

APPLIED ENERGETICS, INC.
Form 10-K
April 01, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

**Annual Report Pursuant
to Section 13 or 15(d) of
the Securities Exchange
Act of 1934**

For the fiscal year ended
December 31, 2018

**Transition Report
Pursuant to Section 13 or
15(d) of the Securities
Exchange Act of 1934**

For the transition period
from _____ to _____

Commission File Number 001-14015

Applied Energetics, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	77-0262908
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)

2480 W Ruthrauff Road, Suite 140 Q
Tucson, Arizona 85705
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (520) 628-7415

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$.001 par value	Over the Counter Bulletin Board

Securities registered pursuant to Section 12(g) of the Exchange Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definition of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller reporting company
Emerging growth company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed by reference to the last reported sales price at which the stock was sold on June 30, 2018 (the last day of the registrant’s most recently completed second quarter) was approximately \$20,745,000.

The number of outstanding shares of the registrant’s Common Stock, \$.001 par value, as of March 28, 2019 was 204,197,396.

APPLIED ENERGETICS, INC.

ANNUAL REPORT ON FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2018

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PART I

ITEM 1. BUSINESS

Cautionary Note Concerning Forward-Looking Statements

Certain statements in this Form 10-K constitute forward-looking statements within the meaning of the Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include all statements that do not relate solely to the historical or current facts, and can be identified by the use of forward looking words such as "may", "believe", "will", "expect", "project", "anticipate", "estimates", "plans", "strategy", "target", "prospects" or "continue", and words of similar meaning. These forward looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition and may cause our actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. This Form 10-K contains important information as to risk factors under Item 1A. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to have been correct. We do not assume any obligation to update these forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking statements.

Available Information

Applied Energetics, Inc. ("company," "Applied Energetics," "AE," "AERG," "we," "our" or "us"). makes available free of charge on its website at www.aergs.com its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practical after electronically filing or furnishing such material to the Securities and Exchange Commission ("SEC").

This report may be read or copied at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549 or at www.sec.gov. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

General

Applied Energetics 2019 General Corporate Review:

Applied Energetics, is a corporation organized and existing under the laws of the State of Delaware. Our executive office is located at 2480 W Ruthrauff Road, Suite 140 Q, Tucson, Arizona, 85705;(520) 628-7415. www.aergs.com

Applied Energetics specializes in the development and manufacture of advanced high-performance lasers, high voltage electronics, advanced optical systems, and integrated guided energy systems for defense, aerospace, industrial, and scientific customers worldwide.

AE has developed, successfully demonstrated and holds all crucial ownership rights to a dynamic Directed Energy technology called Laser Guided Energy (“LGE”) and Laser Induced Plasma Channel (“LIPC”). LGE and LIPC are technologies that can be used in a new generation of high-tech weapons. In the market today, two key types of Directed Energy Weapon (“DEW”) technologies exist, High Energy Lasers (“HEL”), and High-Power Microwave (“HPM”). Neither HEL or HPM are owned by a single entity. Now, there is a third DEW technology, LGE. Applied Energetics’ LGE and LIPC technologies are owned by AE, and patent protected with 25 current patents and an additional 11 Government Sensitive Patent Applications (“GSPA”). The company’s GSPA’s are held under secrecy orders of the US government. That is important because government GSPA’s allow AE greatly extended protection rights.

AE’s technology is vastly different than conventional directed energy weapons, i.e. HEL, and HPM. LGE uses Ultra-Short Pulse (USP) laser technology to combine the speed and precision of lasers with the overwhelming punch of high-voltage electricity. This advanced “man-made lightning” allows extremely high peak power and energy, with target effects tenability, and is effective against a wide variety of potential targets. A key element of LGE is its novel ability to offer selectable and tunable properties that can help protect non-combatants and combat zone infrastructure.

As AE moves toward the future, our business strategy reflects upon the significant value of LGE and LIPC, and also includes related technologies involving Advanced Ultra Short-Pulse (“AUSP”) and Counter-IED (“CIED”) technologies. Consequently, AE has resumed long-term R&D of next generation advanced LGE, LIPC, USP, and potentially CIED technologies for national security and defense applications.

LETTER TO OUR SHAREHOLDERS

Our Principal Executive Officer has prepared and issued the following letter to our shareholders:

Dear Shareholders:

On behalf of our management team, I would like to present this letter to shareholders of our company to explain details about important events in 2018 and in the execution of our business plan for 2019 and over the long term.

2018 was a year of transition and great positive change for Applied Energetics Inc. (“AE”). On March 9, 2018, new management for AE was put in place with a victorious proxy by shareholders, removing the Chief Executive Officer (“CEO”) and sole director with cause. Since that time, management has undertaken and completed a series of activities focusing on the reconstitution of the company and its advanced technologies, which include Laser Guided Energy (“LGE”), Laser Induced Plasma Channel (“LIPC”), Advanced Ultra Short-Pulse (“AUSP”) and Counter-IED (“CIED”). The Board of Directors and executive team have more recently executed a plan to address critical areas required to further establish a strong corporate and scientific foundation, create future growth and define the future strategic direction of the company.

AE Technology and Patents

AE has developed, successfully demonstrated and holds all crucial ownership rights to a dynamic Directed Energy technology called LGE and LIPC. LGE and LIPC are technologies that can be used in a new generation of high-tech weapons. In the market today, two key types of Directed Energy Weapon (“DEW”) technologies exist, High Energy Lasers (“HEL”), and High-Power Microwave (“HPM”). Neither HEL or HPM are owned by a single entity. Now, there is a third DEW technology, LGE. Applied Energetics’s LGE and LIPC technologies are owned by AE, and patent protected with 25 current patents and an additional 11 Government Sensitive Patent Applications (“GSPA”). The company’s GSPA’s are held under secrecy orders of the US government. That is important because government GSPA’s allow AE greatly extended protection rights.

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As AE moves toward the future, our business strategy reflects upon the significant value of LGE and LIPC, and also includes related technologies involving A USP and CIED technologies.

AE's immediate priorities going forward include the following:

Support R&D efforts: LGE and LIPC are rapidly expanding technologies and the cornerstone to AE's future, along with unique projects involving A USP opportunities and counter-IED. These will be the key areas of R&D for 2019. AE's LGE, LIPC and A USP technologies potentially have many significant new opportunities in a variety of rapidly evolving areas.

