

MANNATECH INC  
Form DEF 14A  
April 20, 2016

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to

§240.14a-12

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14a-6(e)(2))

Mannatech, Incorporated

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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COPPELL, TEXAS

April 20, 2016

Dear Shareholder:

This letter extends to you a personal invitation to join us at our 2016 Annual Shareholders' Meeting on Thursday, June 2, 2016, at 9:00 a.m., Central Daylight Time, at the Grapevine Convention Center located at 1209 South Main Street, Grapevine, Texas.

The purpose of this year's meeting is to (i) elect two Class II directors, (ii) ratify the appointment of our independent registered public accounting firm, and (iii) hold an advisory vote on executive compensation ("Say-on-Pay").

We have enclosed with this letter an official notice of our 2016 Annual Shareholders' Meeting and proxy statement, which contains further information about the items to be voted on and information about the meeting itself, including a description of the matters to be considered and acted on at our 2016 Annual Shareholders' Meeting.

REMEMBER, regardless of the number of shares that you hold, your vote is very important to our business and to us. Whether or not you plan to attend our 2016 Annual Shareholders' Meeting, we urge you to cast your vote by telephone or through the Internet by following the instructions included on the Notice of Internet Availability of Proxy Materials that you received, or if you received a paper copy of the proxy card, to mark, date, sign and return the proxy card in the envelope provided. You may still vote in person if you attend the meeting, even if you have previously given your proxy.

We want to thank you for your ongoing support and we hope to see you at our 2016 Annual Shareholders' Meeting.

Sincerely,

J. Stanley Fredrick  
Chairman of the Board of Directors

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

TO THE SHAREHOLDERS OF MANNATECH, INCORPORATED,

The 2016 Annual Shareholders' Meeting of Mannatech, Incorporated will be held at the Grapevine Convention Center, located at 1209 South Main Street, Grapevine, Texas, on Thursday, June 2, 2016, at 9:00 a.m., Central Daylight Time, for the following purposes:

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

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

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

and

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

Our Board of Directors has set the close of business on April 11, 2016 as the record date for the determination of shareholders entitled to receive notice of and to vote at our 2016 Annual Shareholders' Meeting or any adjournment(s) thereof.

By order of our Board of Directors,

J. Stanley Fredrick  
Chairman of the Board of Directors

Coppell, Texas  
April 20, 2016

**IMPORTANT**

Whether or not you expect to attend the 2016 Annual Shareholders' Meeting, we strongly urge you to cast your vote by telephone or through the Internet by following the instructions included on the Notice of Internet Availability of Proxy Materials that you received, or if you received a paper copy of the proxy card, to mark, date, sign and return the proxy card in the envelope provided, prior to the meeting on June 2, 2016, to help ensure the presence of a quorum for the meeting and to save the expense and extra work of additional solicitation. Voting by proxy by any method prior to the meeting will not prevent you from attending the 2016 Annual Shareholders' Meeting or revoking your prior vote and voting at the 2016 Annual Shareholders' Meeting.

In accordance with rules promulgated by the SEC, we are providing access to our proxy materials, including this proxy statement and our annual report on Form 10-K, for the year ended December 31, 2015, over the Internet. As a result, we are mailing to many of our shareholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of our proxy materials. The notice contains instructions on how to access those proxy materials over the Internet, as well as instructions on how to request a paper copy of our proxy materials. All shareholders who do not receive a notice will receive a paper copy of our proxy materials by mail. We believe that this process reduces the

environmental impact and lowers the costs of printing and distributing our proxy materials.

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

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

GENERAL INFORMATION ABOUT OUR 2016 ANNUAL SHAREHOLDERS' MEETING

General Information

Our Board of Directors (the "Board") is soliciting the enclosed proxy for use at our 2016 Annual Shareholders' Meeting to be held on June 2, 2016 at 9:00 a.m., Central Daylight Time, at the Grapevine Convention Center located at 1209 South Main Street, Grapevine, Texas. The Notice of Internet Availability of Proxy Materials is being mailed or delivered on or about April 20, 2016, to shareholders of record owning our common stock on the close of business on April 11, 2016. Paper copies of our proxy materials are being mailed or delivered on or about April 20, 2016, to shareholders of record who have previously requested to receive paper copies of proxy materials. The list of frequently asked questions is attached to this proxy statement as Appendix A. Unless otherwise stated, all references in this proxy statement to "Mannatech," the "Company," "us," "our," or "we" are to Mannatech, Incorporated, a Texas corporation.

