

MANNATECH INC
Form DEF 14A
April 23, 2013

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

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(Name of Registrant as Specified In Its Charter)

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COPPELL, TEXAS

April 23, 2013

Dear Shareholder:

This letter extends to you a personal invitation to join us at our 2013 Annual Shareholders' Meeting on Wednesday, June 5, 2013, 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 one Class II director, (ii) ratify the appointment of our independent registered public accounting firm, (iii) hold an advisory vote on executive compensation ("Say-on-Pay"); and (iv) hold an advisory vote on the frequency of future advisory votes on executive compensation ("Say-on-Frequency").

We have enclosed with this letter an official notice of our 2013 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 2013 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 2013 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 2013 Annual Shareholders' Meeting.

Sincerely,

J. Stanley Fredrick
Chairman of the Board of Directors

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MANNATECH, INCORPORATED
NOTICE OF OUR 2013 ANNUAL SHAREHOLDERS' MEETING
TO BE HELD ON JUNE 5, 2013

TO THE SHAREHOLDERS OF MANNATECH, INCORPORATED,

The 2013 Annual Shareholders' Meeting of Mannatech, Incorporated will be held at the Grapevine Convention Center, located at 1209 South Main Street, Grapevine, Texas, on Wednesday, June 5, 2013, at 9:00 a.m., Central Daylight Time, for the following purposes:

- Proposal 1 - To elect Mr. J. Stanley Fredrick as a Class II director.
- Proposal 2 - To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm, for the year ending December 31, 2013.
- Proposal 3 – To hold an advisory vote on executive compensation (“Say-on-Pay”).
- Proposal 4 – To hold an advisory vote on the frequency of future advisory votes on executive compensation (“Say-on-Frequency”).

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 12, 2013 as the record date for the determination of shareholders entitled to receive notice of and to vote at our 2013 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 23, 2013

IMPORTANT

Whether or not you expect to attend the 2013 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 5, 2013, 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 2013 Annual Shareholders' Meeting or revoking your prior vote and voting at the 2013 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, 2012, 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 2013 ANNUAL SHAREHOLDERS' MEETING
TO BE HELD ON JUNE 5, 2013

GENERAL INFORMATION ABOUT OUR 2013 ANNUAL SHAREHOLDERS' MEETING

General Information

Our Board of Directors (the "Board") is soliciting the enclosed proxy for use at our 2013 Annual Shareholders' Meeting to be held on June 5, 2013 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 26, 2013, to shareholders of record owning our common stock on the close of business on April 12, 2013. Paper copies of our proxy materials are being mailed or delivered on or about April 26, 2013, 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 12, 2013, the record date, are called "shareholders of record" and are entitled to vote at the 2013 Annual Shareholders' Meeting. As of April 12, 2013, we had 2,647,735 outstanding shares of our common stock, \$0.0001 par value per share, which is our only class of outstanding voting securities. As of April 12, 2013, we had 1,295 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 2013 Annual Shareholders' Meeting will be available for examination by shareholders for purposes pertaining to the 2013 Annual Shareholders' Meeting at our corporate headquarters in Coppell, Texas during normal business hours from May 24, 2013 until June 4, 2013. The shareholder list will also be available for review prior to and during the 2013 Annual Shareholders' Meeting to be held on June 5, 2013. 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 2013 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 2013 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 2013 Annual Shareholders' Meeting.

Voting by Proxy

The proxy process is the means by which shareholders can exercise their rights to vote for the election of directors and other strategic corporate proposals. The notice of meeting and this proxy statement provide notice of a scheduled shareholder meeting, describe the directors presented for re-election, include information regarding the selection of BDO USA, LLP as our independent registered public accounting firm for 2013 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 Larry A. Jobe, to act as your proxy to vote your shares in the manner that you specify. The proxy voting mechanism is vitally important to us. In order for us to obtain the necessary shareholder approval of proposals, a “quorum” of shareholders (a majority of the issued and outstanding shares of common stock as of the record date entitled to vote) must be represented at the meeting in person or by proxy. Since few shareholders can spend the time or money to attend shareholder meetings in person, voting by proxy is necessary to obtain a quorum and complete the shareholder vote. It is important that you attend the meeting in person or grant a proxy to vote your shares to assure a quorum is present so corporate business may be transacted. If a quorum is not present, we must postpone the meeting and solicit additional proxies; this is an expensive and time-consuming process that is not in the best interest of the Company or our shareholders.

Properly executed votes by proxy received prior to or at the 2013 Annual Shareholders’ Meeting on June 5, 2013 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 4 proposals consistent with the recommendations made by the Board.

Revoking or Changing a Proxy

A shareholder may revoke a vote by proxy at any time prior to the 2013 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, Interim 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 2013 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 2013 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 Director), Proposal 3 (“Say-on-Pay” Advisory Vote) and Proposal 4 (“Say-on-Frequency” 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 including the election of directors.

Proposal 2 (Ratification of Auditors) set forth in this proxy statement is a routine matter on which brokers will be permitted to vote “broker non-votes” shares.

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Direct Ownership

For the purpose of determining how to vote your shares at the 2013 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 2013 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 2013 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 2013 Annual Shareholders' Meeting.

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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 2013 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 12, 2013, our record date, is necessary to establish a quorum for the 2013 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 2013 Annual Shareholders' Meeting. A "broker non-vote" occurs when brokers do not receive a properly executed proxy and, therefore, have not been given discretionary power to vote shares on behalf of the beneficial holders thereof. If a proxy-voting card is signed by the shareholder but submitted without specific voting instructions, the shareholder's vote will automatically be counted as a vote "FOR" Proposal 1 (Election of Director), Proposal 2 (Ratification of Auditors), Proposal 3 ("Say-on-Pay" Advisory Vote) and Proposal 4 ("Say-on-Frequency" Advisory Vote).

For Proposal 1 (Election of Director) — Assuming a quorum is obtained, our Class II director will be elected by a plurality of the shares represented, in person or by proxy, at the 2013 Annual Shareholders' Meeting and entitled to vote. Votes marked "FOR" will be counted in favor of the nominee. Votes marked "WITHHOLD" will be counted against the 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 an additional name of a nominee on the ballot. To write-in a nominee on the ballot, the shareholder will need to check the "WITHHOLD" box. The shareholder will then be allowed to write-in the nominee.

(THE BOARD RECOMMENDS A VOTE "FOR" 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 2013 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, 2013, 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 ended December 31, 2013. 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 2013 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" will not be counted as votes cast "FOR" or "AGAINST" 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.)

For Proposal 4 ("Say-on-Frequency" Advisory Vote) — If a quorum is obtained, the selection of the frequency of a shareholder advisory vote on executive compensation will be chosen by a plurality of the shares represented, in person

or by proxy, at the 2013 Annual Shareholders' Meeting and entitled to vote. This means the frequency receiving the highest number of affirmative votes at the meeting will be the frequency of future "Say-on-Pay" shareholder advisory votes that has been selected by our shareholders. For purposes of the vote on Proposal 4, "ABSTENTION" and "broker non-votes" will have no effect on the outcome of the selection, on an advisory basis, of the frequency for an advisory vote on executive compensation.

(THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR CONDUCTING FUTURE VOTES ON EXECUTIVE COMPENSATION EVERY THREE YEARS)

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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 2013 Annual Shareholders' Meeting

Voting at the 2013 Annual Shareholders' Meeting is limited to shareholders of record having evidence of ownership as of the record date, April 12, 2013. 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 12, 2013, such as your April 2013 brokerage statement or a printout of shares held at the close of April 12, 2013. At our 2013 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 5, 2013 meeting, beneficial shareholders are strongly urged to read their proxy-voting card instructions on how to vote at our 2013 Annual Shareholders' Meeting. They should also contact their brokers by the Monday prior to our 2013 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 2013 Annual Shareholders' Meeting. The instructions are usually located on the back of each proxy-voting card.

Shareholder Procedures for Nominating Board Members or Introducing Proposals

a) For the 2013 Annual Shareholders' Meeting

For the 2013 Annual Shareholders' Meeting, the deadline for recommending a nominee for nomination to the Board expired on December 31, 2012. A shareholder of record is prohibited from writing in nominees for the Board on their proxy-voting card. However, a shareholder of record may write-in nominees for the Board on its ballot at the 2013 Annual Shareholders' Meeting by following the instructions outlined above on page 5, under the heading "Tabulating the Votes." We reserve the right to reject, rule out-of-order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

The deadline for submitting written shareholder proposals that comply with all applicable provisions of Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are intended to be presented at our 2013 Annual Shareholders' Meeting for inclusion in our proxy statement and proxy-voting card expired on December 19, 2012.

Subject and pursuant to Rule 14a-4(c)(1) under the Exchange Act, we have not been given notice of any shareholder proposals intended to be presented at the 2013 Annual Shareholders' Meeting without inclusion in our proxy statement. Because we did not receive notice of any shareholder proposals intended to be presented at the 2013 Annual Shareholders' Meeting by March 4, 2013, your properly executed proxy card will confer discretionary authority on the holder of your proxy to vote your shares, in the manner the holder so chooses, on any such shareholder proposals properly presented at the 2013 Annual Shareholders' Meeting. The Board reserves the right to reject, rule out-of-order,

or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements. We also did not receive any nominees for directors from shareholders for the 2013 Annual Shareholders' Meeting.

b) For our 2014 Annual Shareholders' Meeting

Under our Fourth Amended and Restated Bylaws, dated August 8, 2001, as amended (our "Bylaws"), the Nominating, Governance and Compliance Committee of our Board of Directors recommends all candidates for nomination to the Board. 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 Chief Financial Officer at our United States corporate headquarters, located at 600 S. Royal Lane, Suite 200, Coppel, Texas 75019, or by fax at (972) 471-5642. Written notice of such proposed candidates for director should be delivered no later than December 31, 2013 to allow the Board time to consider such persons for nomination at our 2014 Annual Shareholders' Meeting and to include nominees in our 2014 proxy statement and form of proxy. The written notice should include the candidates' full name, age, biographical background, and qualifications.

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Our Chief Financial Officer is required to forward all received written notices to our Nominating, Governance and Compliance Committee. Our Nominating, Governance and Compliance Committee consists of four independent directors who review each proposed candidate and submit a recommended list of proposed candidates to the Board. The Board then approves a list of proposed candidates, which are the only nominees that are listed on our ballot, the proxy-voting card, and our proxy statement on Schedule 14A. We expect to file our 2014 proxy statement with the SEC on or before April 30, 2014.

Proposals by shareholders that comply with all applicable provisions of Rule 14a-8 under the Exchange Act and are intended to be presented at our 2014 Annual Shareholders' Meeting must be delivered in writing to our Chief Financial Officer at our United States corporate offices, on or before December 27, 2013, in order to be eligible for inclusion in our 2014 proxy statement and proxy-voting card.

Subject to and pursuant to Rule 14a-4(c)(1) under the Exchange Act if a shareholder proposal is intended to be presented at our 2014 Annual Shareholders' Meeting without inclusion in our 2014 proxy statement, and notice of such proposal is not submitted in writing to our Chief Financial Officer by March 12, 2014, then with regard to any such shareholder proposals, a properly executed proxy card for our 2014 Annual Shareholders' Meeting will confer discretionary authority on the holder of a shareholder's proxy to vote such shareholder's shares in the manner the proxy holder so chooses. However, the Board reserves the right to reject, rule out-of-order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

A copy of our Bylaws is published on our corporate website or may be obtained upon written request to our Interim General Counsel, and Corporate Secretary, Mrs. Erin K. Barta, at our United States headquarters located at 600 S. Royal Lane, Suite 200, Coppel, Texas 75019. In addition, our Bylaws were furnished as Exhibits 3.2 and 3.1 to our Form 10-K and Form 8-K, respectively, filed with the SEC on March 16, 2007 and December 6, 2007, respectively.

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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 2015, 2013, and 2014, respectively. Class II is comprised of two directors and one Class II board seat is up for election at the 2013 Annual Shareholders’ Meeting. Pat Wier, a former Class II director, retired from the Board on July 31, 2012. The Board has determined to leave this position vacant pending identification of a qualified nominee; therefore only one Class II director will be elected at our 2013 Annual Shareholders’ Meeting.

Nominees. The Board has nominated Mr. J. Stanley Fredrick as nominee for election as our Class II director. Once elected, our Class II director’s term will expire on the earlier of the date of our 2016 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 2013. From November 2003 through January 2009, Mr. Fredrick served as the Lead Director for the Board. In January 2009, Mr. Fredrick was elected to serve as the Chairman of the Board of Directors. In 2003, Mr. Fredrick was a founding board member of Professional Bank in Dallas, Texas, a boutique bank that provided certain financial resources to its customers. He co-founded Cameo Couture, Inc., which operated as Colesce Couture, a distributor of intimate apparel, and Colony House, Inc., a private label cookware company, both of which operated through direct selling channels. Mr. Fredrick also co-founded Irving National Bank Shares, a commercial bank holding company, and served as a consultant to the bank from 1994 until it was sold in 2000. Mr. Fredrick has been actively involved for over 38 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.

(THE BOARD RECOMMENDS A VOTE “FOR ” THE ELECTION OF THE NOMINEE.)

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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, 2013. 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 2013 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 10-A(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 Financial 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, 2012 and 2011, we were billed the following fees by our current independent registered public accounting firm, BDO USA, LLP as follows:

Type of Service	2012	2011
	(in thousands)	
Audit Fees, including the audit of our consolidated financial statements and annual report on Form 10-K, assessment of our internal control over financial reporting in compliance with Section 404 of the Sarbanes-Oxley Act of 2002, when applicable, review of our quarterly financial statements and quarterly reports filed on Form 10-Q, and international statutory audits	\$ 747	\$ 759
Audit-Related Fees, including fees related to the annual audit of employee 401(k) benefit plan	16	15
Tax Fees, including fees for tax services, tax advice, transfer pricing, state, and international tax consultation	125	140
All Other Fees, related to all other services including expatriation issues and miscellaneous consulting and advisory services	—	—
Total Fees	\$ 888	\$ 914

The “de minimis exception” described above was not used for any fees paid to BDO USA, LLP in 2012 and 2011. All fees were pre-approved by our Audit Committee. As of April 3, 2013, 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. Accordingly, the following resolution is submitted for a shareholder advisory vote at the 2013 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 2013 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” “SAY-ON-PAY”.)

