision Making and Cases; 11th edition and Business: A Changing World, 10th edition; Management, 3rd edition; and Business and Society, 5th edition. She received her BS in Retailing-Fashion Merchandising and her MBA from Illinois State University in 1981 and 1983 respectively. She received her Ph.D. in Business Administration, management concentration, from the University of Memphis in 1996.

J. Stanley Fredrick has served as a Class II director since September 2001. His current term as director expires in 2016. 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. He currently serves on the board of Wine Shop at Home, a party planning company in Napa, California. Mr. Fredrick has been actively involved for over 39 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 of Directors and various committees thereof. 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.

Landen Fredrick is the Senior Vice President of Supply Chain and Information Technology. At Mannatech Mr. Fredrick oversees supply chain, global logistics, regulatory affairs and information technology. Having been a part of Mannatech since 2006, Mr. Fredrick has played a key role in developing and driving systems to create efficiencies and manage scale for a company on the Direct Selling News' Global 100 list. Fredrick is also the chairman of the M5M Foundation, a non-profit organization benefitting children in need. Mr. Fredrick also is a member of the Board of Directors of the Direct Selling Association. Mr. Fredrick owned a web and advertising business, Killian Fredrick, from 2001 to 2006. Mr. Fredrick earned a BA from Abilene Christian University in 1995 and his MBA from Amber University in 1997.

Gerald E. Gilbert has served as a Class I director since June 2003 and he is the Chairman of the Nomination/Governance and Compliance Committee. He also serves on the Audit Committee, the Compensation and

Stock Option Plan Committee and the Science and Marketing Committee. His current term as director expires in 2018. 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.



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Larry A. Jobe has served as a Class I director since January 4, 2006. His current term as director expires in 2018. In February 2007, Mr. Jobe began serving as Chairman of our Audit Committee. Mr. Jobe also serves on the Nominating/Governance and Compliance Committee, Compensation and Stock Option Plan Committee and the Science and Marketing 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. He is also a founder and Board Member of Pelton College, a for-profit accredited career school, since October 2005. From 1973 to 1991, he served in various capacities, including as 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 previously served as the Chairman of Independent Bank of Texas and Chairman of the Audit Committee for U.S. Home Systems, Inc. In addition, Mr. Jobe served 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 from July 2005 through December 2014. He is a member of the Board of the Dallas Seminary Foundation. 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 Accounting (CPA) license from 1962 to 2002 and currently maintains his license on an inactive or retired status.

David A. Johnson joined Mannatech in July 2013 as Controller and was named Chief Accounting Officer in July 2015. He brings to Mannatech more than 22 years of experience in reporting financial results to investors, creditors and management with a focus on improving the financial operations of the enterprise by financial planning and analysis, and working capital management. He leads the company's accounting, finance and treasury teams. Prior to Mannatech, Johnson has held several financial management positions, including manager of accounting at Safety-Kleen and financial controller at Copart. He has four years of experience in public accounting. He is a Certified Public Accountant and holds a MA in Economics from Florida State University and a MA in Accounting from The University of Texas at Dallas.

Ronald D. Norman joined Mannatech in May 1996 and was named Treasurer in February 2014. Prior to his current position, he was promoted to Senior Vice President International in June 2011 and previously served for several years as Vice President of International Operations. From 1996 to 2005, he held various positions within Mannatech's finance department including Treasurer. Prior to joining Mannatech, Mr. Norman had 15 years of experience in public accounting, focusing on providing tax, accounting, finance and general business consulting services to entrepreneurial and growth stage companies with an emphasis on preparing these companies for entry into the public markets or preparing them for international expansion. Mr. Norman received both his B.S. and M.S. degrees from Baylor University. He is a Certified Public Accountant licensed in the State of Texas and is a member of the American Institute of Certified Public Accounts and Dallas Chapter of the Texas Society of Certified Public Accountants. He and his family are volunteers for events sponsored by the Special Olympics.

Yong Jae (Patrick) Park joined Mannatech in 2009 as General Manager, South Korea. Mr. Park was promoted to General Manager Taiwan and Korea in May 2012, promoted to Regional Vice President Northern Asia in September 2013 before promotion to his current position, Regional President Asia, in May 2014. Mr. Park has management responsibilities for the South Korea, Japan, Taiwan and Hong Kong markets. Prior to joining Mannatech, Mr. Park served 13 years in the direct sales industry, including working at Herbalife from March 1993 to November 2006 where he worked on distributor operations and played a key role in international expansion to Russia, Korea, Thailand, Indonesia, Turkey and India. Mr. Park is fluent in English and Korean.

Christopher J. Simons joined Mannatech in 2008 as Director of Sales, South Africa. He was promoted to Regional Vice President Europe, Middle East and Africa in November 2013 and then to his current position, Regional President Europe, Middle East, Africa and Australia in May 2014. Prior to his time at Mannatech, Mr. Simons spent 5 years as

Chief Operating Officer at DreamHouse Publishing in South Africa. Prior to DreamHouse Publishing, Mr. Simons played integral roles in launching new markets including Malaysia, India, China, Turkey, Indonesia, Thailand, and the European region for Network TwentyOne, one of the largest independent networks of direct sellers in the world. Mr. Simons graduated Selborne College in 1980 and received a Post Graduate Diploma in Management Accounting from the University of Cape Town Graduate School of Business in 2000.

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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 2018. He also serves on the Science and Marketing Committee. 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 its 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.

Eric W. Schrier was appointed to the Board as a Class II director in October 2014. He also serves on the Company's Audit Committee, Compensation and Stock Option Plan Committee and is Chairman of the Science and Marketing Committee. His term as director expires in 2016. Mr. Schrier served as President and CEO of The Reader's Digest Association where he was responsible for \$2.4 billion in revenue, 4,500 employees, and more than 100 million customers in 70 countries during his tenure from January 2006 to March 2007. He currently serves as Chairman of the Board of Directors for Edible Media, a multi-platform media company in the farm-to-table food space. He also is a member of the Board of Directors for TEN (The Enthusiast Network) (since January 2011), American Chemical Society (since June 2012), Reader's Digest Association (since April 2014), and MeQuilibrium (since October 2011). He has previously served on the boards of Willow House (from July 2009 to December 2013), Demdex Corp (from July 2009 to January 2011), and Bonnier USA (from September 2007 to July 2009). Since January 2009, he has consulted with large media corporations to help them create and pursue their digital strategies and diversify their revenue streams. Mr. Schrier earned a Bachelor's Degree in Human Biology from Brown University in 1973 and a Masters in Journalism from U.C. Berkeley in 1977.