Shareholders Entitled to Vote

Shareholders who owned our common stock as of the close of business on April 11, 2016, the record date, are called "shareholders of record" and are entitled to vote at the 2016 Annual Shareholders' Meeting. As of April 11, 2016, we had 2,706,986 outstanding shares of our common stock, \$0.0001 par value per share, which is our only class of outstanding voting securities. As of April 11, 2016, we had 1,518 shareholders of record. Each share of our common stock entitles a shareholder to one vote. A complete list of direct shareholders entitled to vote at the 2016 Annual Shareholders' Meeting will be available for examination by shareholders for purposes pertaining to the 2016 Annual Shareholders' Meeting at our corporate headquarters in Coppell, Texas during normal business hours from May 23, 2016 until June 1, 2016. The shareholder list will also be available for review prior to and during the 2016 Annual Shareholders' Meeting to be held on June 2, 2016. A shareholder who wants to examine the list prior to our Annual Shareholders' Meeting should arrange an appointment by contacting our Investor Relations department at (972) 471-6512.

Voting in Person

If you are a shareholder of record and plan to attend the 2016 Annual Shareholders' Meeting, you may deliver your completed and signed proxy card in person. If a broker or bank holds your Mannatech shares in street name, and you wish to vote in person at the 2016 Annual Shareholders' Meeting, you will need to obtain a legal proxy form from your broker or bank that holds your shares of record and you must bring that document to the 2016 Annual Shareholders' Meeting.

Voting by Proxy

The proxy process is the means by which shareholders can exercise their rights to vote for the election of directors and other strategic corporate proposals. The notice of meeting and this proxy statement provide notice of a scheduled shareholder meeting, describe the proposals to be voted on by shareholders at the meeting and include other information required to be disclosed to shareholders. Shareholders may vote by telephone, through the Internet, or by returning a proxy card, without having to attend the shareholder meeting in person.





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

Properly executed votes by proxy received prior to or at the 2016 Annual Shareholders’ Meeting on June 2, 2016 or at any adjournment(s) or postponement(s) thereof will be counted by Broadridge Financial Solutions, Inc., our Inspector of Elections. If a shareholder specifies how such shareholder’s proxy-vote is to be cast on any business to come before the meeting, such proxy-vote will be voted in accordance with such specifications. If no specification is made on a properly executed proxy card, the shareholder’s vote by proxy will be voted “FOR” each of our 3 proposals consistent with the recommendations made by the Board and as the proxy holder may determine in his discretion with respect to any other matters properly presented for a vote at the 2016 Annual Shareholders’ Meeting. Other than the proposals described in this proxy statement, we are not aware of any other matters to be presented at the 2016 Annual Shareholders’ Meeting.

### Revoking or Changing a Proxy

A shareholder may revoke a vote by proxy at any time prior to the 2016 Annual Shareholders’ Meeting. If you are a shareholder of record with direct ownership over your Mannatech common stock, your proxy can be revoked by (i) timely delivery of a written revocation delivered to Erin Barta, General Counsel and Corporate Secretary, Mannatech, Incorporated, 600 South Royal Lane, Suite 200, Coppell Texas 75019; (ii) submission of another valid proxy bearing a later date; or (iii) attendance at the 2016 Annual Shareholders’ Meeting in person and notice to the Inspector of Elections that you intend to vote your shares in person. If your Mannatech shares are held in street name by a broker or bank (“broker”), you must contact your broker in order to revoke your proxy, but generally, you may change your vote by submitting new voting instructions to your broker, trustee or nominee, or, if you have obtained a legal proxy from your broker or nominee giving you the right to vote your shares, by attending the 2016 Annual Shareholders’ Meeting and voting in person.

### Effects of Not Voting

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

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

If you do not vote your shares on Proposal 1 (Election of Directors), and Proposal 3 (“Say-on-Pay” Advisory Vote), your brokerage firm cannot vote them for you and they will remain unvoted. Therefore, it is very important that you vote your shares for all proposals. Proposal 2 (Ratification of Auditors) set forth in this proxy statement is a routine matter on which brokers will be permitted to vote your shares at the broker’s discretion if you do not provide your broker with instructions on how to vote on this matter.

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### Direct Ownership

For the purpose of determining how to vote your shares at the 2016 Annual Shareholders' Meeting, registered holders of record are deemed to have "direct ownership" over their Mannatech shares if they hold their shares directly in their name. This is typically evidenced by the receipt of our mailings directly from us or from our transfer agent, Computershare.