Focus on Business Development: In July 2018, AE launched a targeted business development effort to engage both the US government and existing teaming partners and help communicate the value of AE's intellectual property and corporate capabilities. The company has engaged Westpark Advisors, LLC as a full-time consultant specifically assigned to this effort in the Virginia and Washington D.C. area. To date, Westpark's efforts have produced requests for information and many important introductions to potential AE customers.

Build a Solid Executive Management Team: AE is currently seeking to appoint a permanent CEO with highly specialized skills and experience in the field of lasers and optical physics to further AE's rapidly growing and opportunistic technology portfolio and to manage its corporate and scientific affairs. Management has been in discussions concerning this important matter and expects to announce a new CEO before the end of the second quarter of 2019.

- Assemble a Highly Specialized Scientific Team:** AE's lead scientist, Dr. Stephen McCahon is a cofounder of Applied Energetics and is highly accomplished in the field of laser technology and recognized in the scientific community. Dr. McCahon is currently in the process of assembling a highly specialized AE scientific team to further optimize areas of the company's targeted growth.
- D.**
- Expand the Board of Directors:** To help facilitate AE's expected future corporate growth, the Board of Directors is expected to expand from 3 to 5 directors.
- E.**
- Opportunities Through M&A:** AE's management and Board of Directors intends to pursue strategic corporate acquisitions in related fields and technology.
- F.**
- Funding for Future Growth:** AE is currently pursuing several avenues to bring institutional sponsorship to help fund the next two years of corporate and R&D growth.
- G.**

As we move forward in 2019 and beyond, management believes AE's advanced technology business opportunities have never been greater. We recently attended the February 2019 Booz Allen Directed Energy Conference in Washington D.C. During presentations and in discussions concerning Directed Energy, a presenter commented that, "stakeholders attending the summit used to prognosticate that directed energy technology would be deployed to the field in the next "five to 10 years," but thanks to increased federal spending, that number may be down to two or three years. We are right on the cusp of fielding developmental systems that can quickly transition to operational capabilities". (www.boozallen.com/d/event/directed-energy-summit.html)

Through our analysis of the market, and in discussions with potential customers, we would also conclude that customers are becoming more receptive and interested in directed energy technologies. According to the Department of Defense ("DOD"), directed energy spending by the DOD is expected to grow from approximately \$500 million in 2018 to over \$1 billion in 2019, an increase of 100% year over year. As a result, we continue to be evermore excited about our future and the growing opportunities in directed energy applications. With our existing patent portfolio, and through further advancements of our technologies, we believe there is an opportunity for us to become a leading and successful developer in the marketplace. Finally, with our team of dedicated professionals and ambitious scientists, along with a supportive shareholder base, we also believe that the future and timing of the company has never been better than it is today. We look forward to a successful year.

Sincerely,

Brad Adamczyk

Principal Executive Officer

Applied Energetics 2018 Accomplishments and News of Importance

On March 8, 2018 a group of AE investors led by original cofounder and previous CEO Thomas C. Dearmin, along with Jonathon Barcklow, Brad Adamczyk, John Schultz and Oak Tree Asset Management Ltd. were victorious in a proxy vote, removing with cause George Farley, the Chief Executive Officer, and sole director of the company.

On March 9, 2018 a new three-man board of directors took office and appointed Thomas C. Dearmin acting CEO. The company's first line of business was to review all aspects of the company's business and to create a check list of issues in order of priority. It became immediately apparent that the new management had to address egregious and highly toxic loans put on the company books by the company's former CEO and sole director over the prior six months. Because of timing constraints and lack of cash, board members Barcklow and Adamczyk agreed to loan the company interest free the needed funds to take care of immediate corporate needs. At the top of the list were the toxic loans set to convert into shares within days. Shortly thereafter, on April 12, 2018, the company commenced raising funds via the private placement of restricted shares of AE at .06 cents per share. By May of 2018, all loans had been repaid, but at a substantial cost to the company. Adamczyk and Barcklow then converted their interest free loans to equity at .06 per share along with the equity subscription offering.

On April 9, 2018, Applied Energetics indicated that its management was engaged in corporate due diligence on previous company financial and stock transactions with particular attention to large dilutive events, including issuance of shares that were registered on the company's Registration Statement on Form S-1 and as executive compensation from March 2, 2015.

On April 12, 2018, the company commenced the first of two money raises via the private placement of its shares at .06 cents per share. A total of 42.5 million shares were sold, amounting to \$2,550,000.

On May 21, 2018, the company retained Enterprise Counsel Group, A Law Corporation in Orange County, CA, as litigation counsel, and to commence an investigation of previous managements decisions and financial transactions.

On May 22, 2018, AE engaged its patent attorney to review the company's non-classified patents and bring them current. Many of AE's key patents were set to go abandoned or had gone abandoned because of lack of maintenance payments.

On June 25, 2018, the company retained Delaware Law firm Morris James LLP to represent the company.

On July 3, 2018, having determined that sufficient evidence existed of wrongdoing by prior management, AE's legal counsel, Enterprise Counsel Group, located in Irvine, CA and AE's Delaware counsel Morris James located in Wilmington, DE, commenced a lawsuit in the Court of Chancery of the State of Delaware.

The lawsuit consists of six causes of action:

1. Breach of Fiduciary Duty of Loyalty against George Farley
2. Breach of Fiduciary Duty of Care against George Farley
3. Aiding and Abetting Breach of Fiduciary Duty against AnneMarieCo LLC ("AMC")
4. Conversion against George Farley
5. Fraudulent Transfer against George Farley and AMC
6. Injunctive Relief against George Farley and AMC

On July 16, 2018, AE entered into a Master Services Agreement with Westpark Advisors, LLC (“WAI”) to assist the company in launching its comprehensive sales and marketing strategy for the greater Washington DC area and broader Department of Defense markets. WAI is expected to focus on the company’s second generation Banshee Counter-IED technologies, along with Laser Guided Energy and the company’s novel laser technologies and is to provide business development, program management and strategy consulting services, including sales and marketing of the company’s product line. We expect that WAI’s expansive network and knowledge of the defense market will prove valuable in relaunching the company’s brand, products, and capabilities. Managing Director, Patrick Williams is to serve as WAI’s account lead and provide full-time support to the company.