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PROPOSAL 4 — ADVISORY VOTE ON THE FREQUENCY OF ADVISORY VOTES ON EXECUTIVE COMPENSATION (“SAY-ON-FREQUENCY”)

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 providing our shareholders the opportunity to cast a non-binding advisory vote on whether future non-binding advisory votes on the compensation of the Company’s Named Executive Officers should occur every one, two, or three years. The Board recommends that shareholders vote to hold an advisory vote on executive compensation every **THREE** years, or a triennial vote.

You may cast your vote by choosing one year, two years, or three years when you vote for the resolution set forth below.

“RESOLVED, that the highest number of votes cast by the shareholders of Mannatech, Incorporated for the following options will determine the preferred frequency with which Mannatech, Incorporated is to hold a stockholder vote to approve, on a non-binding basis, the executive compensation of its Named Executive Officers included in the Proxy Statement: (a) every year, or (b) every two years, or (c) every three years.”

After careful consideration, the Board believes that a triennial, non-binding advisory vote complements our goal to create a compensation program that enhances long-term shareholder value. As described in the section titled “Executive Compensation,” our executive compensation program is designed to motivate executives to achieve short-term and long-term corporate goals that enhance shareholder value. A triennial vote will provide shareholders the ability to compare the Company’s compensation program to the long-term performance of the Company. Three years will give the Compensation Committee sufficient time to fully analyze the Company’s compensation program (as compared to the Company’s performance over the same period) and to implement necessary changes. The Board believes anything less than a triennial vote, or a vote every three years, could detract from the long-term interests and goals of the Company.

This advisory vote on the frequency of future advisory votes on executive compensation is non-binding on the Company and the Board. Notwithstanding the Board’s recommendation and the outcome of the shareholder advisory vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussion with shareholders and the adoption of material changes to compensation programs.

(OUR BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR CONDUCTING FUTURE VOTES ON EXECUTIVE COMPENSATION EVERY “THREE YEARS”)

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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.

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 23, 2013:

Name	Age	Position
Robert A. Sinnott, M.N.S., Ph.D.	48	CEO and Chief Science Officer
S. Mark Nicholls	46	Chief Financial Officer
Roy Truett	45	President of International and Chief Operating Officer
Ronald D. Norman	54	Senior Vice President, International
Alfredo Bala	52	Executive Vice President, Sales & Marketing
J. Stanley Fredrick	74	Chairman of the Board of Directors
Gerald E. Gilbert	79	Independent Board Member
Larry A. Jobe	73	Independent Board Member
Alan D. Kennedy	82	Independent Board Member
Marlin Ray Robbins	67	Non-employee Board Member
Robert A. Toth	60	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 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. Mr. Bala received an Associate Degree in Electrical Engineering from the Community College of Rhode Island.

J. Stanley Fredrick has served as a Class II director since September 2001. His current term as director expires in 2013. From November 2003 through January 2009, Mr. Fredrick served as the Lead Director for the Board. In January 2009, Mr. Fredrick was elected to serve as the Chairman of the Board of Directors. In 2003, Mr. Fredrick was a founding board member of Professional Bank in Dallas, Texas, a boutique bank that provided certain financial resources to its customers. He co-founded Cameo Couture, Inc., which operated as Colesce Couture, a distributor of intimate apparel, and Colony House, Inc., a private label cookware company, both of which operated through direct selling channels. Mr. Fredrick also co-founded Irving National Bank Shares, a commercial bank holding company,

and served as a consultant to the bank from 1994 until it was sold in 2000. Mr. Fredrick has been actively involved for over 38 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.

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Gerald E. Gilbert has served as a Class I director since June 2003 and he is the Chairman of the Compliance Committee. His current term as director expires in 2015. A former Assistant U.S. Attorney, from 1968 until his retirement in December 2002, Mr. Gilbert practiced law with the international law firm of Hogan and Hartson L.L.P., now known as Hogan Lovells L.L.P. His legal and business expertise includes international trade, national trade associations, and various areas of consumer products. From 1968 to 1999, Mr. Gilbert served as General Counsel to the Direct Selling Association. Mr. Gilbert was the recipient of the “Hall of Fame Award,” which is the Direct Selling Association’s highest honor. He also served as General Counsel to the World Federation of Direct Selling Associations and the Tropical Forest Foundation. Mr. Gilbert served in the U.S. Naval Reserve from 1956 to 1992 and was promoted to Rear Admiral (Two Stars), the top ranking officer in the Naval Reserve JAG Corps. During his distinguished military service, Mr. Gilbert received numerous awards, including the “Legion of Merit.” He is also a Past National President of the Federal Bar Association. He received a B.A. degree in English from Denison University, in Granville, Ohio and a Juris Doctor from the University of Virginia School of Law, in Charlottesville, Virginia. Mr. Gilbert is a member of the State Bars of Virginia and the District of Columbia and is admitted to practice before the United States Supreme Court.

Larry A. Jobe has served as a Class I director since January 4, 2006. His current term as director expires in 2015. In February 2007, Mr. Jobe began serving as Chairman of our Audit Committee. Mr. Jobe serves as Chairman of Legal Network, Ltd., a firm he founded in 1993 that provides staffing and litigation support to law firms and corporate legal departments. He also currently serves as President and founder of P 1 Resources, LLC, which has provided engineering and light industrial staffing services to the construction industry since 1994. From 1991 to 1994, Mr. Jobe was Chairman and founder of Mitchell Jobe & Company, a provider of professional staffing services for government and industry. From 1973 to 1991, he served in various capacities, including as a member of the Executive Committee and Chairman of the Strategic Planning Committee with the accounting firm Grant Thornton LLP. In 1969, he was appointed by President Richard Nixon to serve as the Assistant Secretary of Commerce for Administration at the United States Commerce Department. Mr. Jobe currently serves as the Chairman of Independent Bank of Texas and 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. Mr. Jobe previously served as Chairman of the Audit Committee for U.S. Home Systems, Inc. until the company was sold in 2012. He received a B.B.A. degree in Accounting from the University of North Texas, in Denton, Texas. Mr. Jobe maintained an active Certified Public Accountant license from 1962 to 2002 and currently maintains his license on an inactive or retired status. Mr. Jobe serves as Chairman of the Dallas Seminary Foundation.

Alan D. Kennedy has served as a Class III director since June 2002 and he is the Chairman of the Science Committee. His current term as director expires in 2014. Mr. Kennedy has over 30 years experience with various direct selling companies. From 1998 until his retirement in December 2001, he served as President Worldwide for Tupperware Corporation, a publicly traded company that distributes and sells various products in over 100 countries, primarily through direct selling channels. Since retiring, Mr. Kennedy continues to serve as a consultant to Tupperware Corporation. From 1989 to 1996, he served as President and Chief Executive Officer of Nature’s Sunshine Products, Inc., a publicly traded, network marketing company that manufactures and markets nutritional and personal care products worldwide. From 1986 to 1989, Mr. Kennedy provided various consulting services to several direct selling companies. From 1982 to 1986, he served as Vice President of Sales Development for Avon Products, Inc., a publicly traded, multinational manufacturer and distributor of cosmetics, toiletries, jewelry, chemicals and clothing. He received a B.A. degree, with honors, in Economics from Colgate University, in Hamilton, New York. His professional affiliations include serving as Chairman of the Direct Selling Association from 1995 to 1996 and serving as Chairman of the Direct Selling Education Foundation from 1996 to 1997. In 2004, Mr. Kennedy was inducted into the Direct Selling Association’s highest honor, the “Hall of Fame.” He serves on the Board of Directors of the Direct Selling Education Foundation and serves on the Board of Directors of Regents for Mercersburg Academy, a private secondary school in Mercersburg, Pennsylvania.