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. He also serves on the Audit Committee, the Nominating/Governance and Compliance Committee, the Associate Compliance Sub-Committee and the Science and Marketing Committee. Mr. Toth was the Co-founder, and until May 2015, was the Chairman of Tatra Spring LLC, a supply chain services company based in Poland and founded in September 2008. He is a director of the Knowtions Company, a performance support systems software firm based in New Jersey. Since 2006, he has worked in venture capital as a private investor focused on new business startups in the technology sector. He has more recently served as a consultant to the direct selling industry. Mr. Toth has over 38 years of direct selling experience. As President of Avon International from 2004 to 2005, 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.

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Director 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 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 of directors, 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.

Linda K. Ferrell, Ph.D. brings to the Board extensive knowledge in marketing and business ethics. Dr. Ferrell's work with the Direct Selling Education Foundation provides her with unique knowledge and perspective as to how direct selling and network marketing are changing and evolving. Dr. Ferrell's knowledge of marketing, business ethics, and the direct selling industry make her a valued member of the Board.

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.

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.

Eric W. Schrier brings to the Board experience in marketing and digital publishing. Mr. Schrier has significant experience in leading and advising companies on strategies including The Reader's Digest Association. From July 2009 to December 2013, he served on the board of Willow House, a party plan company. Mr. Schrier's knowledge of marketing, digital publishing, and leading a large multi-national company makes him a valuable addition to the Board.

Robert A. Toth brings to the Board extensive experience in senior management and as a venture capitalist. Mr. Toth has over 38 years of direct selling experience, principally 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.

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Consideration of Director Nominees

Under our Bylaws, the Nominating/Governance and Compliance Committee of our Board of Directors recommends to the Board all candidates for election by our shareholders at each annual meeting of shareholders. 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/Governance and Compliance Committee may deem in the best interests of our shareholders.

In addition, the Nominating/Governance and Compliance 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/Governance and Compliance 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/Governance and Compliance 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/Governance and Compliance Committee will review and evaluate the qualifications of any proposed director candidate that it is considering or that has been properly recommended to it by a shareholder and conduct inquiries it deems appropriate into the background of these proposed director candidates. When nominating a director for re-election, the Nominating/Governance and Compliance Committee will also consider the director's past performance on the Board. The Nominating/Governance and Compliance 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/Governance and Compliance Committee does not have a formal policy with respect to diversity; however, the Board and the Nominating/Governance and Compliance Committee believe it is important that Board members represent diverse viewpoints. In considering candidates, the Nominating/Governance and Compliance Committee considers the entirety of each candidate's credentials, including such candidate's diverse skills, experience and qualifications.

If a shareholder would like our Nominating/Governance and Compliance Committee to consider specific candidates for nomination to the Board, a shareholder should deliver written notice to our Corporate Secretary at our corporate headquarters, located at 600 S. Royal Lane, Suite 200, Coppell, Texas 75019, or by fax at (972) 471-5642. As required by our Bylaws, written notice of such proposed candidates for director should be delivered no later than December 31, 2016 to allow the Board time to consider such persons for nomination at our 2017 Annual Shareholders'

Meeting. The written notice should include the candidates' full name, age, biographical background, and qualifications. If a shareholder intends to present a director nomination at the 2017 Annual Shareholders' Meeting, the shareholder should follow the procedures describe on page 5 of this proxy statement.

#### Board Leadership Structure and Role in Risk Oversight

Meetings of the Board are presided over by the Chairman of the Board, currently Mr. J. Stanley Fredrick. Our Bylaws do not require that the Chairman be independent. However, the Board believes in the separation of the Chairman and CEO roles. Most important among the considerations to keep these roles separate was that the separation of the Chairman and CEO positions allows our CEO to focus on operational issues and the Chairman to focus on governance and other related issues.

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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 to the Board’s attention 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 of 2002, 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, 2016, are as follows:

Class	Term Expiration	Directors
Class I	2018	Gerald E. Gilbert*, Larry A. Jobe* , and Marlin Ray Robbins
Class II	2016	J. Stanley Fredrick <sup>(1)</sup> and Eric W. Schrier*
Class III	2017	Robert A. Toth <sup>(2)</sup> and Linda K. Ferrell, Ph.D.*

\*Independent Board Member

(1)Chairman of the Board of Directors

(2)Vice Chairman of the Board of Directors

On April 1, 2015, Dr. Linda Ferrell was appointed an independent board member to fill the Class III board seat vacated by Alan D. Kennedy who retired from Mannatech’s Board of Directors effective February 27, 2015.

The Board held four regular meetings and four special meetings during 2015. All of our directors attended all 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 2015 Annual Shareholders’ Meeting, which was held on May 28, 2015. It is anticipated that all of our directors will attend our 2016 Annual Shareholders’ Meeting to be held on June 2, 2016.

Director Independence

The Board has determined that each of Messrs. Gilbert, Jobe, Schrier, and Toth and Dr. Ferrell 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 that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.





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## Committees of Our Board of Directors

During 2015, the Board had four committees with various functions. All committee members attended all of their committee meetings. During 2015, the committees held the following number of meetings:

Audit Committee: 4 regular meetings and 8 special meetings;  
 Compensation and Stock Option Plan Committee: 4 regular meetings and 4 special meetings;  
 Nominating/Governance and Compliance Committee: 4 regular meetings and 4 special meetings;  
 Science and Marketing Committee: 4 regular meetings; and  
 Associate Compliance Subcommittee: 0 meetings.

As of April 20, 2016, the Board committee membership is as follows:

Director's Name	Audit Committee	Compensation and Stock Option Plan Committee	Nominating/ Governance, and Compliance Committee	Associate Compliance Subcommittee	Science and Marketing Committee
Non-Employee Independent Directors:					
Linda K. Ferrell, Ph.D.				C	X
Gerald E. Gilbert	X	X	C		X
Larry A. Jobe	C	X	X		X
Eric W. Schrier	X	X		X	C
Robert A. Toth <sup>(1)</sup>	X	C	X	X	X
Non-Employee Directors:					
J. Stanley Fredrick <sup>(2)</sup>					
Marlin Ray Robbins					X

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X Member

C Committee Chairman

<sup>(1)</sup> Vice Chairman of the Board of Directors

<sup>(2)</sup> Chairman of the Board of Directors

The committees and their functions are as follows:

1. **Audit Committee.** Our Audit Committee consists of Messrs. Gilbert, Jobe, Schrier and Toth 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 <http://ir.mannatech.com>. Our Audit Committee’s report appears in this proxy statement on page 40.

2. **Compensation and Stock Option Plan Committee.** Our Compensation and Stock Option Plan Committee consists of Messrs. Gilbert, Jobe, Schrier and Toth 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 may ask members of management or others whose advice and counsel are relevant to the issues then being considered by the Committee to attend any meetings and to provide such pertinent information as the Committee may request. 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 <http://ir.mannatech.com>.