On July 20, 2018, the Delaware Court of Chancery, Vice Chancellor Tamika Montgomery-Reeves presiding, entered a “status quo” order upon the stipulation of the parties, whereby Mr. Farley and AMC, a Farley family LLC, agreed not to transfer, alienate or sell any of their shares pending a ruling on the company’s motion for the preliminary injunction.

On August 6, 2018, the company announced that its President and Acting Chief Executive Officer, Thomas C. Dearmin, passed away due to unexpectedly severe complications from an illness. Tom's value was exponential as he helped the company through this transition period of building a new management team and putting the company on a new pathway forward. Tom was an original co-founder, and will always be the symbol of AE's dedication to its employees and partners.

On August 6, 2018, AE's board of directors held a meeting to discuss the continuity of the company's strategic direction and operations as well as conducting a search for Mr. Dearmin's successor. Brad Adamczyk agreed to assume Mr. Dearmin's managerial responsibilities and, accordingly, was elected to serve as the Principal Executive Officer.

Effective October 30, 2018, AE entered into an Agreement with a former law firm and patent attorney for the return of 5,000,000 shares of common stock issued to the party. Pursuant to the agreement, AE paid the party \$12,000, representing full satisfaction of fees for prior legal services.

Effective November 11, 2018, AE's board of directors appointed John E. Schultz Jr. to the board, filling the vacancy created by the departure of Mr. Dearmin. Mr. Schultz brings a long affiliation with Wall Street. Mr. Schultz founded Oak Tree Asset Management Ltd. in 2000, and actively traded billions of dollars of securities in managed LLC's during the early 2000's. More recently, Mr. Schultz's strong networks have emphasized early stage private equity investment deals. Mr. Schultz has been a shareholder starting with AE's public inception in 2004 and has an intimate knowledge of the company's history and finances.

Effective November 12, 2018, the board of directors adopted an Incentive Stock Plan for the allocation and issuance of new shares of stock, restricted shares of stock, and options (both incentive stock options and non-qualified stock options) to officers, directors, employees and consultants of the company. The board reserved a total of 50,000,000 for possible issuance under the plan.

In December 2018, AE retained patent attorney, Michael Martinsen IP, in Boulder CO, to work with the company on AE's current and newly created intellectual property, and AE's Government Sensitive Patent Applications.

Applied Energetics 2019 Accomplishments and News of Importance

As of January 16, 2019 the company had raised a total of \$2.55 million dollars through the sale of an aggregate of 42.5 million shares at \$.06 per share.

Effective February 15, 2019, AE entered into a Consulting and Advisory Services Agreement with WCCventures, LLC ("WCC") whereby WCC is to provide advice and guidance to management including business strategy, marketing and capital needs.

Effective February 15, 2019, AE retained corporate communications firm, Cameron Associates (“CA”), to provide investor relations services on behalf of the company including counseling management on appropriate investor communications, preparing and distributing press releases and other public documents, orchestrating conference calls and responding to investor inquiries. CA and its principal, Kevin McGrath, worked closely with AE as investor relations consultants starting from the company’s inception in 2004 through 2011. We are pleased to welcome back both CA and Kevin McGrath as AE continues forward with its corporate business plan.

Employees

As of March 29, 2019, we had no employees, and we retain a number of consultants.

ITEM 1A. RISK FACTORS

Future results of operations of Applied Energetics involve a number of known and unknown risks and uncertainties. Factors that could affect future operating results and cash flows and cause actual results to vary materially from historical results include, but are not limited to those risks set forth below:

Risk Related to Our Company

Our independent registered public accounting firm have expressed substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain future financing.

In their report accompanying our financial statements, our independent registered public accounting firm stated that our financial statements for the year ended December 31, 2018 were prepared assuming that we would continue as a going concern, and that they have substantial doubt as to our ability to continue as a going concern. Our auditors have noted that our recurring losses from operations and negative cash flow from operations and the concern that we may incur additional losses due to the reduction in Government contract activity raise substantial doubt about our ability to continue as a going concern.

Our business has generated no revenues during the past two fiscal years and had a net operating loss during each period.

For each of the company's fiscal years ended December 31, 2018 and 2017, we had no revenues, and we had net operating losses of \$2,762,404 and \$752,260 for fiscal years 2018 and 2017, respectively. We can give no assurances that our planned operations will generate revenues in the future or whether any such revenues will result in profitability.

Risk Related to Our Previous Business Activities

We may be unable to adequately protect our intellectual property rights, which could affect our ability to sustain the value of such assets.

Protecting our intellectual property rights is critical to our ability to maintain the value of our intellectual property. We hold a number of United States patents and patent applications, as well as trademark, and registrations which are necessary and contribute significantly to the preservation of our competitive position in the market. There can be no assurance that any of these patents or future patent applications and other intellectual property will not be challenged, invalidated or circumvented by third parties. In some instances, we have augmented our technology base by licensing the proprietary intellectual property of others. In the future, we may not be able to obtain necessary licenses on commercially reasonable terms. While we have entered into confidentiality and invention assignment agreements with our former employees and entered into nondisclosure agreements with suppliers and appropriate customers so as to limit access to and disclosure of our proprietary information. These measures may not suffice to deter misappropriation or independent third-party development of similar technologies. Based on our current financial condition, we may not have the funds available to enforce and protect our intellectual properties.

We may face claims of infringement of proprietary rights.

There is a risk that a third party may claim our products and technologies infringe on their proprietary rights. Whether or not our products infringe on proprietary rights of third parties, infringement or invalidity claims may be asserted or prosecuted against us and we could incur significant expense in defending them. If any claims or actions are asserted against us, we may not have the funds necessary to defend against such claims. Our failure to do so could adversely affect the value of our intellectual property.

We are subject to the penny stock rules adopted by the Securities and Exchange Commission that require brokers to provide extensive disclosure to their customers prior to executing trades in penny stocks. These disclosure requirements may cause a reduction in the trading activity of our common stock, which in all likelihood would make it difficult for our stockholders to sell their securities.