S. Mark Nicholls joined Mannatech in December 2007, serving as Senior Tax Manager. More recently, he served as Vice President Treasury & Tax. In December 2011, he was promoted to Chief Financial Officer. Prior to joining Mannatech, Mr. Nicholls was Tax Director at Carter & Burgess, a large U.S. architectural and engineering firm, and Chief Financial Officer for The Cirrus Group, a real estate management and development company. Additionally, he spent 10 years working at such public accounting firms as PricewaterhouseCoopers and BDO Seidman. Mr. Nicholls received a B.B.A. degree in Finance in 1989 and a Master of Science in Taxation in 1991 from the University of Texas at Arlington. He is a Certified Public Accountant licensed in the State of Texas.

Ronald D. Norman joined Mannatech in May 1996 and was named Senior Vice President, International in June 2011. Prior to his current position, he served for several years as Mannatech's Vice President of International Operations. He also served as Mannatech's Treasurer from 2003 to 2005 and held various other positions within Mannatech's finance department before his appointment as 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. Mr. Norman donates his time and expertise to various autism advocacy groups in the North Texas area including the DFW Center of Autism and the North Texas Chapter of the Autism Society of America. He and his family are volunteers for events sponsored by the Special Olympics.

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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 2015. 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.

Robert A. Sinnott, M.N.S., Ph.D. joined Mannatech in 2005 as Chief Science Officer, and became Co-CEO in 2009. As of January 2012, he became the sole CEO. During his tenure, Dr. Sinnott has served Mannatech to further its proprietary science, research and development, while initiating independent clinical trials that substantiate the Company's flagship Ambrotose product. He also manages the Company's quality assurance/quality control and global regulatory departments. Dr. Sinnott has held scientific positions in both industry and government over the past 20 years with experience in life sciences, chemistry, biotechnology and nutrition. For the past 13 years, he has worked directly in the dietary supplement industry both in the United States and internationally. From 2006 to 2011, Dr. Sinnott held a seat on the Board of Directors of the Council of Responsible Nutrition's (the "CRN"), the leading trade association representing ingredient suppliers and manufacturers of dietary supplements. From 2009 to 2011, Dr. Sinnott also served as chair of the Senior Scientific Advisory Committee (SSAC) for the CRN. The SSAC is comprised of the highest-ranking scientific officers of member companies. Its role is to assist the CRN with development and implementation of scientific strategy relating to scientific publications, scientific policies and programs by government agencies. Dr. Sinnott earned his B.S. degree in Biological Sciences, a Masters in Natural Science, and a Ph.D. in Plant Sciences from Arizona State University, in Tempe, Arizona. His doctoral dissertation focused on agricultural biotechnology of industrial plants, including aloe vera.

Robert A. Toth has served as a Class III director since March 2008 and he is the Chairman of the Compensation and Stock Option Plan Committee. His current term as director expires in 2014. Mr. Toth is Co-founder and Chairman of Tatra Spring LLC, a supply chain services company based in Poland. He is a director of the Knowtions Company, a performance support systems software firm based in Ringoes, New Jersey. Since 2006, he has worked in venture capital as a private investor focused on new business startups in the technology sector. Mr. Toth has over 27 years of direct selling experience, most recently as President of Avon International from 2004 to 2005. In that capacity, his operations included over 120 countries with annual revenues in excess of \$5.5 billion. Mr. Toth began his Avon career in customer service in 1978, then moved to U.S. sales and operations and was promoted to U.S. Director of Sales in 1989. He transitioned to Avon International in 1991 as Director of New Business Development, where he played a lead role in Avon's market entry plan for Russia. He was based in Warsaw from 1993 to 1997 as Avon's President of Central and Eastern Europe, where he established and led Avon Poland. From 1997 to 2004, Mr. Toth was based in London where he held a number of senior management positions including Group Vice President, Eastern Europe, Middle East and Africa (1997-1999), Senior Vice President, Europe, Middle East and Africa (1999-2002) and Executive Vice President for Asia-Pacific, Europe, Middle East and Africa (2002-2003). Mr. Toth graduated from LaSalle University in 1974 with a B.A. in Business Administration and was an officer in the U.S. Marine Corps from 1975 to 1978.

Roy Truett joined Mannatech in March 2013 as President, International and Chief Operating Officer. Mr. Truett was previously Chief Operating Officer at USANA Health Sciences, Inc. ("Usana") since May 2011. As Chief Operating

Officer, he was responsible for day-to-day operating activities and enhancing the internal organization process. His areas of responsibility included information technology, supply chain management, compensation plan strategies, project management and inventory control. Mr. Truett joined Usana in April 2003 as Executive Director of Information Technology before being promoted to Chief Information Officer in July 2005. He received a B.S. in business administration with an emphasis in information systems management from Francis Marion University in Florence, South Carolina and a M.B.A. from the University of Phoenix.

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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 second-largest shareholder, brings to the Board many years of direct selling experience as well as broad operational and marketing expertise as a co-founder of two direct selling companies. Mr. Fredrick also has significant experience serving on other company boards 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.

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

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

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

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

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

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Consideration of Director Nominees

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

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

Board Leadership Structure and Role in Risk Oversight

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

focus on governance and other related issues.

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

It is management's responsibility to manage risk and bring 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.

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Classes of Our Board of Directors

Six 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 four of our directors are independent. The members of each of the classes and the expiration dates of their terms as of April 23, 2013, are as follows:

Class	Term Expiration	Directors
Class I	2015	Gerald E. Gilbert*, Larry A. Jobe* , and Marlin Ray Robbins
Class II	2013	J. Stanley Fredrick(1)
Class III	2014	Alan D. Kennedy* and Robert A. Toth*

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

The Board held five regular meetings and five special meetings during 2012. All of our directors attended, on average, approximately 95% of the meetings of the Board and of various committees on which they served, excluding Mrs. Wier who retired from the Board on July 31, 2012. 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, excluding Mrs. Wier, attended our 2012 Annual Shareholders' Meeting, which was held on May 30, 2012. It is anticipated that all of our directors will attend our 2013 Annual Shareholders' Meeting to be held on June 5, 2013.

Director Independence

The Board has determined that each of Messrs. Gilbert, Jobe, Kennedy, Toth, and Mrs. Wier (who retired from the Board in July 2012) qualify (or qualified with respect to Mrs. Wier) 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 2012, the Board had five committees with various functions. All committee members attended, on average, approximately 95% of their committee meetings. During 2012, the committees held the following number of meetings:

- Audit Committee: 7;
- Compensation and Stock Option Plan Committee: 5;
- Nominating and Governance Committee: 4;
- Compliance Committee: 4; and
- Science Committee: 4.