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Nominating/Governance, and Compliance Committee. Our Nominating/Governance, and Compliance Committee consists of Messrs. Gilbert, Jobe, and Toth and is chaired by Mr. Gilbert. The Board has determined that each member of the Nominating/Governance, and Compliance Committee meets the independence requirements for purposes of serving on such committee under applicable NASDAQ and SEC rules. Our Nominating/Governance, and Compliance Committee is primarily responsible for reviewing and recommending nominees to the Board, developing plans regarding the size and composition of the Board, developing management succession planning, and establishing and maintaining policies and procedures to handle and investigate complaints, including 3. whistleblower or other confidential complaints. Our Nominating/Governance, and 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. For information on criteria for director nominees, see “Consideration of Director Nominees”, beginning on page 16. Our Nominating/Governance and Compliance Committee’s responsibilities are stated more fully in its charter that 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.

On May 27, 2015, the Nominating, Governance, and Compliance Committee formed a new Associate Compliance 4. Sub-Committee to support the Committee’s oversight of management’s responsibilities regarding the Company’s compliance with legal and regulatory requirements related to the marketing, distribution, and sale of the Company’s products by the Company’s Associates. Dr. Linda Ferrell was appointed Chair of the sub-committee.

Science and Marketing Committee. Our Science and Marketing Committee was formed in June 2003 and consists of Messrs. Gilbert, Schrier, Robbins, Jobe, and Toth. On May 27, 2015, the Board elected Mr. Schrier as Chairman of 5. the Science and Marketing Committee. Our Science and Marketing 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](mailto:BoardofDirectors@mannatech.com), or mail to Mannatech, Incorporated, Attention Corporate Secretary, “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 J. Stanley Fredrick, our Chairman of the Board. 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 <http://ir.mannatech.com>. Any change in or waiver from and the grounds for such change in or waiver from our Code of Ethics shall be promptly disclosed by publishing such change or waiver on our corporate website at <http://ir.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.



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## Compensation of Directors

We compensate our non-employee directors for serving and participating on the Board, for chairing committees, and for attending Board and Board committee meetings. Our Nominating/Governance and Compliance 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/Governance and Compliance 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 2015 were as follows:

	Board Member	Audit Committee	Compensation and Stock Option Plan Committee	Nominating/ Governance and Compliance Committee	Associate Compliance Sub- Committee	Science and Marketing Committee
Chairman fee <sup>(1)</sup>	\$372,910	\$ 20,000	\$ 18,000	\$ 12,500	\$ 5,000	<sup>(3)</sup> \$ 7,500
Vice Chairman fee <sup>(4)</sup>	\$100,000	\$ —	\$ —	\$ —	\$ —	\$ —
Independent director retainer <sup>(1)</sup>	\$40,000	\$ —	\$ —	\$ —	\$ —	\$ —
In-person meeting fee	\$1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Telephonic meeting fee	\$500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Re-elected Board members <sup>(2)</sup>	\$—	\$ —	\$ —	\$ —	\$ —	\$ —

(1) The Chairman fee and director retainer are paid monthly during the calendar year.

(2) Each non-employee director re-elected to the Board by our shareholders was granted 5,000 stock options. 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) Chairman fees for the Associate Compliance Sub-Committee began in June 2015.

(4) Beginning September 2015, Mr. Toth was paid a retainer of \$100,000 for serving as Vice Chairman of the Board. The Vice Chairman fee is paid monthly during the calendar year.

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.

For fiscal year 2016, (i) the annual retainer for independent Directors increased to \$70,000, from \$40,000, (ii) in-person Board meeting and committee meeting fees have been eliminated, and (iii) telephonic Board and telephonic committee meeting fees and chairman, vice chairman, and committee chairman fees will be retained at the 2015 level. Additionally, for fiscal year 2016, fifty percent of the annual retainer will be awarded each January to the Directors in restricted stock with 1/3 vesting immediately, 1/3 after one year, and 1/3 after two years.

For fiscal year 2016, Marlin Ray Robbins will receive the annual retainer fee for Directors and is eligible to receive telephonic committee meeting fees. Mr. Robbins co-founded Mannatech, is a high-level independent associate, has served as a Class I director, and serves as a member of the Science and Marketing Committee. Mr. Robbins did not receive any fees for serving and participating on the Board or for serving on any committee in 2015.

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## 2015 Director Compensation Table

The table below summarizes the compensation paid during 2015 to our non-employee directors. Our non-employee directors do not receive non-equity incentive plan compensation, or nonqualified deferred compensation.

Director	Fees Earned or Paid in Cash <sup>(1)</sup>	Stock Awards	Option Awards <sup>(2)</sup>	All Other Compensation	Total
J. Stanley Fredrick	\$356,915	\$	\$	\$20,453 <sup>(3)</sup>	\$377,368
Gerald E. Gilbert	\$89,500	\$	\$62,740	\$	\$152,240
Larry A. Jobe	\$95,500	\$	\$62,740	\$	\$158,240
Alan D. Kennedy	\$16,917	\$	\$	\$	\$16,917
Marlin Ray Robbins	\$	\$	\$62,740	\$2,922,189 <sup>(4)</sup>	\$2,984,929
Eric W. Schrier	\$73,456	\$	\$	\$	\$73,456
Linda K. Ferrell, Ph.D.	\$43,417	\$	\$55,421	\$	\$98,838
Robert A. Toth	\$126,833	\$16,950 <sup>(5)</sup>	\$	\$	\$143,783

The amounts reported in this column represent the aggregate dollar amount of annual retainer fees, committee (1) and/or chairmanship fees, and meeting fees, as described in the table above. The Chairman fee is 372,910, and Mr. Fredrick reimburses the Company \$15,995 for his health insurance.

The amounts reported in this column represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 "Stock Compensation". The first grant on April 2, 2015 consisted of 5,000 stock options to Linda K. Ferrell, Ph.D. with an exercise price of \$18.55. The second was a grant to Messrs. Gilbert, Jobe, and Robbins that were awarded in connection with their re-election to the Board at the 2015 Annual Shareholders' (2) Meeting. They each received a grant of 5,000 stock options with an exercise price of \$20.95 pursuant to our policy that each non-employee director re-elected to the Board by our shareholders is granted 5,000 stock options. For the aforementioned grants, 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. The stock options are priced on the date of grant. See table below titled "Directors' Stock Options Outstanding" for aggregate options outstanding at year-end.

(3) Included in other compensation is our payment for Mr. Fredrick's travel of \$17,953 and other miscellaneous expenses of \$2,500.

(4) Mr. Robbins holds positions in our associate global downline network marketing system and we paid him commissions of approximately \$2.9 million in connection therewith.

(5) 1,000 shares of stock awarded as compensation for Mr. Toth serving as the Vice Chairman of the Board.