Rule 3a51-1 of the Securities Exchange Act of 1934 establishes the definition of a “penny stock,” for purposes relevant to us, as any equity security that has a minimum bid price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to a limited number of exceptions which are not available to us. This classification would severely and adversely affect any market liquidity for our common stock.

For any transaction involving a penny stock, unless exempt, the penny stock rules require that a broker or dealer approve a person’s account for transactions in penny stocks and the broker or dealer receive from the investor a written agreement to the transaction setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person’s account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience and objectives of the person and make a reasonable determination that the transactions in penny stocks are suitable for that person and that that person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the SEC relating to the penny stock market, which, in highlight form, sets forth:

The basis on which the broker or dealer made the suitability determination; and

That the broker or dealer received a signed, written agreement from the investor prior to the transaction

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and commission payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally,

monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Because of these regulations, broker-dealers may not wish to engage in the above-referenced necessary paperwork and disclosures and/or may encounter difficulties in their attempt to sell shares of our common stock, which may affect the ability of selling stockholders or other holders to sell their shares in any secondary market and have the effect of reducing the level of trading activity in any secondary market. These additional sales practice and disclosure requirements could impede the sale of our common stock. In addition, the liquidity for our common stock may decrease, with a corresponding decrease in the price of our common stock. Our common stock, in all probability, will be subject to such penny stock rules for the foreseeable future and our stockholders will, in all likelihood, find it difficult to sell their shares of common stock.

A large number of shares of our common stock could be sold in the market in the near future, which could depress our stock price.

As of March 28, 2019, we had outstanding approximately 204 million shares of common stock. Approximately 94 million of our shares are currently freely trading without restriction under the Securities Act of 1933, and 64 million having been held by their holders for over one year and are eligible for sale under Rule 144(k) of the Securities Act after April 27, 2018, which is one year after the company exited shell company status.

The “de minimis exception” described above was not used for any fees paid to BDO USA, LLP in 2015 and 2014. All fees were pre-approved by our Audit Committee. As of April 11, 2016, we were advised by BDO USA, LLP that neither the firm, nor any member of its firm, had any direct or indirect financial interest in any capacity in our Company. The members of our Audit Committee believe the payment of all fees set forth above did not prohibit BDO USA, LLP from maintaining its independence.

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

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

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

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

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

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

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

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CORPORATE GOVERNANCE

Overview

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

Summary of All Directors and Executive Officers

The following table sets forth certain information regarding our executive officers and directors, including their ages as of April 20, 2016:

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

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

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

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

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

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

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

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

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

Stock Option Plan Committee and the Science and Marketing Committee. His current term as director expires in 2018. A former Assistant U.S. Attorney, from 1968 until his retirement in December 2002, Mr. Gilbert practiced law with the international law firm of Hogan and Hartson L.L.P., now known as Hogan Lovells L.L.P. His legal and business expertise includes international trade, national trade associations, and various areas of consumer products. From 1968 to 1999, Mr. Gilbert served as General Counsel to the Direct Selling Association. Mr. Gilbert was the recipient of the "Hall of Fame Award," which is the Direct Selling Association's highest honor. He also served as General Counsel to the World Federation of Direct Selling Associations and the Tropical Forest Foundation. Mr. Gilbert served in the U.S. Naval Reserve from 1956 to 1992 and was promoted to Rear Admiral (Two Stars), the top ranking officer in the Naval Reserve JAG Corps. During his distinguished military service, Mr. Gilbert received numerous awards, including the "Legion of Merit." He is also a Past National President of the Federal Bar Association. He received a B.A. degree in English from Denison University, in Granville, Ohio and a Juris Doctor from the University of Virginia School of Law, in Charlottesville, Virginia. Mr. Gilbert is a member of the State Bars of Virginia and the District of Columbia and is admitted to practice before the United States Supreme Court.

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Larry A. Jobe has served as a Class I director since January 4, 2006. His current term as director expires in 2018. In February 2007, Mr. Jobe began serving as Chairman of our Audit Committee. Mr. Jobe also serves on the Nominating/Governance and Compliance Committee, Compensation and Stock Option Plan Committee and the Science and Marketing Committee. Mr. Jobe serves as Chairman of Legal Network, Ltd., a firm he founded in 1993 that provides staffing and litigation support to law firms and corporate legal departments. He also currently serves as President and founder of P 1 Resources, LLC, which has provided engineering and light industrial staffing services to the construction industry since 1994. From 1991 to 1994, Mr. Jobe was Chairman and founder of Mitchell Jobe & Company, a provider of professional staffing services for government and industry. He is also a founder and Board Member of Pelton College, a for-profit accredited career school, since October 2005. From 1973 to 1991, he served in various capacities, including as member of the Executive Committee and Chairman of the Strategic Planning Committee with the accounting firm Grant Thornton LLP. In 1969, he was appointed by President Richard Nixon to serve as the Assistant Secretary of Commerce for Administration at the United States Commerce Department. Mr. Jobe previously served as the Chairman of Independent Bank of Texas and Chairman of the Audit Committee for U.S. Home Systems, Inc. In addition, Mr. Jobe served as Chairman of the Audit Committee and a member of the Board of Directors of SWS Group, Inc., a Dallas-based New York Stock Exchange member from July 2005 through December 2014. He is a member of the Board of the Dallas Seminary Foundation. He received a B.B.A. degree in Accounting from the University of North Texas, in Denton, Texas. Mr. Jobe maintained an active Certified Public Accounting (CPA) license from 1962 to 2002 and currently maintains his license on an inactive or retired status.