As of April 23, 2013, the Board committee membership is as follows:

Director's Name	Audit Committee	Compensation and Stock Option Plan Committee	Nominating, Governance, and Compliance Committee	Science Committee
Non-Employee Independent Directors:				
Gerald E. Gilbert	X	X	C	X
Larry A. Jobe	C	X	X	
Alan D. Kennedy	X	X	X	C
Robert A. Toth	X	C	X	X
Non-Employee Directors:				
J. Stanley Fredrick(1)				
Marlin Ray Robbins				X

X Member
 C Committee Chairman
 (1) 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, Kennedy 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 www.mannatech.com. Our Audit Committee’s report appears in this proxy statement on page 38.
2. Compensation and Stock Option Plan Committee. Our Compensation and Stock Option Plan Committee consists of Messrs. Gilbert, Jobe, Kennedy 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's responsibilities are stated more fully in its revised charter, which is posted on our corporate website at www.mannatech.com.

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3. Nominating, Governance, and Compliance Committee. Our Nominating, Governance, and Compliance Committee consists of Messrs. Gilbert, Jobe, Kennedy 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 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 17. In December 2012, the Nominating and Governance Committee and the Compliance Committee merged into the Nominating, Governance and Compliance Committee. 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. 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.
5. Science Committee. Our Science Committee was formed in June 2003, consists of Messrs. Gilbert, Kennedy, Robbins and Toth, and is chaired by Mr. Kennedy. Our Science Committee is primarily responsible for overseeing all aspects of our product development and setting the overall direction of our product research and development.

Shareholder Communication with Our Board of Directors

We request that any shareholders interested in communicating directly with individual directors or with our entire Board submit such correspondence in writing. To submit written correspondence to the Board, fax such correspondence to (972) 471-7342, or send by email to BoardofDirectors@mannatech.com, or mail to Mannatech, Incorporated, Attention CFO, “For Mannatech’s Board of Directors,” 600 S. Royal Lane, Suite 200, Coppell, Texas 75019. Upon receipt, a copy of such correspondence will be given to both the Corporate Secretary and 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 www.mannatech.com. Any change in or waiver from and the grounds for such change or waiver of our Code of Ethics shall be promptly disclosed by publishing such change or waiver on our corporate website at www.mannatech.com. Our Code of Ethics applies to all of our executive officers and directors. Our Code of Ethics was designed to ensure that our business is conducted in a consistent legal and ethical manner and sets forth guidelines for all areas of professional conduct, including conflicts of interest, employment policies, protection of confidential information, and fiduciary duties.

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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 2012 were as follows:

	Board Member	Audit Committee	Compensation and Stock Option Plan Committee	Nominating and Governance Committee(3)	Compliance Committee(3)	Science Committee
Chairman fee(1)	\$ 372,910	\$ 20,000	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Independent director retainer(1)	\$ 35,000	\$ —	\$ —	\$ —	\$ —	\$ —
In-person meeting fee	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Telephonic meeting fee	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Re-elected Board members(2)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

(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) The Nominating and Governance Committee and the Compliance Committee were merged in December 2012 with Mr. Gilbert being named chairman. The new committee, Nominating, Governance, and Compliance Committee, has an annual chairman fee of \$12,500.

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.

2012 Director Compensation Table

The table below summarizes the compensation paid during 2012 to our non-employee directors. We have not granted stock awards to our non-employee directors, and our non-employee directors do not receive non-equity incentive plan compensation or nonqualified deferred compensation.

Director	Fees Earned or Paid in Cash(1)	Option Awards(2)	All Other Compensation	Total
J. Stanley Fredrick	\$ 372,910	\$ —	10,903 (3)	\$ 383,813

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Gerald E. Gilbert	\$ 76,667	\$ 25,950		\$ 102,617
Larry A. Jobe	\$ 81,000	\$ 25,950		\$ 106,950
Alan D. Kennedy	\$ 72,500	\$ —		\$ 72,500
Marlin Ray Robbins	\$ 6,500	\$ 25,950	2,605,766	\$ 2,638,216
Robert A. Toth	\$ 67,000	\$ —	(4)	\$ 67,000
Patricia A. Wier(5)	\$ 37,542	\$ —		\$ 37,542

- (1) The amounts reported in this column represent the aggregate dollar amount of annual retainer fees, committee and/or chairmanship fees, and meeting fees, as described in the table above.
- (2) The amounts reported in this column represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 “Stock Compensation” for option awards granted to Messrs. Gilbert, Jobe and Robbins in connection with their re-election to the Board at the 2012 Annual Shareholders’ Meeting. Each Class I director received 5,000 stock options with an exercise price of \$5.19. See table below titled “Directors’ Stock Options Outstanding” for aggregate options outstanding at year end. Each non-employee director re-elected to the Board by our shareholders is granted 5,000 stock options. The stock options are priced on the date of grant. One-third of the stock options vest on the date of grant, another one-third of the stock options vest on the first anniversary date of the grant, and the remaining one-third of the stock options vest on the second anniversary of the date of grant.
- (3) Included in other compensation is our payment for Mr. Fredrick’s 2012 medical and dental insurance premiums of \$8,228, travel of \$753 and membership dues for a private club of \$1,922.
- (4) Mr. Robbins holds positions in our associate global downline network marketing system and we paid him commissions of approximately \$2.6 million in connection therewith.
- (5) Mrs. Wier retired from our Board effective July 31, 2012.

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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, 2012:

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 2012(a)	
J. Stanley Fredrick	November 20, 2008	1,000	\$ 27.50	\$ 9,800	\$ 9.80	\$ —	
	June 10, 2010	6,976	\$ 23.70	\$ 82,326	\$ 11.80	\$ 12,072	
	August 16, 2010	392	\$ 27.10	\$ 5,491	\$ 14.01	\$ —	
		8,368		\$ 97,617		\$ 12,072	
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	5,000	\$ 5.19	\$ 25,950	\$ 3.21	\$ 8,505	
		13,315		\$ 140,671		\$ 8,505	
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	5,000	\$ 5.19	\$ 25,950	\$ 3.21	\$ 8,505	
		12,410		\$ 127,990		\$ 8,505	
Alan D. Kennedy	November 20, 2008	1,000	\$ 25.00	\$ 10,300	\$ 10.30	\$ —	
	August 16, 2010	2,441	\$ 24.60	\$ 34,184	\$ 14.40	\$ —	
	June 9, 2011	13,157	\$ 11.40	\$ 84,211	\$ 6.40	\$ 28,898	
		16,598		\$ 128,695		\$ 28,898	
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	\$ 25,950	\$ 3.21	\$ 8,505	
		12,115		\$ 162,623		\$ 8,505	
Robert A. Toth	August 16, 2010	2,410	\$ 24.60	\$ 33,751	\$ 14.00	\$ 1,591	(b)
	June 9, 2011	13,157	\$ 11.40	\$ 84,211	\$ 6.40	\$ 28,898	
		15,567		\$ 117,962		\$ 30,489	

(a) 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".

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, 2012, included in our Annual Report on Form 10-K filed with the SEC on March 28, 2013.