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## Directors' Stock Options Outstanding

The table below summarizes the outstanding stock options of our non-employee directors as of December 31, 2015:

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 2015 <sup>(a)</sup>
J. Stanley Fredrick	June 10, 2010	6,976	\$ 23.70	\$ 82,326	\$ 11.80	\$ —
	February 21, 2013	5,000	\$ 5.72	\$ 17,850	\$ 3.57	\$ 5,945
	June 5, 2013	5,000	\$ 9.89	\$ 30,350	\$ 6.07	\$ 4,324
	February 20, 2014	8,000	\$ 19.60	\$ 97,660	\$ 12.21	\$ 32,553
		24,976		\$ 228,186		\$ 42,822
Linda K. Ferrell, Ph.D.	April 1, 2015	5,000	\$ 18.55	\$ 55,421	\$ 11.08	\$ 27,655
		5,000		\$ 55,421		\$ 27,655
Gerald E. Gilbert	November 20, 2008	1,000	\$ 25.00	\$ 10,300	\$ 10.30	\$ —
	June 10, 2009	5,000	\$ 30.00	\$ 72,000	\$ 14.40	\$ —
	August 16, 2010	2,315	\$ 24.60	\$ 32,421	\$ 14.00	\$ —
	May 30, 2012	1,667	\$ 5.19	\$ 16,050	\$ 3.21	\$ —
	February 21, 2013	3,333	\$ 5.72	\$ 17,850	\$ 3.57	\$ 5,945
	February 20, 2014	5,000	\$ 19.60	\$ 61,037	\$ 12.21	\$ 20,346
	May 28, 2015	5,000	\$ 20.95	\$ 62,740	\$ 12.55	\$ 33,313
		23,315		\$ 272,398		\$ 59,603
Larry A. Jobe	November 20, 2008	1,000	\$ 25.00	\$ 10,300	\$ 10.30	\$ —
	June 10, 2009	5,000	\$ 30.00	\$ 72,000	\$ 14.40	\$ —
	August 16, 2010	1,410	\$ 24.60	\$ 19,740	\$ 14.00	\$ —
	May 30, 2012	1,667	\$ 5.19	\$ 16,050	\$ 3.21	\$ —
	February 21, 2013	3,334	\$ 5.72	\$ 17,850	\$ 3.57	\$ 5,945
	February 20, 2014	5,000	\$ 19.60	\$ 61,037	\$ 12.21	\$ 20,346
	May 28, 2015	5,000	\$ 20.95	\$ 62,740	\$ 12.55	\$ 33,313
		22,411		\$ 259,717		\$ 59,603
Marlin Ray Robbins	June 12, 2006	1,115	\$ 112.10	\$ 54,373	\$ 48.77	\$ —
	November 20, 2008	1,000	\$ 25.00	\$ 10,300	\$ 10.30	\$ —
	June 10, 2009	5,000	\$ 30.00	\$ 72,000	\$ 14.40	\$ —
	May 30, 2012	5,000	\$ 5.19	\$ 16,050	\$ 3.21	\$ —
	February 21, 2013	5,000	\$ 5.72	\$ 17,850	\$ 3.57	\$ 5,945
	February 20, 2014	5,000	\$ 19.60	\$ 61,037	\$ 12.21	\$ 20,346
	May 28, 2015	5,000	\$ 20.95	\$ 62,740	\$ 12.55	\$ 33,313
		27,115		\$ 294,350		\$ 59,603

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Eric W. Schrier	October 29, 2014	5,000	\$ 14.19	\$ 42,545	\$ 8.51	\$ 14,175	
		5,000		\$ 42,545		\$ 14,175	
Robert A. Toth	August 16, 2010	2,410	\$ 24.60	\$ 33,751	\$ 14.00	\$ —	
		June 9, 2011	13,157	\$ 11.40	\$ 84,211	\$ 6.40	\$ —
		February 21, 2013	5,000	\$ 5.72	\$ 17,850	\$ 3.57	\$ 5,945
		February 20, 2014	5,000	\$ 19.60	\$ 61,037	\$ 12.21	\$ 20,346
		May 28, 2014	5,000	\$ 14.68	\$ 45,092	\$ 9.02	\$ 15,006
		30,567		\$ 241,941		\$ 41,297	

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Represents the calculated stock-based compensation expense recognized in our consolidated financial statements for the fair value of the option awards in accordance with FASB ASC Topic 718 “Stock Compensation”.

(a) Assumptions made in the calculation of these amounts are included in Note 11 to our audited financial statements for the fiscal year ended December 31, 2015, included in our Annual Report on Form 10-K filed with the SEC on March 15, 2016.

#### Directors’ Stock Ownership Guidelines

We encourage our non-employee directors to own shares of our common stock equal to three times the value of a director’s annual board retainer in order to demonstrate to our shareholders and the investment community that our directors are personally committed to our success. However, we do not have a formal policy requiring our directors to own any specific number of shares.



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## Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of March 31, 2016, concerning beneficial ownership of shares of our common stock by (a) each person known by us to beneficially own 5% or more of our outstanding shares of common stock, (b) each of our directors and “Named Executive Officers,” and (c) all of our current directors and executive officers as a group.

Name	Number of Outstanding Shares	Number of Shares Underlying Options <sup>(1)</sup>	Total Number of Outstanding Shares and Shares Underlying Options <sup>(1) (2)</sup>	% of Class Outstanding <sup>(1)</sup>	
Beneficial Owners of 5% or More					
Michael Challen <sup>(3)</sup>	187,557		187,557	7.0	%
Renaissance Technologies LLC /Renaissance Technologies Holdings Corporation <sup>(4)</sup>	171,660		171,660	6.4	%
Directors and Named Executive Officers					
J. Stanley Fredrick <sup>(5)</sup>	317,021	<sup>(6)</sup> 24,976	341,997	12.7	%
Marlin Ray Robbins	65,615	23,781	89,396	3.3	%
Robert A. Toth	54,615	28,900	83,515	3.1	%
Larry A. Jobe	45,615	19,077	64,692	2.4	%
Gerald E. Gilbert	12,615	19,981	32,596	1.2	%
Eric W. Schrier	615	3,333	3,948	0.1	%
Linda K. Ferrell, Ph.D.	615	3,333	3,948	0.1	%
Alfredo (Al) Bala	11,158	5,000	16,158	0.6	%
Joel R. Bikman	1,900	1,666	3,566	0.1	%
Yong Jae (Patrick) Park		1,500	1,500	0.1	%
Robert A. Sinnott, Ph.D.	9,703	<sup>(7)</sup>	9,703	0.4	%
All 14 executive officers and directors as a group	510,799	154,880	665,679	24.7	%

(1) Shares of our common stock subject to stock options, warrants, or any other convertible security currently exercisable or convertible, or exercisable or convertible within 60 days of March 31, 2016, are deemed outstanding for computing the percentage of the person or entity holding such securities, but are not outstanding for computing the percentage of any other person or entity.