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

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

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

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

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

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Marlin Ray Robbins co-founded Mannatech and is a high-level independent associate. Mr. Robbins has served as a Class I director since June 2001 and his current term as director expires in 2018. He also serves on the Science and Marketing Committee. From 1992 to 1995, Mr. Robbins served on the Board of Republic Bank/NCNB. Mr. Robbins also served as a member of the Grand Prairie Independent School District Board from 1991 to 1994 and served as its President from 1993 to 1994. Mr. Robbins has over 25 years of experience with various network marketing and direct selling companies. He holds multiple positions in our global associates' incentive network marketing system and is considered an expert regarding issues and critical needs related to building the success of our independent associates. Mr. Robbins has published a book related to his experience as an independent associate entitled *You Can Too*. He also helped to develop our global associate career and compensation plan. Mr. Robbins received a B.S. degree in Biology and Chemistry from Southwest Texas State University, in San Marcos, Texas. Mr. Robbins served in the active United States Army from 1969-1975 and as a helicopter pilot during the Vietnam War from 1971 to 1972. Mr. Robbins continued serving in the Army National Guard until 1983. During his service he was awarded thirteen air medals and the Bronze Star and reached the rank of Major.

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

Robert A. Toth has served as a Class III director since March 2008 and he is the Chairman of the Compensation and Stock Option Plan Committee. He also serves on the Audit Committee, the Nominating/Governance and Compliance Committee, the Associate Compliance Sub-Committee and the Science and Marketing Committee. Mr. Toth was the Co-founder, and until May 2015, was the Chairman of Tatra Spring LLC, a supply chain services company based in Poland and founded in September 2008. He is a director of the Knowtions Company, a performance support systems software firm based in New Jersey. Since 2006, he has worked in venture capital as a private investor focused on new business startups in the technology sector. He has more recently served as a consultant to the direct selling industry. Mr. Toth has over 38 years of direct selling experience. As President of Avon International from 2004 to 2005, his operations included over 120 countries with annual revenues in excess of \$5.5 billion. Mr. Toth began his Avon career in customer service in 1978, then moved to U.S. sales and operations and was promoted to U.S. Director of Sales in 1989. He transitioned to Avon International in 1991 as Director of New Business Development, where he played a lead role in Avon's market entry plan for Russia. He was based in Warsaw from 1993 to 1997 as Avon's President of Central and Eastern Europe, where he established and led Avon Poland. From 1997 to 2004, Mr. Toth was based in London where he held a number of senior management positions including Group Vice President, Eastern Europe, Middle East and Africa (1997-1999), Senior Vice President, Europe, Middle East and Africa (1999-2002) and Executive Vice President for Asia-Pacific, Europe, Middle East and Africa (2002-2003). Mr. Toth graduated from LaSalle University in 1974 with a B.A. in Business Administration and was an officer in the U.S. Marine Corps from 1975 to 1978.

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Director Qualifications

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

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

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

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

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

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

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

Robert A. Toth brings to the Board extensive experience in senior management and as a venture capitalist. Mr. Toth has over 38 years of direct selling experience, principally with Avon Products, Inc. Mr. Toth's considerable experience with international markets makes him a valuable member of the Board, as international expansion has been, and continues to be, an important part of our long-term strategic plan. Having served in various leadership positions of Avon International, Mr. Toth has an in-depth understanding of the direct selling industry.

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Consideration of Director Nominees

Under our Bylaws, the Nominating/Governance and Compliance Committee of our Board of Directors recommends to the Board all candidates for election by our shareholders at each annual meeting of shareholders. Although the Board has not formally established criteria for Board membership, the Board does consider several factors before recommending a candidate for Board membership. These factors include the following:

the experience level, mix of skills and other business qualities a potential nominee may possess;

the general experience and skill levels of current Board members;

the potential nominee's experience with accounting rules and practices;

the verification of background, work, and education of a potential nominee; and

other factors as the Nominating/Governance and Compliance Committee may deem in the best interests of our shareholders.

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

a majority of the Board of Directors are "independent" as defined by NASDAQ and SEC rules;

each of the Audit, Compensation and Stock Option Plan, and Nominating/Governance and Compliance Committees are comprised entirely of independent directors; and

at least one member of the Audit Committee has the experience, education and qualifications necessary to qualify as an "audit committee financial expert" as defined by the SEC.

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

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

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

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

Board Leadership Structure and Role in Risk Oversight

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

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In addition, we believe that the effectiveness of the Board is enhanced by having separate Chairman and CEO positions.

It is management’s responsibility to manage risk and bring to the Board’s attention any material risks facing the Company. The Board, as a whole and through its committees, regularly reviews various areas of significant risk, and advises and directs management on the scope and implementation of policies, strategic initiatives and other actions designed to mitigate various types of risks. Specific examples of risks primarily overseen by the full Board include competition risks, industry risks, economic risks, liquidity risks, business operations risks, regulatory risks and risks posed by significant litigation matters. Our Audit Committee regularly discusses with management and the independent auditors significant financial risk exposures and the processes management has implemented to monitor, control and report such exposures. Specific examples of risks primarily overseen by the Audit Committee include risks related to the preparation of the Company’s financial statements, disclosure controls and procedures, internal controls and procedures required by the Sarbanes-Oxley Act of 2002, accounting, financial and auditing risks, matters reported to the Audit Committee through the internal audit department and through anonymous reporting procedures.

Classes of Our Board of Directors

Seven directors currently serve on the Board, which is divided into three classes serving staggered three-year terms, which expire on the day of our Annual Shareholders’ Meeting. The Board has determined that five of our directors are independent. The members of each of the classes and the expiration dates of their terms as of April 20, 2016, are as follows:

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

*Independent Board Member

(1)Chairman of the Board of Directors

(2)Vice Chairman of the Board of Directors

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

The Board held four regular meetings and four special meetings during 2015. All of our directors attended all of the meetings of the Board and of various committees on which they served. Although we do not have a formal policy regarding attendance by directors at our Annual Shareholders’ Meeting, we encourage and expect all of our directors to attend our Annual Shareholders’ Meeting. All of our directors attended our 2015 Annual Shareholders’ Meeting, which was held on May 28, 2015. It is anticipated that all of our directors will attend our 2016 Annual Shareholders’ Meeting to be held on June 2, 2016.