(b) Represents costs recognized in connection with our stock option exchange program conducted in 2010 and consists of 2012 expenses applicable to the surrendered options, the remaining unamortized compensation cost of the surrendered options, if any, prorated based on the number of days outstanding. There was no incremental stock option expense resulting from the exchange because the fair value of the replacement options was approximately equal to the fair value of the surrendered options they replaced.

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 April 23, 2013, 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 (1)	Total Number of Outstanding Shares and Shares Underlying Options (1) (2)	% of Class Outstanding(1)
Beneficial Owners of 5% or More				
Samuel L. Caster(3)(4)	546,311	(5) 572	546,883	20.7 %
Tyler Rameson(6)	232,467		232,467	8.8 %
Directors and Named Executive Officers				
J. Stanley Fredrick(3)	315,406	(7) 8,238	323,644	12.2 %
Marlin Ray Robbins	59,000	10,449	69,449	2.6 %
Larry A. Jobe	14,000	10,274	24,274	0.9 %
Alan D. Kennedy	3,410	(8) 15,786	19,196	0.7 %
Gerald E. Gilbert	2,500	10,878	13,378	0.5 %
Robert A. Toth		14,765	14,765	0.6 %
Robert A. Sinnott, Ph.D	1,325	(9) 10,092	11,417	0.4 %
B. Keith Clark		3,529	3,529	0.1 %
Alfredo (Al) Bala		2,666	2,666	0.1 %
All 11 executive officers and directors as a group	399,171	85,831	485,002	18.3 %

- (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 April 23, 2013, 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) Messrs. Caster and Fredrick each beneficially own more than 5% of our common stock. Messrs. Caster and Fredrick maintain offices at 600 S. Royal Lane, Suite 200, Coppell, Texas 75019.
- (4) Mr. Caster served as our Chief Executive Officer from April 2003 until August 2007, and served as our Chairman of the Board from March 2002 until January 2009.
- (5) Mr. Caster pledged 530,000 shares of his common stock as collateral for a loan. Mr. Caster has informed us that the loan is currently in default and that Mr. Caster and the lender are working together to sell some or all of such pledged shares through a trading plan, pursuant to which limited amounts of the shares may be sold periodically over five years. Due to the provisions of the trading plan and applicable securities law limitations, there can be no certainty as to the timing or total amount of shares that may be sold.

- (6) The information regarding the beneficial ownership of Tyler Rameson is based on the Schedule 13G/A filed with the SEC by Mr. Rameson on January 7, 2013, in which Mr. Rameson indicated he had sole power to vote and dispose of all such shares. The address for Mr. Rameson is 10 East Yanonali Street, Suite 2A, Santa Barbara, CA 93101.
- (7) The number of shares owned by Mr. Fredrick includes 190,406 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.
- (8) Includes 3,310 shares of our common stock directly held by Mr. Kennedy and 100 shares of our common stock held through Kennedy Family Trust, for which Mr. Kennedy is trustee and grantor and whose beneficiaries are Mr. Kennedy's wife and children.
- (9) These securities are held by Dr. Sinnott's wife as custodian for his three sons. Dr. Sinnott has disclaimed beneficial ownership of these shares.
- (10) Mr. Clark resigned effective March 18, 2013. Pursuant to the terms of the 2008 Plan, these stock options will expire on June 18, 2013 unless exercised prior to such date.

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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, 2012, all of our executive officers, directors, and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements. However, during the current fiscal year Messrs. Fredrick, Robbins, Jobe, Toth, Kennedy and Gilbert each filed a late Form 4 related to a grant of options in February 2013.

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EXECUTIVE COMPENSATION

This executive compensation discussion describes our compensation program for the year ended December 31, 2012 for our Named Executive Officers listed below, which we refer collectively as our “Named Executive Officers”.

- Robert A. Sinnott, Ph.D. – CEO and Chief Science Officer
- B. Keith Clark – Former Chief Operating Officer, Chief Legal Officer, and Corporate Secretary; and
- Alfredo Bala – Executive Vice President, Sales & Marketing

Dr. Sinnott is a Named Executive Officer based on his position, while the other individuals listed above were Named Executive Officers based on compensation earned in 2012.

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

The following table summarizes the total compensation awarded to our Named Executive Officers for the fiscal years ended December 31, 2011 and 2012:

Name and Principal Position	Year	Salary(1)	Option Awards(2)	Non-Equity		Total
				Incentive Plan Compensation(3)	All Other Compensation(4)	
Robert A. Sinnott, Ph.D. CEO and Chief Science Officer	2012	\$ 350,000	\$	\$ 5,078	\$ 15,958	\$ 371,036
	2011	\$ 350,000	\$	\$ 5,078	\$ 20,508	\$ 375,586
Alfredo (Al) Bala Executive Vice President, Sales & Marketing	2012	\$ 300,000	\$	\$ 4,531	\$ 17,061	\$ 321,592
	2011	\$ 293,769	\$ 3,200	\$ 4,531	\$ 12,885	\$ 314,385
B. Keith Clark(5) Former Chief Operating Officer and Chief Legal Officer	2012	\$ 335,000	\$	\$ 4,891	\$ 17,309	\$ 357,200
	2011	\$ 324,868	\$ 8,250	\$ 4,891	\$ 12,387	\$ 350,396

(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 2012, and 2011, 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, 2012, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 27, 2013.

(3)

The amounts reported in this column represent non-equity incentive plan compensation paid in March 2013 and 2012 under our Management Non-Equity Incentive Bonus Plan with respect to 2008 performance. We did not meet performance targets and no bonuses were earned in 2012 and 2011. Amounts reported in 2012 and 2011 represent 5% of the 2008 bonus amounts that were paid in 2013 and 2012 subject to the executive's employment with us on the payment date.

- (4) The amounts reported in this column include an automobile allowance or automobile lease 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) Mr. Clark resigned as Chief Operating Officer and Chief Legal Officer on February 14, 2013. In connection with Mr. Clark's departure, on March 20, 2013, the Company and Mr. Clark entered into a Separation Agreement and Release effective March 18, 2013. Under the terms of this agreement, Mr. Clark will continue to receive his base salary (\$335,000 per annum) through May 18, 2014. Additionally, the Company will pay up to \$10,000 in outplacement services and will continue to provide Mr. Clark with a leased vehicle through May 18, 2014.

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All Other Compensation Table (2011 and 2012)

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

Name	Year	Automobile Lease Payments (\$)	Insurance Premium for Leased Automobile (\$)	Company Matching 401(k) Contribution (\$)	Life Insurance (\$)	Travel Expenses(1) (\$)	Severance (\$)	Total All Other Compensation (\$)
Robert A. Sinnott, Ph.D.	2012	\$ 12,000	\$	\$ 3,416	\$ 542	\$	\$	\$ 15,958
	2011	\$ 12,000	\$	\$ 3,366	\$	\$ 5,142	\$	\$ 20,508
Alfredo (Al) Bala	2012	\$ 12,798	\$ 528	\$ 3,045	\$ 690	\$	\$	\$ 17,061
	2011	\$ 8,732	\$ 1,585	\$ 2,045	\$	\$ 523	\$	\$ 12,885
B. Keith Clark(2)	2012	\$ 12,037	\$ 1,601	\$ 2,884	\$ 787	\$	\$	\$ 17,309
	2011	\$ 7,475	\$ 1,585	\$ 2,783	\$	\$ 544	\$	\$ 12,387

(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.