(2) The information contained in this table with respect to beneficial ownership reflects “beneficial ownership” as defined in Rule 13d-3 under the Exchange Act. All information with respect to the beneficial ownership of any shareholder has been furnished by such shareholder and, except as otherwise indicated or pursuant to community property laws, each shareholder has sole voting and investment power with respect to shares listed as beneficially owned by such shareholder.

(3) The information regarding the beneficial ownership of Michael Challen is based on the Schedule 13G/A filed with the SEC by Mr. Challen on February 9, 2016, in which Mr. Challen indicated he had sole power to vote and dispose of all such shares. The address for Mr. Challen is 2786 Puesta Del Sol, Santa Barbara, CA 93105.

(4) The information regarding the beneficial ownership of Renaissance Technologies LLC/Renaissance Technologies Holdings Corporation is based on the Schedule 13G filed with the SEC by Renaissance Technologies LLC/Renaissance Technologies Holdings Corporation on February 11, 2016, in which each of Renaissance Technologies LLC and Renaissance Technologies Holdings Corporation indicated it had sole power to dispose of 171,630 of such shares, sole power to vote 158,660 of such shares and shared power to dispose of 30 of such shares. The address for Renaissance Technologies LLC/Renaissance Technologies Holdings Corporation is 800

Third Avenue, New York, NY 10022.

(5) Mr. Fredrick beneficially owns more than 5% of our common stock. Mr. Fredrick maintains offices at 600 S. Royal Lane, Suite 200, Coppell, Texas 75019.

The number of shares owned by Mr. Fredrick includes 192,021 shares of our common stock directly held by Mr. Fredrick and 125,000 shares of our common stock held through JSF Resources LTD Partnership. JSF Resources LTD is a limited partnership that is owned by FSJ Secure Trust, of which Mr. Fredrick is the sole beneficiary. Mr. Fredrick pledged 40,000 shares he holds individually as collateral for a loan.

(6) Dr. Sinnott holds 3,333 shares directly and 6,370 shares indirectly. The indirect holdings are held by Dr. Sinnott's wife as custodian for his three sons. Dr. Sinnott has disclaimed beneficial ownership of these shares. Dr. Sinnott left the Company on August 11, 2015.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers, and persons who own more than 10% of our common stock to file initial reports of ownership and reports of changes in their beneficial ownership of our common stock with the SEC. Such persons are required by the SEC regulations to furnish us with copies of all Section 16(a) reports they file.

Based solely upon a review of such reports or written representations furnished to us that no other reports were required, we believe that during the year ended December 31, 2015, except as noted below, all of our executive officers and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements. Further, based solely on a review of such reports or written representations furnished to us, during the fiscal year ended December 31, 2015, each of Linda K. Ferrell, Larry A. Jobe, Robert A. Toth, Gerald E. Gilbert, J. Stanley Fredrick, Eric W. Schrier and Marlin Ray Robbins filed a late Form 4 related to a grant of options in December 2015. For fiscal year ended December 31, 2015, Yong Jae Park filed a late Form 3 related to being designated a Section 16 officer in February 2015, and David A. Johnson filed a late Form 3 related to being designated a Section 16 officer in July 2015.

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## EXECUTIVE COMPENSATION

This executive compensation discussion describes our compensation program for the year ended December 31, 2015 for our Named Executive Officers listed below, which we refer to collectively as our “Named Executive Officers”.

- Alfredo (Al) Bala – CEO and President
- Yong Jae (Patrick) Park – Regional President Asia
- Joel Bikman – Senior Vice President of Sales and Marketing
- Robert A. Sinnott, Ph.D. – Former CEO and Chief Science Officer

Alfredo (Al) Bala is a Named Executive Officer based on his position, while the other individuals listed above were Named Executive Officers based on compensation earned in 2015.

We compensate our executive officers through our executive compensation program that is designed to maintain a fair, equitable, and competitive compensation package that allows the Company to attract and retain top executive talent. Based on recommendations made by our Compensation and Stock Option Plan Committee, the Board approves all compensation related to our executive officers, including our Named Executive Officers. The Compensation and Stock Option Plan Committee annually reviews each executive officer’s responsibilities and performance. In general, our executive compensation program for executive officers, including our Named Executive Officers, consists of payment of an annual base salary; participation in our Management Non-Equity Incentive Bonus Plan; stock option awards; and certain other benefits and perquisites.

## Summary Compensation Table (2014 &amp; 2015)

The following table summarizes the total compensation awarded to our Named Executive Officers for the fiscal years ended December 31, 2014 and 2015:

Name & Principal Position	Year	Salary <sup>(1)</sup>	Bonus	Option Award <sup>(2)</sup>	Non-Equity Incentive Plan Compensation <sup>(3)</sup>	All Other Compensation <sup>(4)</sup>	Total
Alfredo (Al) Bala CEO and President	2015	\$350,308			\$ 181,000	\$ 15,964	\$547,272
	2014	\$319,846	\$12,462 <sup>(5)</sup>	\$61,037	\$ 243,000	\$ 26,180	\$662,525
Yong Jae (Patrick) Park <sup>(6)</sup> Regional President Asia	2015	\$280,665	\$165,614 <sup>(7)</sup>		\$ 27,294	<sup>(8)</sup> \$ 24,362	\$497,935
	2014	\$230,759	\$284,933 <sup>(7)</sup>	\$38,627	\$ 200,884	<sup>(8)</sup> \$ 21,570	\$776,773
Joel Bikman Senior Vice President of Sales and Marketing	2015	\$281,923		\$53,024	\$ 113,000	\$ 14,820	\$462,767
	2014	\$179,808		\$60,919	\$ 206,250	\$ 10,589	\$457,566
Robert A. Sinnott, Ph.D. <sup>(9)</sup> Former CEO & Chief Science Officer	2015	\$280,500			\$ 97,500	\$ 10,150	\$388,150
	2014	\$383,077	\$15,000 <sup>(5)</sup>	\$61,037	\$ 292,500	\$ 15,528	\$767,142

(1) The amounts reported in this column represents the total amount paid to the executive during the year as a result of the executive’s annual base salary and the number of payroll periods in the respective year.

(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 in 2015 and 2014, respectively.

Assumptions made in the calculation of these amounts are included in Note 11 to our audited financial statements for the fiscal year ended December 31, 2015, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 15, 2016.

(3) The amounts reported in this column represent non-equity incentive plan compensation paid in March 2015 under our Management Non-Equity Incentive Bonus Plan with respect to 2014 and 2015 performance.