Director Independence

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

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Committees of Our Board of Directors

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

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

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

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

X Member

C Committee Chairman

⁽¹⁾ Vice Chairman of the Board of Directors

⁽²⁾ Chairman of the Board of Directors

The committees and their functions are as follows:

1. Audit Committee. Our Audit Committee consists of Messrs. Gilbert, Jobe, Schrier and Toth and is chaired by Mr. Jobe. The Board has determined that each member of our Audit Committee meets the independence and financial literacy requirements for purposes of serving on such committee under applicable NASDAQ and SEC rules and that Mr. Jobe qualifies as an "audit committee financial expert" as defined by the SEC. Our Audit Committee is primarily responsible for approving all services provided by our independent registered public accounting firm, reviewing our annual audit results, and meeting with our independent registered public accounting firm to periodically review our internal controls, internal control over financial reporting, and financial management practices. Our Audit Committee's responsibilities are stated more fully in its amended and restated charter, which is posted on our corporate website at <http://ir.mannatech.com>. Our Audit Committee's report appears in this proxy statement on page 40.

2. Compensation and Stock Option Plan Committee. Our Compensation and Stock Option Plan Committee consists of Messrs. Gilbert, Jobe, Schrier and Toth and is chaired by Mr. Toth. The Board has determined that each member of our Compensation and Stock Option Plan Committee meets the independence requirements for purposes of serving on such committee under applicable NASDAQ and SEC rules. None of our executive officers serves as a member of

any board of directors or as a member of any other compensation committee for any other entity that has or has had one or more of their executive officers serving as a member of the Board or on our Compensation and Stock Option Plan Committee. Our Compensation and Stock Option Plan Committee is primarily responsible for establishing all compensation for our executive officers and directors including salaries, bonuses, stock option grants, and stock option plan administration. Our Compensation and Stock Option Plan Committee may ask members of management or others whose advice and counsel are relevant to the issues then being considered by the Committee to attend any meetings and to provide such pertinent information as the Committee may request. Our Compensation and Stock Option Plan Committee's responsibilities are stated more fully in its revised charter, which is posted on our corporate website at <http://ir.mannatech.com>.

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Nominating/Governance, and Compliance Committee. Our Nominating/Governance, and Compliance Committee consists of Messrs. Gilbert, Jobe, and Toth and is chaired by Mr. Gilbert. The Board has determined that each member of the Nominating/Governance, and Compliance Committee meets the independence requirements for purposes of serving on such committee under applicable NASDAQ and SEC rules. Our Nominating/Governance, and Compliance Committee is primarily responsible for reviewing and recommending nominees to the Board, developing plans regarding the size and composition of the Board, developing management succession planning, and establishing and maintaining policies and procedures to handle and investigate complaints, including
3. whistleblower or other confidential complaints. Our Nominating/Governance, and Compliance Committee is also responsible for directing the investigation of complaints including advising the Board about the outcome of any complaints or any other legal matters. For information on criteria for director nominees, see “Consideration of Director Nominees”, beginning on page 16. Our Nominating/Governance and Compliance Committee’s responsibilities are stated more fully in its charter that is posted on our corporate website at www.mannatech.com. For additional information on nominating nominees to the Board see “Shareholder Procedures for Nominating Board Members or Introducing Proposals,” beginning on page 6 of this proxy statement.

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

Science and Marketing Committee. Our Science and Marketing Committee was formed in June 2003 and consists of Messrs. Gilbert, Schrier, Robbins, Jobe, and Toth. On May 27, 2015, the Board elected Mr. Schrier as Chairman of
5. the Science and Marketing Committee. Our Science and Marketing Committee is primarily responsible for overseeing all aspects of our product development and setting the overall direction of our product research and development.

Shareholder Communication with Our Board of Directors

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

Code of Ethics

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

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Compensation of Directors

We compensate our non-employee directors for serving and participating on the Board, for chairing committees, and for attending Board and Board committee meetings. Our Nominating/Governance and Compliance Committee reviews the compensation of our non-employee directors and recommends to the Compensation and Stock Option Plan Committee any changes to director compensation that the Nominating/Governance and Compliance Committee deems appropriate. Our Compensation and Stock Option Plan Committee then reviews such recommendations and after due deliberation and consideration approves any such changes it deems appropriate and recommends them to the Board. The Board then reviews such recommendations and after due deliberation and consideration approves any such changes it deems appropriate. Non-employee director fees during 2015 were as follows:

	Board Member	Audit Committee	Compensation and Stock Option Plan Committee	Nominating/ Governance and Compliance Committee	Associate Compliance Sub- Committee	Science and Marketing Committee
Chairman fee ⁽¹⁾	\$372,910	\$ 20,000	\$ 18,000	\$ 12,500	\$ 5,000	⁽³⁾ \$ 7,500
Vice Chairman fee ⁽⁴⁾	\$100,000	\$ —	\$ —	\$ —	\$ —	\$ —
Independent director retainer ⁽¹⁾	\$40,000	\$ —	\$ —	\$ —	\$ —	\$ —
In-person meeting fee	\$1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Telephonic meeting fee	\$500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Re-elected Board members ⁽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) Chairman fees for the Associate Compliance Sub-Committee began in June 2015.

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

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

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

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

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2015 Director Compensation Table

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

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

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

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

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

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

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

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Directors' Stock Options Outstanding

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

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

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

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

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

Directors’ Stock Ownership Guidelines

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

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Security Ownership of Certain Beneficial Owners and Management

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

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

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

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

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

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

Third Avenue, New York, NY 10022.

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

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

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

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Section 16(a) Beneficial Ownership Reporting Compliance

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

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

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EXECUTIVE COMPENSATION

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

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

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

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

Summary Compensation Table (2014 & 2015)

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

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

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

(2) The amounts reported in this column represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 “Stock Compensation” for option awards granted in 2015 and 2014, respectively.

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

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

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

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

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

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

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

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

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All Other Compensation Table (2014 and 2015)

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

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

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

Executive Employment Agreements

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

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

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

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

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

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

2015 Grants of Plan Based Awards

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

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

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

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Equity Compensation Plan Information

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

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

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

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

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

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

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

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

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

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

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

Non-Equity Incentive Plan

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

2015 Non-Equity Incentive Plan

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

1. Annual Bonus Opportunity

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

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

2015 Income from Operations Targets – Annual Bonus

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

⁽¹⁾ After accrual of Annual Bonus Opportunity

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

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

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

2. First Half Bonus Opportunity

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

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

2015 Income from Operations Targets – First Half Bonus

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

⁽¹⁾ Income from Operations after ratable accrual of Annual Bonus Opportunity.