(2) Mr. Clark resigned as Chief Operating Officer and Chief Legal Officer on February 14, 2013. In connection with Mr. Clark’s departure, on March 20, 2013, the Company and Mr. Clark entered into a Separation Agreement and Release effective March 18, 2013. Under the terms of this agreement, Mr. Clark will continue to receive his base salary (\$335,000 per annum) through May 18, 2014. Additionally, the Company will pay up to \$10,000 for outplacement services and will continue to provide Mr. Clark with a leased vehicle through May 18, 2014.

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, 2012:

Named Executive Officer	Position	Effective Date of Agreement	Expiration Date	2011 Annual Base Salary	2012 Annual Base Salary	2013 Annual Base Salary
Robert A. Sinnott, Ph.D.	CEO and Chief Science Officer	October 2007	December (1) 2013	\$ 350,000	\$ 350,000	\$ 350,000

	Executive Vice President, Sales & Marketing	October 2007		December 2013 (2)	\$ 290,000	\$ 300,000	\$ 300,000
Alfredo (Al) Bala	Former Chief Operating Officer and Chief Legal Officer	October 2007	(1)	March 2013 (1)	\$ 313,000	\$ 335,000	\$ 335,000
B. Keith Clark(3)							

- (1) The employment agreement for each of Dr. Sinnott and Mr. Clark 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.
- (2) 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.
- (3) Mr. Clark resigned as Chief Operating Officer and Chief Legal Officer on February 14, 2013. In connection with Mr. Clark's departure, on March 20, 2013, the Company and Mr. Clark entered into a Separation Agreement and Release effective March 18, 2013. Under the terms of this agreement, Mr. Clark will continue to receive his base salary (\$335,000 per annum) through May 18, 2014. Additionally, the Company will pay up to \$10,000 for outplacement services and will continue to provide Mr. Clark with a leased vehicle through May 18, 2014.

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In October 2007, we entered into a one-year employment agreement, with automatic renewals for successive one-year periods, with Dr. Sinnott, our 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 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. In 2008, we increased Dr. Sinnott's annual base salary to \$325,000. In February 2010, we increased Dr. Sinnott's annual base salary to \$350,000 in connection with his promotion to Co-CEO prior to his promotion to CEO in 2011.

In October 2007, we entered into a two-year employment agreement, with automatic renewals for successive one-year periods, with Mr. Bala, our Executive Vice President, Sales & Marketing. 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 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 October 2007, we entered into a one-year employment agreement, with automatic renewals for successive one-year periods, with Mr. Clark, our Chief Operating Officer, Chief Legal Officer, and Corporate Secretary. Pursuant to the terms of the employment agreement, we agreed to pay Mr. Clark an annual base salary of \$300,000. In accordance with the terms of the employment agreement allowing increases to base salary, the Board and the Committee review Mr. Clark'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. Clark's annual base salary to \$313,000. Effective for 2012, we increased Mr. Clark's annual base salary to \$335,000 in connection with his promotion to Chief Operating Officer. Mr. Clark resigned on February 14, 2013 as Chief Operating Officer, Chief Legal Officer, and Corporate Secretary. Pursuant to the terms of his employment agreement, Mr. Clark will continue to earn his base salary through May 18, 2014.

2012 Grants of Plan Based Awards

No stock awards and no stock options were granted to our Named Executive Officers in 2012. Mr. Clark was the only Named Executive Officer to receive an award of stock options in 2011. The Named Executive Officers earned no bonuses pursuant our 2012 management non-equity incentive bonus plans.

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.

We had one stock option plan in effect as of December 31, 2012, which is as follows:

The Board and a majority of our shareholders approved the Mannatech, Incorporated 2008 Stock Incentive Plan in February 2008 and in 2012 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 nonstatutory stock options, and restricted stock may be issued under our 2008 Plan. The Compensation and Stock Option Plan Committee administers the 2008 Plan.

There are 200,000 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.

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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.

The following table provides information as of April 23, 2013 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	194,708	\$ 15.60	76,214
Equity compensation plans not approved by shareholders	—	—	—
Total	194,708		76,214

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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.

2012 Non-Equity Incentive Plan

For 2012, the Board approved the following bonus opportunities for our Named Executive Officers and other senior executives designated by the Compensation and Stock Option Plan Committee under our Management Non-Equity Incentive Bonus Plan:

1. **Net Operating Cash Flow Target.** This bonus opportunity was only available to senior executive officers. Senior executive officers were entitled to earn bonuses of up to 100% of their base salary should the Company meet all prescribed cumulative cash flow targets for 2012, which were measured at the end of the second quarter, at the end of the third quarter and on an annual basis. Senior executive officers were eligible for 25% of the bonus if the Company reached its cash flow target at the end of the second quarter, another 25% of the bonus if the Company reached its cash flow target at the end of the third quarter and the remaining 50% of the bonus if the Company reached its annual cash flow target for 2012.

The following table represents the 2012 cash flow targets and bonus opportunities:

2012 Cash Flow Targets

	End of 2nd Quarter	End of 3rd Quarter	End of Year
Cash Flow	\$ 3,200,000	\$ 6,300,000	\$ 9,750,000
Bonus Opportunity	25%	25%	50%

Based on the quarterly and annual 2012 actual cash flows, the senior executive officers did not qualify for any bonus as delineated above. Therefore, no bonuses were paid under this incentive plan.

2. **Net Operating Income Targets.** The Board established annual performance targets based on net operating income from operations (the “operating income targets”). This bonus opportunity is available to senior management of the Company (including our senior executive officers). Our Named Executive Officers and other senior management designated by the Compensation and Stock Option Plan Committee were eligible for a bonus if the Company achieved one of the three operating income targets as of the end of fiscal year 2012. To achieve a bonus opportunity, the actual net operating income for fiscal year 2012 must be equal to or greater than the annual performance target as set forth below. The maximum potential bonus that an eligible executive was entitled to receive under this bonus opportunity is 56% of his or her base salary.

The following table represents the 2012 net operating income targets and bonus opportunities:

2012 Net Operating Income Targets

	1st Target	2nd Target	3rd Target
Net Operating Income	\$ 1,000,000	\$ 2,000,000	\$ 2,900,000

Bonus Opportunity	19%	37%	56%
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Based on the actual net operating income achieved in 2012, the senior management, including our senior executive officers, did not qualify for the bonus as delineated above. Therefore, no bonuses were paid under this incentive plan.

In summary, no bonuses were paid out in 2012 to the senior executive officers pursuant to the Net Cash Flow Target, nor to the senior management group, including the senior executive officers, pursuant to the Net Operating Income Target.