The amounts reported in this column include, among other items, an automobile allowance or automobile lease (4) payments, matching contributions to our 401(k) plan, automobile insurance coverage, and travel expenses paid on behalf of each Named Executive Officer, and are detailed in the "All Other Compensation" table included below.

(5) The Board of Directors awarded in 2014 a year-end bonus of two weeks base salary that was paid in December 2014.

Mr. Park's compensation is denominated in Korean Won except for the Non-Equity Incentive Plan Compensation, which is denominated in United States Dollars. The Company has converted the compensation denominated in (6) Korean Won to United States Dollars using the average daily midpoint for the period from January 1 through December 31 of the respective year. Using this methodology, the conversion rate for 2015 is 1,068.89 Korean Won per United States Dollar and for 2014 the conversion rate is 1,052.88 Korean Won per United States Dollar.

The Board of Directors awarded Mr. Park a discretionary bonus of 300,000,000 (or \$284,933) in October 2014 of which 250,000,000 (or \$237,444) was paid in November 2014 with the remainder being paid in March 2015. The (7) Board of Directors awarded Mr. Park a discretionary bonus of 195,000,000 in 2015, which was paid in March 2016.

Pursuant to the 2014 non-equity incentive plan approved by the Compensation and Stock Option Plan Committee for Mr. Park, he earned 211,506,250 (or \$200,884) in 2014 of which 185,100,000 (or \$175,780) was paid in March (8) 2015. Pursuant to the 2015 non-equity incentive plan approved by the Compensation and Stock Option Plan Committee for Mr. Park, he earned 32,016,400 (or \$27,294)

(9) Dr. Robert A. Sinnott, Ph.D. was the CEO and Chief Science Officer until August 11, 2015.

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## All Other Compensation Table (2014 and 2015)

The amounts included in the “All Other Compensation” column of the Summary Compensation Table above are broken down as follows:

Name	Yr.	Automobile Lease Payments (\$)	Company Matching 401(k) Contribution (\$)	Life Insurance (\$)	Travel Expenses <sup>(1)</sup> (\$)	Total All Other Compensation (\$)
Alfredo (Al) Bala	2015	12,000	2,550	1,414		15,964
	2014	12,000	2,550	746	10,884	26,180
Yong Jae (Patrick) Park	2015	24,362				24,362
	2014	21,570				21,570
Joel Bikman	2015	12,000	2,550	270		14,820
	2014	8,000	2,433	156		10,589
Robert A. Sinnott, Ph.D.	2015	8,000	1,500	650		10,150
	2014	12,000	2,550	601	377	15,528

(1) The amounts reported in this column reflect travel-related costs, including airfare, meals and entertainment, for our Named Executive Officers’ family members to travel with them at our Company-related events.

## Executive Employment Agreements

We enter into employment agreements with certain executive officers, including our Named Executive Officers. Pursuant to the terms of the employment agreements, some of our executive officers are entitled to severance in certain events of early termination. These provisions are described in the section titled “Potential Payments Upon Termination or Change in Control” appearing later in this Proxy Statement. In the employment agreements, we have agreed to pay relocation expenses for newly hired executives, provide a leased vehicle or pay a monthly automobile allowance, and allow our executives to participate in our Management Non-Equity Incentive Bonus Plan and in all of our other employee benefit plans. In addition, the employment agreements contain covenants regarding (i) confidentiality and non-disparagement that apply to the executive both during and after employment and (ii) non-competition and non-solicitation that apply to the executive during employment and for one year after termination. The following is a description of the other material terms of the employment agreements with our Named Executive Officers as of December 31, 2015:

Named Executive Officer	Position	Effective Date of Agreement	Expiration Date	2014 Annual Base Salary	2015 Annual Base Salary	2016 Annual Base Salary
Alfredo (Al) Bala	CEO	October 2007	August 2016	<sup>(1)</sup> \$324,000	\$324,000	\$400,000
Yong Jae (Patrick) Park	Regional President Asia	October 2009	September 2016	<sup>(2)</sup> \$247,000 <sup>(3)</sup>	\$285,000 <sup>(3)</sup>	\$313,500 <sup>(3)</sup>

Robert A. Sinnott, Former CEO and Chief Ph.D. Science Officer	October 2007	August 2015	(4) \$390,000	\$390,000	\$
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- (1) The employment agreement for Mr. Bala had an initial term of two years with automatic renewals for successive one-year periods unless terminated pursuant to the terms of the contract.
- (2) The employment agreement for Mr. Park had an initial term of one year with automatic renewals for successive one-year periods unless terminated pursuant to the terms of the contract.  
Mr. Park's annual base salary is 260,486,560 for 2014, 300,000,000 for 2015, and 330,000,000 for 2016, converted
- (3) to United States Dollars using an exchange rate of 1,055 per \$1 for 2014, 1,053 per \$1 for 2015, and 1,053 per \$1 for 2016.
- (4) Dr. Sinnott's employment with the Company ended in August 2015, and his employment agreement was terminated. The employment agreement for Dr. Sinnott was amended in December 2009 and had an initial term of one year with automatic renewals for successive one-year periods unless terminated pursuant to the terms of the contract.

In October 2007, we entered into a one-year employment agreement, with automatic renewals for successive one-year periods, with Dr. Sinnott, our former CEO and Chief Science Officer. Pursuant to the terms of the employment agreement, we agreed to pay Dr. Sinnott an annual base salary of \$312,000. In accordance with the terms of the employment agreement allowing increases to base salary, the Board and the Compensation and Stock Option Plan Committee review Dr. Sinnott's base salary annually in accordance with their annual review of salaries for our Named Executive Officers and make any adjustments they deem appropriate. We have made periodic increases to Dr. Sinnott's base salary over the years to reflect various promotions and market salaries of our competitors for similarly-situated executives. In February 2014, we increased Dr. Sinnott's annual base salary to \$390,000 in connection with his performance evaluation and to align with the compensation levels of our competitors. His base salary remained at this level until his departure in August 2015. Pursuant to a severance agreement, Dr. Sinnott received \$151,000 in severance payments for the remainder of 2015.

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In his role as Executive Vice President, Sales & Marketing, we entered into a two-year employment agreement, with automatic renewals for successive one-year periods, with Mr. Bala in October 2007. Pursuant to the terms of the employment agreement, we agreed to pay Mr. Bala an annual base salary of \$275,000. In accordance with the terms of the employment agreement allowing increases to base salary, the Board and the Compensation and Stock Option Plan Committee review Mr. Bala's base salary annually in accordance with their annual review of salaries for our Named Executive Officers and make any adjustments they deem appropriate. In 2008, we increased Mr. Bala's annual base salary to \$290,000. Effective for 2012, we increased Mr. Bala's annual base salary to \$300,000 in connection with his promotion to Executive Vice President, Sales & Marketing. In February 2014, we increased Mr. Bala's annual base salary to \$324,000 in connection with his performance evaluation and to align with the compensation levels of our competitors. In May 2014, he was named President, and in August 2015, he was promoted to CEO. His annual base salary was increased to \$400,000 as of August 2015.