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

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

3. Quarterly Bonus Opportunity

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

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

2015 Operating Income Targets – Quarterly Bonus

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

* After ratable accrual of Annual Bonus Opportunity.

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

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

4. Regional President Asia

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

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401(k) Plan

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

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2015 Outstanding Equity Awards at Fiscal Year End Table

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

Named Executive Officer	Option Awards				Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$/Sh)	Option Expiration Date	Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Number of shares or units of stock that have not vested (#)	Market value of shares of stock that have not vested (\$)				
Alfredo (Al) Bala										
February 21, 2013		1,667				\$ 5.72	February 21, 2023			
February 20, 2014	1,666	3,333				\$ 19.60	February 20, 2024			
August 26, 2015	1,666	5,000						10,000	\$ 169,500	
Joel R. Bikman										
April 28, 2014	1,666	3,334				\$ 17.10	April 28, 2024			
August 26, 2015		6,000	(1)			\$ 16.95	August 26, 2025			
	1,666	9,334								
Yong Jae (Patrick) Park										
October 28, 2014	1,500	3,000				\$ 14.33	October 28, 2024			
	1,500	3,000								

(1) The options vest in three equal annual installments beginning August 26, 2016.

(2) On August 26, 2015, the Board granted Al Bala 10,000 shares at \$16.95 per share of restricted stock that vest as follows: 2,500 on 8/26/2016, 2,500 on 8/26/2017, 2,500 on 8/26/2018, and 2,500 on 8/26/2019

Retirement Benefits and Non-Qualified Deferred Compensation

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

Option Exercises and Stock Vested

The following table sets forth certain information concerning the exercise of stock options held by our Named Executive officers during 2015:

Named Executive Officer	Number of Shares Acquired on Exercise	Value Realized on Exercise ⁽¹⁾
Robert A. Sinnott, Ph.D. ⁽²⁾	1,667	\$ 21,971
Alfredo (Al) Bala	1,667	\$ 24,472
Yong Jae (Patrick) Park		\$
Joel Bikman		\$

(1) Value realized is calculated by multiplying the number of shares acquired by the difference between the market price on the date of exercise and the exercise price of the option.

(2) Dr. Sinnott left the Company on August 11, 2015.

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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. In addition, the 2008 Plan provides that upon termination of employment for cause, all outstanding options, whether vested or unvested, will immediately be forfeited. If employment is terminated for any other reason, the executive officer may, for a limited time period, exercise those options that were exercisable immediately prior to his or her termination of employment. For purposes of the 2008 Plan, the term “cause” will be the same as defined in an executive’s employment agreement and absent such agreement, the term “cause” means (i) the commission of a felony or crime involving moral turpitude or other act of willful malfeasance or material fiduciary breach, (ii) conduct tending to bring the Company into substantial public disgrace, or disrepute, (iii) gross negligence or willful misconduct with respect to the Company or (iv) a material violation of state or federal securities laws. Under the 2008 Plan, a “change of control” means (a) the sale of substantially all of the properties or assets of the Company, (b) a change in the Board resulting in the current directors (along with any directors nominated for election or appointed by at least 2/3 vote of the directors) ceasing to comprise at least a majority of the Board, (c) the liquidation or dissolution of the Company, or (d) the acquisition of beneficial ownership of more than 50% of the voting power of the Company. 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, 2015:

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

Dr. Sinnott’s employment with the company ended August 11, 2015. Under the terms of his employment agreement in effect prior to the termination of his employment, if Dr. Sinnott resigned for good reason or we terminated Dr. Sinnott without cause or due to disability, he would have continued to receive his base salary for twelve months from the termination date in addition to the following payments and benefits for which Dr. Sinnott would be entitled if his employment were terminated for cause, due to his resignation without good reason, or due to his death: (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 and Dr. Sinnott’s options, a termination for “cause” would mean (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” would mean 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, 2014, Dr. Sinnott’s annual base salary was \$390,000. Dr. Sinnott’s employment agreement would have renewed automatically for a one-year period on October 4 of each year if not otherwise terminated pursuant to its terms.

Alfredo (Al) Bala – President:

Under the terms of his employment agreement, if Mr. Bala resigns for good reason or we terminate Mr. Bala without cause or due to disability, he will continue to receive his base salary through the end of the agreement term or for a period of twelve months from his last day of employment, whichever is longer. Notwithstanding the statement above, if Mr. Bala'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 agreement, a termination for "cause" means (A) we have determined that Mr. Bala has neglected, failed, or refused to render the services or to perform any other of his duties or obligations under the agreement, (B) Mr. Bala's violation of any provision or obligation under the agreement, (C) Mr. Bala's indictment for, or plea of no contest with respect to, any crime that adversely affects the utility of his services to us, or (D) any other act or omission of Mr. Bala involving fraud, theft, dishonesty, disloyalty, or illegality that harms or embarrasses us. The agreement defines a resignation for "good reason" as (W) any denial of compensation due and owing to Mr. Bala under the agreement, (X) any requirement that Mr. Bala be based anywhere other than Dallas County, Texas, except for travel incident to our business, (Y) our demotion of Mr. Bala in title or pay, or our removal of a material portion of Mr. Bala's significant duties or responsibilities without Mr. Bala's consent, or (Z) our material breach of the agreement. For purposes of the agreement, the term "disability" means Mr. Bala becomes incapacitated by accident, sickness, or other circumstances that, in the reasonable judgment of the Board renders or is expected to render Mr. Bala 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, 2015, Mr. Bala's annual base salary was \$400,000. Mr. Bala's employment agreement will renew automatically for a one year period on September 30 of each year unless terminated pursuant to its terms.

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The following table shows the potential payments upon termination of Mr. Bala's employment under the circumstances described above or the occurrence of a change in control assuming such termination or change in control occurred on December 31, 2015.

Termination Event	Cash Severance	Acceleration of Equity Awards	Total Termination Payments
Termination With Cause	\$	\$	\$
Termination Without Cause	\$ 400,000	\$	\$ 400,000
Resignation for Good Reason	\$ 400,000	\$	\$ 400,000
Resignation without Good Reason	\$	\$	\$
Disability	\$ 400,000	\$	\$ 400,000
Death	\$	\$	\$
Non-Renewal of his Employment Agreement	\$	\$	\$
Change in Control	\$	\$46,793	(1) \$ 46,793

(1) Amount reflects 5,001 unvested stock options calculated using the difference between the exercise price of the options and the closing price of our common stock of \$24.33 on December 31, 2015.