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2013 Non-Equity Incentive Plan

For 2013, the Board has approved two bonus opportunities for our Named Executive Officers 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 Adjusted Operating Income, which is determined as follows:

Income/(Loss) from Operations
 + Depreciation Expense
 + Amortization Expense
 + Stock Option Expense
 + Net Inventory Reduction/(Increase)
 Adjusted Operating Income

1. Annual Bonus Opportunity

This bonus opportunity is available to senior management of the Company (including our senior executive officers). Our Named Executive Officers and other senior management designated by the Compensation and Stock Option Plan Committee will be eligible for a bonus if the Company achieves one of the four Adjusted Operating Income targets as of the end of fiscal year 2013. To achieve a bonus opportunity, the actual Adjusted Operating Income for fiscal year 2013 must be equal to or greater than the Adjusted Operating Income target as set forth below. The maximum potential bonus that an eligible senior executive officer will be entitled to receive under this bonus opportunity is 30% of his or her base salary. The maximum potential bonus for senior management, exclusive of senior executive officers, is 20% of his or her base salary.

The following table represents the 2013 net operating income targets and bonus opportunities:

2013 Adjusted Operating Income Targets – Annual Bonus

	1st Target	2nd Target	3rd Target	4th Target
Adjusted Operating Income*	\$10 million	\$11.5 million	\$13 million	\$14.3 million
Bonus Opportunity **	7.5% / 5.0%	15.0% / 10.0%	22.5% / 15.0%	30.0% / 20.0%

* Before accrual of Annual Bonus Opportunity.

** Senior executive officers / senior management exclusive of senior executive officers.

2. Quarterly Bonus Opportunity

This bonus opportunity is only available to senior executive officers. 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 Adjusted Operating Income above the annual bonus targets. To achieve a bonus opportunity, the actual Adjusted Operating Income, after ratable accrual of the annual bonus, must exceed the quarterly Adjusted Operating Income target. Once a quarterly bonus is earned, it is not subject to forfeiture based on the failure to meet future Adjusted Operating Income targets. The maximum potential bonus that an eligible senior executive officer will be entitled to receive under this bonus opportunity is 100% of his or her salary if the Company meets all prescribed Adjusted Operating Income targets.

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The following table represents the 2013 Adjusted Operating Income targets and bonus opportunities:

2013 Adjusted Operating Income Targets – Quarterly Bonus

	End of 2nd Quarter	End of 3rd Quarter	End of Year
Adjusted Operating Income*	\$8.6 million	\$14.2 million	\$18.7 million
Bonus Opportunity	25%	25%	50%

* After ratable accrual of Annual Bonus Opportunity.

The Named Executive Officers and other senior executives participating in both 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 2013, the maximum bonus opportunity (expressed as a percentage of base salary) that could be earned by each Named Executive Officer under each of the two bonus opportunities discussed above is as follows:

Named Executive Officer	Position	Maximum Potential Bonus (Annual Bonus opportunity)	Maximum Potential Bonus (Quarterly Bonus opportunity)
Robert A. Sinnott, Ph.D.	CEO and Chief Science Officer	30%	100%
B. Keith Clark	Former Chief Operating Officer, Chief Legal Officer, and Corporate Secretary (resigned February 2013)	N/A	N/A
Alfredo Bala	Executive Vice President, Sales & Marketing	30%	100%

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 2012, 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 2% 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. We did not make any profit-sharing contributions in 2012. 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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2012 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, 2012:

Named Executive Officer	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards		Option Exercise Price (\$/Sh)	Option Expiration Date
			Number of Securities Unexercised Options (#)	Number of Securities Unearned		
Robert A. Sinnott, Ph.D.	600				\$63.90	February 22, 2018
	1,000				\$25.00	November 19, 2018
	7,499				\$31.00	December 21, 2019
	990	495(1)			\$24.60	August 15, 2020
	10,089	495				
Alfredo (Al) Bala	999				\$25.00	November 19, 2018
	1,330	666(1)			\$24.60	August 15, 2020
	166	334(2)			\$11.40	June 8, 2021
	2,495	1,000				
B. Keith Clark	999				\$25.00	November 19, 2018(3)
	499				\$31.00	December 21, 2019(3)
	1,194				\$24.60	August 15, 2020(3)
	833				\$ 5.80	August 9, 2021(3)
	3,525					

(1) The stock options vest on August 16, 2013.

(2) One-half of the stock options vest on June 9, 2013 with the remainder vesting on June 9, 2014.

(3) Pursuant to the Separation Agreement and Release and the terms of the 2008 Plan, these stock options will expire on June 18, 2013, unless exercised prior to such date.

Pension Benefits and Non-Qualified Deferred Compensation

Our Named Executive Officers do not participate in any pension plans (other than the 401(k) Plan) or non-qualified deferred compensation plans.

Option Exercises and Stock Vested

We have not granted stock awards to our Named Executive Officers and therefore, no stock awards vested in 2013. Our Named Executive Officers did not exercise any stock options during 2012.

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Potential Payments Upon Termination or Change in Control

Each of our employment agreements with our Named Executive Officers provides for certain payments and benefits in the event of early termination. However, none of these employment agreements requires payment upon a change in control of the Company. The 2008 Plan does, however, provide for accelerated vesting of options in the event of a change in control or other event for which the Board determines such accelerated vesting would be equitable under the circumstances. The following discussion summarizes our payment obligations to our Named Executive Officers upon termination or change in control (as defined under “Equity Compensation Plan Information” above) assuming such termination or change in control occurred on December 31, 2012:

Dr. Robert A. Sinnott, Ph.D. – CEO and Chief Science Officer:

Under the terms of his employment agreement, if Dr. Sinnott resigns for good reason or we terminate Dr. Sinnott without cause or due to disability, he will continue to receive his base salary for twelve months from the termination date. Notwithstanding the statement above, if Dr. Sinnott’s employment is terminated for cause, if he resigns without good reason, or is terminated due to his death, he is entitled to (i) any remaining base salary earned and not yet paid through the termination date; (ii) any annual bonus, or portion thereof, that is earned through the termination date; (iii) all reimbursable expenses due but not yet paid through the termination date; and (iv) all earned or vested benefits (or an amount equivalent to the value of such benefits) payable under our benefit plans or arrangements through the termination date. Under the employment agreement, a termination for “cause” means (A) we determined that Dr. Sinnott has neglected, failed, or refused to render the services or to perform any other of his duties or obligations under his employment agreement, (B) Dr. Sinnott’s violation of any provision or obligation under his employment agreement, (C) Dr. Sinnott’s indictment for, or plea of no contest with respect to, any crime that adversely affects or may adversely affect us or the utility of Dr. Sinnott’s services to us, or (D) any other act or omission of Dr. Sinnott involving fraud, theft, dishonesty, disloyalty, or illegality that harms or embarrasses us. Dr. Sinnott may resign for “good reason” if we (W) deny any compensation due under his employment agreement, (X) require him to be based outside of Dallas County, Texas, (Y) decrease his title or pay or remove a material portion of his significant duties or responsibilities without his consent, or (Z) breach his employment agreement. For purposes of the agreement, the term “disability” means Dr. Sinnott becomes incapacitated by accident, sickness, or other circumstances that, in the reasonable judgment of the Board renders or is expected to render Dr. Sinnott mentally or physically incapable of performing the essential duties and services required of him under the agreement, with or without reasonable accommodation, for a period of at least 90 consecutive calendar days. As of December 31, 2012, Dr. Sinnott’s annual base salary was \$350,000, and his employment agreement will expire on December 15, 2013.