### Beneficial Ownership

For the purposes of determining how to vote your shares at the 2016 Annual Shareholders' Meeting, you are deemed to have "beneficial ownership" over your Mannatech shares if you: (i) previously deposited your stock certificates with a broker; (ii) purchased your shares directly through a broker; or (iii) sent your stock certificates to a broker to be deposited into your brokerage account. Beneficial ownership is typically evidenced by a shareholder's receipt of our mailings from either a broker or through a solicitor, which is usually Broadridge Financial Solutions, Inc.

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

WE CAUTION OUR SHAREHOLDERS THAT each brokerage firm has a unique set of voting instructions. As a result, a shareholder should always read all the information provided in each of the proxy information packets received and follow the specific voting instructions enclosed in each packet with respect to applicable telephone numbers, Internet addresses, mailing addresses, and attending or voting at the 2016 Annual Shareholders' Meeting.

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

Beneficial shareholders are also instructed to read their proxy-voting card instructions given to them by their brokers or their brokers' solicitors prior to the meeting in order to obtain instructions on how to vote at the meeting. If a beneficial shareholder does not follow the brokers' specific instructions, our Inspector of Elections is not allowed to count such beneficial shareholder's vote by ballot at the 2016 Annual Shareholders' Meeting.

### Tabulating the Votes

A representative from Broadridge Financial Solutions, Inc., which will act as our Inspector of Elections, is responsible for tabulating the votes for the 2016 Annual Shareholders' Meeting. The presence, in person or by proxy, of the holders of at least a majority of the shares of our common stock outstanding as of April 11, 2016, our record date, is necessary to establish a quorum for the 2016 Annual Shareholders' Meeting. Abstentions and "broker non-votes," if any, will be counted as shares present and entitled to vote for purposes of determining a quorum for the 2016 Annual Shareholders' Meeting. A "broker non-vote" occurs when brokers holding shares in "street name" have not received voting instructions from the beneficial owner and either chooses not to vote those shares on a routine matter at the 2016 Annual Shareholders' Meeting or is not permitted to vote those shares on a non-routine matter. If a proxy-voting card is signed by the shareholder but submitted without specific voting instructions, the shareholder's vote will automatically be counted as a vote "FOR ALL" on Proposal 1 (Election of Directors), and "FOR" on Proposal 2 (Ratification of Auditors) and Proposal 3 ("Say-on-Pay" Advisory Vote). If your shares are held in "street name" and you

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

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For Proposal 1 (Election of Directors) — Assuming a quorum is obtained, our Class II directors will be elected by a plurality of the shares represented, in person or by proxy, at the 2016 Annual Shareholders' Meeting and entitled to vote. This means that the two nominees receiving the highest number of affirmative votes at the meeting will be elected as our two Class II directors. Votes marked "FOR ALL" will be counted in favor of both nominees. Votes marked "WITHHOLD ALL" will be counted against both nominees. To specify differently, a shareholder must check the "FOR ALL EXCEPT" box and then write the names of the nominees for whom the shareholder wishes to vote against. Votes marked "WITHHOLD ALL" have no effect on the vote since a plurality of the votes is required for the election of each nominee. Shareholders may not abstain from voting with respect to the election of directors.

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

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

For Proposal 2 (Ratification of Auditors) — If a quorum is obtained, and a majority of the shares represented, in person or by proxy, at the 2016 Annual Shareholders' Meeting and entitled to vote, are in favor of Proposal 2, the ratification of the appointment of our independent registered public accounting firm for the year ended December 31, 2016, will be approved. Votes marked "FOR" Proposal 2 will be counted in favor of the ratification of the appointment of our independent registered public accounting firm for the year ending December 31, 2016. An abstention from voting on Proposal 2 will not be voted on that item, although it will be counted for purposes of determining the number of shares represented and entitled to vote. Accordingly, an "ABSTENTION" will have the same effect as a vote "AGAINST" Proposal 2.

(THE BOARD RECOMMENDS A VOTE "FOR" PROPOSAL 2.)

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

(THE BOARD RECOMMENDS A VOTE "FOR" PROPOSAL 3.)