In October 2009, we entered into a one-year employment agreement, with automatic renewals for successive one-year periods, with Mr. Park, our Regional President Asia. Pursuant to the terms of the employment agreement, we agreed to pay Mr. Park an annual base salary of approximately \$117,000 ( 123,000,000 at 1,052.88 per \$1). In accordance with the terms of the employment agreement allowing increases to base salary, the Board and the Compensation and Stock Option Plan Committee review Mr. Park's base salary annually in accordance with their annual review of salaries and make any adjustments they deem appropriate. In 2011, we increased Mr. Park's annual base salary to approximately \$139,000 ( 146,324,375 using aforementioned exchange rate). Effective for 2012, we increased Mr. Park's annual base salary to approximately \$175,000 ( 184,500,000 using aforementioned exchange rate). Effective for 2013, we increased Mr. Park's annual base salary to approximately \$227,000 ( 238,978,500 using aforementioned exchange rate). In November 2013, we increased Mr. Park's annual base salary to approximately \$247,000 ( 260,486,560 using aforementioned exchange rate). In November 2014, we increased Mr. Park's annual base salary to approximately \$285,000 ( 300,000,000 using aforementioned exchange rate) in connection with his performance evaluation and to align with the compensation levels of our competitors. In 2016, Mr. Park's annual base salary was increased to ( 330,000,000).

## 2015 Grants of Plan Based Awards

On August 26, 2015, the Board awarded to Al Bala, our CEO, 10,000 shares of stock at \$16.95 per share.

We granted the following stock options to our Named Executive Officers in 2015:

Name	Grant Date	Number of Securities Underlying Options (#)	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Option Awards
Joel Bikman	8/26/2015	6,000	\$ 16.95	\$ 60,919



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Equity Compensation Plan Information

We use stock option plans to encourage investment by our officers, employees, and non-employee directors in shares of our common stock so they will have an increased vested interest in and greater concern for Mannatech's welfare.

The Board and a majority of our shareholders approved the Mannatech, Incorporated 2008 Stock Incentive Plan in February 2008 and in 2012 and 2014 amended the plan to increase the number of shares of common stock subject to the plan (as amended, the "2008 Plan"). Our 2008 Plan enables us to attract and retain employees, consultants and directors who will contribute to our long-term success and aligns the interests of those individuals with the interests of our shareholders. Awards of stock options, including incentive and non-statutory stock options, and restricted stock may be issued under our 2008 Plan. The Compensation and Stock Option Plan Committee administers the 2008 Plan. The 2008 Plan is our only equity compensation plan in effect as of December 31, 2015.

There are 330,000 shares of our common stock currently reserved for issuance under our 2008 Plan, which does not include certain shares available for issuance under our predecessor stock plan. In the event of certain changes to our common stock, including due to a merger, consolidation, reorganization, reincorporation, stock dividend, non-cash dividend, stock split, liquidation, combination, stock exchange, or change in corporate structure, we may adjust the number of shares subject to our 2008 Plan and to any outstanding awards.

Generally, the exercise price with respect to stock options granted pursuant to our 2008 Plan cannot be less than 100% of the fair market value per share of our common stock on the date of grant. Unless the Compensation and Stock Option Plan Committee specifies otherwise, in general, stock options vest annually over a two- or three- year period and have a ten-year term.

Participants in our 2008 Plan may pay the exercise price for stock options in cash, shares of common stock, via a broker-assisted cashless exercise method or in any other form of legal consideration that the Compensation and Stock Option Plan Committee approves.

Our 2008 Plan also permits awards of restricted shares of our common stock, or restricted stock, and the Compensation and Stock Option Plan Committee determines the vesting schedule for such restricted stock.

If we undergo a change in control or certain other significant corporate transactions, our 2008 Plan provides that we may assume, continue, substitute for, or cancel any outstanding awards. For purposes of our 2008 Plan, a "change in control" generally means (i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our assets to a third-party, (ii) the replacement of the majority of the incumbent members of the Board, (iii) the adoption of a plan relating to our liquidation or dissolution, or (iv) the consummation of any transaction (including a merger or consolidation) that results in a third-party becoming the beneficial owner of more than 50% of our voting power.

In the event that any award under our 2008 Plan is determined to be nonqualified deferred compensation subject to Section 409A of the Code, the award will have to comply with certain technical tax limitations with respect to when awards may be exercised or paid for.

Our 2008 Plan will terminate automatically on February 20, 2018, unless the Board terminates it sooner. The Board may amend our 2008 Plan at any time but to the extent shareholder approval is necessary pursuant to the 2008 Plan or marketplace rules of NASDAQ, an amendment may not become effective until we obtain shareholder approval.

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The following table provides information as of April 20, 2016 about our common stock that may be issued upon the exercise of stock options under the 2008 Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted-average exercise price of outstanding options, warrants, and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plan approved by shareholders	243,557	\$ 16.45	94,279
Equity compensation plans not approved by shareholders	—	—	—
Total	243,557		94,279

## Non-Equity Incentive Plan

We award annual cash bonuses under our Management Non-Equity Incentive Bonus Plan for achievement of specified performance objectives within a specific performance period, which is typically one year or less. We make awards from an established incentive pool. The Compensation and Stock Option Plan Committee determines the total size of our incentive pool by taking into account our financial performance. We believe this pool-based bonus system helps foster teamwork and ensures that all executives work collectively to improve our performance.

2015 Non-Equity Incentive Plan

For 2015, the Board has approved two bonus opportunities for our Named Executive Officers, regional presidents and other senior executives designated by the Compensation and Stock Option Plan Committee under our Management Non-Equity Incentive Bonus Plan. The common measurement for both bonus opportunities is based on Income from Operations, as determined by generally accepted accounting principles (“GAAP”).

## 1. Annual Bonus Opportunity

Our Named Executive Officers and other senior management designated by the Compensation and Stock Option Plan Committee are eligible for a bonus if the Company achieved one of the four Income from Operations targets as of the end of fiscal year 2015. To achieve a bonus opportunity, the actual Income from Operations for fiscal year 2015 must have been equal to or greater than the Income from Operations target as set forth below. The maximum potential bonus that Messrs. Sinnott and Bala are entitled to receive under this bonus opportunity is 40% of each individual’s respective base salary. Mr. Sinnott is our former CEO who left the company August 11, 2015. Mr. Bikman was promoted to the position of Senior Vice President of Sales and Marketing in August 2015. The maximum potential bonus for other senior management and regional presidents is either 20% or 30% depending on their tier classification. Bonuses are earned and payable after the Audit Committee has accepted the financial statements for full-year 2015.

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The following table represents the 2015 Income from Operations targets and bonus opportunities:

2015 Income from Operations Targets – Annual Bonus

	<u>1st Target</u>	<u>2nd Target</u>	<u>3rd Target</u>	<u>4th Target</u>
Income from Operations <sup>(1)</sup>	\$12.8 million	\$14.0 million	\$15.2 million	\$16.4 million
Bonus Opportunity <sup>(2)</sup>	15% / 5.0%	20% / 10.0%	30% / 15.0%	40% / 20.0%
Bonus Opportunity <sup>(3)</sup>	15% / 5.0%	20% / 10.0%	30% / 15.0%	40% / 20.0%

<sup>(1)</sup> After accrual of Annual Bonus Opportunity

<sup>(2)</sup> Messrs. Sinnott and Bala / Tier 1 senior management. Dr. Sinnott left the Company on August 11, 2015. Mr. Bala was promoted to CEO on August 11, 2015.

<sup>(3)</sup> Messrs. Bala and Bikman / Tier 1 senior management beginning in August 2015.

For the year ending December 31, 2015, the Company earned \$12.1 million in operating income, and the 1<sup>st</sup> Target Income from Operations goal was not achieved. Under the Non-Equity Incentive Plan, the Board at its discretion awarded Named Executive Officers Mr. Bala \$100,000, Mr. Bikman \$44,250, and Mr. Park \$13,647.

2. First Half Bonus Opportunity

The first half bonus opportunity is an incentive for our senior management to achieve Income from Operations above the annual bonus targets. To achieve a bonus opportunity, the actual Income from Operations, after ratable accrual of the annual bonus, must have exceeded the first half Income from Operations target. The bonuses were earned and payable after the Audit Committee accepted the financial statements for the first half of 2015.

The following table represents the 2015 Income from Operations targets and bonus opportunities:

2015 Income from Operations Targets – First Half Bonus

	<u>End of 2<sup>nd</sup> Quarter</u>
Adjusted Operating Income <sup>(1)</sup>	\$5.5 million
Bonus Opportunity <sup>(2)</sup>	25% / 5%

<sup>(1)</sup> Income from Operations after ratable accrual of Annual Bonus Opportunity.

<sup>(2)</sup> Messrs. Sinnott and Bala / Tier 1 senior management. Dr. Sinnott left the Company on August 11, 2015. Mr. Bala was promoted to CEO on August 11, 2015.

Bonuses earned pursuant to the first half bonus opportunity will be in addition to any other bonuses earned by senior management of the Company. For the six months ending June 30, 2015, the Company earned \$7.1 million in operating income, and Dr. Sinnott was awarded \$97,500, Mr. Bala was awarded \$81,000, Mr. Bikman was awarded \$68,750, and Mr. Park was awarded \$13,647.

### 3. Quarterly Bonus Opportunity

This bonus opportunity was only available to senior executive officers who are composed of Messrs. Bala, Bikman and Fredrick. For 2015, the Board and the Compensation and Stock Option Plan Committee implemented a quarterly bonus opportunity as an incentive for our senior executive officers to achieve Income from Operations above the annual bonus targets. To achieve a bonus opportunity, the year-to-date actual Income from Operations, after ratable accrual of the annual bonus, must have exceeded the quarterly Income from Operations target. Once earned, the quarterly bonus was not subject to forfeiture based on the failure to meet future Income from Operations targets. Bonuses were earned and payable after the Audit Committee has accepted the financial statements for the respective quarter.

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The following table represents the 2015 Income from Operations targets and bonus opportunities:

2015 Operating Income Targets – Quarterly Bonus

	<u>End of 3<sup>rd</sup> Quarter</u>	<u>End of Year</u>
Adjusted Operating Income*	\$11.2 million	\$19.7 million
Bonus Opportunity	25%	50%

\* After ratable accrual of Annual Bonus Opportunity.

The Named Executive Officers and other senior executives participating in both the annual and quarterly bonus opportunities will be paid the greater of the bonus amounts achieved pursuant to the two bonus opportunities, but cannot be paid under both the annual and quarterly bonus opportunities.

For the nine months ending September 30, 2015, the Company earned \$9.4 million in operating income, and for the twelve months ending December 30, 2015, the Company earned \$12.1 million in operating income. Because the quarterly Operating Income targets were not achieved, Quarterly Bonuses were not paid.

4. Regional President Asia

The Board and the Compensation and Stock Option Plan Committee awarded bonuses discretionarily when considering the revenue growth and profitability of the markets. Both of the aforementioned bonus opportunities for Mr. Park are incremental to other bonus opportunities. Both bonus opportunities were earned and payable after the Audit Committee accepted the financial statements for year-end 2015, and Mr. Park was awarded \$165,614.

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401(k) Plan

On May 9, 1997, we adopted a 401(k) Pre-tax Savings Plan (the “401(k) Plan”). All full time employees, including our Named Executive Officers, who have completed three months of service and are at least 21 years of age are eligible to participate in our 401(k) Plan. During 2015, employees were allowed to contribute to our 401(k) Plan up to the maximum annual limit of their current annual compensation, as statutorily prescribed. The 401(k) plan permits matching employer contributions in the amount of \$0.50 for each \$1.00 contributed by a participating employee up to a maximum of 6% of the participant’s annual salary. The 401(k) Plan also allows us to make discretionary profit-sharing contributions each year based upon our profit. Employee contributions and our matching contributions are paid to a corporate trustee and are invested as directed by the participant. Our contributions to our 401(k) Plan vest over five years or earlier if the participant retires at age 65, becomes disabled, or dies. Payments to participants may be made in the case of financial hardship, and distributions may be made in a lump sum. Our 401(k) Plan is intended to qualify under Section 401(a) of the Code, so that contributions made by employees or by us to our 401(k) Plan, and income earned on these contributions, are not taxable to our employees until withdrawn from the 401(k) Plan.

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2015 Outstanding Equity Awards at Fiscal Year End Table

The following table sets forth certain information about outstanding equity awards held by our Named Executive Officers at December 31, 2015:

Named Executive Officer	Option Awards				Stock Awards		
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$/Sh)	Option Expiration Date	Number of shares or units of stock that have not vested (#)	Market value of shares of stock that have not vested (\$)
Alfredo (Al) Bala							
February 21, 2013		1,667		\$ 5.72	February 21, 2023		
February 20, 2014	1,666	3,333		\$ 19.60	February 20, 2024		
August 26, 2015	1,666	5,000				10,000	\$ 169,500
Joel R. Bikman							
April 28, 2014	1,666	3,334		\$ 17.10	April 28, 2024		
August 26, 2015		6,000	(1)	\$ 16.95	August 26, 2025		
	1,666	9,334					