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Solicitation of Proxy-Votes

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

Admission and Voting at Our 2016 Annual Shareholders' Meeting

Voting at the 2016 Annual Shareholders' Meeting is limited to shareholders of record having evidence of ownership as of the record date, April 11, 2016. If your shares are NOT held in your name, we may require you to show evidence of your ownership at our meeting. Evidence typically includes your proxy-voting card or your brokerage statement showing proof of stock ownership as of the close of business on April 11, 2016, such as your March 2016 brokerage statement or a printout of shares held at the close of April 11, 2016. At our 2016 Annual Shareholders' Meeting, shareholders of record will be given a ballot upon verification of stock ownership.

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

Shareholders of record will be given ballots upon verification of stock ownership. REMEMBER that beneficial shareholders must obtain a power of attorney form or legal proxy from their brokers prior to the meeting in order for their votes by ballot to be counted since their brokers may have already reported their shares as "broker non-votes". Prior to our June 2, 2016 meeting, beneficial shareholders are strongly urged to read their proxy-voting card instructions on how to vote at our 2016 Annual Shareholders' Meeting. They should also contact their brokers by the Monday prior to our 2016 Annual Shareholders' Meeting to ensure they obtain the proper paperwork in order to vote at our meeting. If a beneficial shareholder does not follow its broker's instructions, our Inspector of Elections will not count such shareholder's vote by ballot at the 2016 Annual Shareholders' Meeting. The instructions are usually located on the back of each proxy-voting card.

Shareholder Procedures for Nominating Board Members or Introducing Proposals

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

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

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



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PROPOSAL 1 — ELECTION OF DIRECTORS

Our Bylaws provide for a classified Board, divided into three staggered classes – I, II, and III. The terms of office for each of these classes are scheduled to expire on the date of our annual shareholders’ meeting in 2016, 2017, and 2018, respectively. Class II is comprised of two directors with both Class II board seats being up for election at the 2016 Annual Shareholders’ Meeting.

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

J. Stanley Fredrick has served as a Class II director since September 2001. His current term as director expires in 2016. From November 2003 through January 2009, Mr. Fredrick served as the Lead Director for the Board. In January 2009, Mr. Fredrick was elected to serve as the Chairman of the Board of Directors. In 2003, Mr. Fredrick was a founding board member of Professional Bank in Dallas, Texas, a boutique bank that provided certain financial resources to its customers. He co-founded Cameo Couture, Inc., which operated as Colesce Couture, a distributor of intimate apparel, and Colony House, Inc., a private label cookware company, both of which operated through direct selling channels. Mr. Fredrick also co-founded Irving National Bank Shares, a commercial bank holding company, and served as a consultant to the bank from 1994 until it was sold in 2000. He currently serves on the Board of Directors of Wineshop at Home, a party plan company. Mr. Fredrick has been actively involved for over 39 years in the Direct Selling Association, a national trade association of leading firms that manufacture and distribute goods and services directly to consumers. He has served on the Direct Selling Association’s Board of Directors and various committees thereof. From 1987 to 1988, Mr. Fredrick served as Chairman of the Direct Selling Association and from 1988 to 1990; he served as Chairman of the Direct Selling Education Foundation. He currently serves as Chairman of their Development Committee. He has been inducted into the Direct Selling Association’s highest honor, the “Hall of Fame,” as well as into the Direct Selling Education Foundation “Circle of Honor.” Mr. Fredrick received a B.A. in English from Central State University, in Edmond, Oklahoma.

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

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

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

Neither our Articles of Incorporation, Bylaws nor any other applicable legal requirements require shareholder ratification of the selection of our independent registered public accounting firm. However, the Board, as a matter of good corporate governance, has always sought shareholder ratification of the appointment of our independent registered public accounting firm. The Board is seeking shareholder ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016. In the event our shareholders do not ratify our appointment of BDO USA, LLP, the Audit Committee and the Board will reconsider the appointment.

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

Representatives from BDO USA, LLP will attend the 2016 Annual Shareholders' Meeting and will have the opportunity to make a statement, if they so desire. They will also be available to respond to any appropriate questions from our shareholders.

Pre-Approval Policies and Procedures

Our Audit Committee must preapprove all services provided by our independent registered public accounting firm. The non-audit services, specified in Section 10A(g) of the Exchange Act may not be provided by our independent registered public accounting firm.

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

the aggregate amount of such non-audit services provided constitutes not more than 5% of the total fees paid to our independent registered public accounting firm in the calendar year that such non-audit services are provided;

such services were recognized as non-audit services at the time they were provided; and

such services are promptly brought to the attention of our Audit Committee.

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

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

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## Fees Paid to Our Independent Registered Public Accounting Firm

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

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