Yong Jae (Patrick) Park – Regional President Asia:

Under the terms of his employment agreement with Mannatech Korea, Ltd., a subsidiary of the Company, Mr. Park shall receive an end of service payment, regardless of the reason for termination of employment, which will accrue at the rate of forty-five days base salary for each consecutive year of service. Either party may terminate the agreement at any time by giving thirty days advance notice to the other party. The Company may terminate the agreement without notice if Mr. Park materially breaches his duties as set forth in the agreement or in the Company's regulations or, in the absence of such breach, if the Company pays Mr. Park thirty days base salary in lieu of such advance notice. As of December 31, 2015, Mr. Park's annual base salary was 330,000,000 KRW. Mr. Park's employment agreement will renew automatically for a one-year period on September 30 of each year unless terminated pursuant to its terms.

The following table shows the potential payments upon termination of Mr. Park's employment under the circumstances described above or the occurrence of a change in control assuming such termination or change in control occurred on December 31, 2015.

Termination Event	Cash Severance (1)	Acceleration of Equity Awards	Total Termination Payments
Termination With Cause	\$ 210,822	\$	\$ 210,822
Termination Without Cause	\$ 210,822	\$	\$ 210,822
Resignation for Good Reason	\$ 210,822	\$	\$ 210,822
Resignation without Good Reason	\$ 210,822	\$	\$ 210,822
Non-Renewal of his Employment Agreement	\$ 210,822	\$	\$ 210,822
Change in Control	\$	\$ 30,000	(2) \$ 30,000

(1) All amounts translated from 194,010,000 using an exchange rate of 1,053 per \$1.

(2) Amount reflects 3,000 unvested stock options calculated using the difference between the exercise price of the options and the closing price of our common stock of \$24.33 on December 31, 2015.

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Named Executive Officers Stock Ownership Guidelines

We do not have stock ownership guidelines for our Named Executive Officers.

\$1 Million Pay Deductibility Cap

Under Section 162(m) of the Code (as interpreted by IRS Notice 2007- 49), public companies are precluded from receiving a tax deduction on compensation paid to their chief executive officer and the three most highly compensated officers of the company (other than the chief executive officer and the chief financial officer) if such officer's compensation exceeds \$1 million, unless the compensation is excluded from the \$1 million limit as a result of being classified as performance-based compensation. Currently, our executive officers' cash compensation levels have not exceeded the \$1 million limit, and our stock option grants qualify as performance-based compensation under Section 162(m). Nonetheless, we annually review all of our executive officers' compensation in an effort to comply with Section 162(m).

Compensation and Stock Option Plan Committee Interlocks and Insider Participation

Messrs. Jobe, Gilbert, Schrier, and Toth served during 2015 and currently serve on our Compensation and Stock Option Plan Committee. None of these individuals is or has been an officer or employee of ours. None of our executive officers is a member of any other company's board of directors, or serves as a member of any other company's compensation committee that has or has had one or more executive officers serving as a member of the Board or our Compensation and Stock Option Plan Committee.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Transactions involving M5M Foundation

For the year ended December 31, 2014, the Company made cash donations of less than \$0.1 million. For the year ended December 31, 2015, the Company made cash donations of \$0.9 million, \$0.5 million of which was accrued at December 31, 2014, to the M5M Foundation, a 501(c)(3) charitable organization that works to combat the epidemic of childhood malnutrition on a global scale. Several of the Company's directors and officers and their family members serve on the board of the M5M Foundation, including:

- Alfredo Bala, the Company's CEO and President;
- Christopher Simons, the Company's Regional Vice President EMEA/North America;
- Landen Fredrick, the Company's Senior Vice President, Supply Chain and IT and the son of J. Stanley Fredrick, the Company's Chairman of the Board and a major shareholder; and
- Lorrie Fry, the daughter of Larry Jobe (a member of our Board).

Transactions involving J. Stanley Fredrick

For the years ended December 31, 2015 and 2014, we paid employment compensation of approximately \$251,000 and \$218,000, respectively, in salary, bonus, auto allowance, and other compensation to Landen Fredrick, son of J. Stanley Fredrick, the Company's Chairman of the Board and a major shareholder. From January 1 through April 9, 2016, we paid employment compensation of approximately \$116,000 in salary, bonus, auto allowance, and other compensation to Landen. In addition, Landen Fredrick participated in the employee health care benefit plans available to all employees of the Company. Landen Fredrick has served as Senior Vice President, Supply Chain and IT since August of 2015. Prior to that, Mr. Fredrick served as Vice President, Global Operations since May of 2013 as Vice President, North American Sales and Operations since January of 2011, as Vice President, North American Sales since February of 2010 and as Senior Director of Tools and Training since his hire in May of 2006. Landen Fredrick also serves on the Board of the M5M Foundation.

Transactions involving Marlin Ray Robbins

Mr. Marlin Ray Robbins is a member of the Company's Board of Directors and a major shareholder. Mr. Robbins holds multiple positions in the Company's associate global downline network marketing system. In addition, several of Mr. Robbins' family members are independent associates. The Company pays commissions and incentives to its independent associates and during 2015 and 2014, the Company paid aggregate commissions and incentives to Mr. Robbins and his family of approximately \$3.2 million and \$2.9 million, respectively. During the first quarter of 2016, the Company paid aggregate commissions and incentives to Mr. Robbins and his family of \$0.7 million. The aggregate amount of commission and incentives paid to Mr. Robbins was approximately \$2.9 million and \$2.6 million in 2015 and 2014, respectively. The aggregate amount of commission and incentives paid to family members was approximately \$0.3 million in each of 2015 and 2014, of which \$0.2 million was paid each year to his son, Kevin Robbins, and \$0.1 million was paid each year to his daughter, Marla Finley, and daughter-in-law, Demra Robbins, who both share an account. For the first quarter 2016, the aggregate amount of commission and incentives paid to Mr. Robbins was approximately \$0.6 million, and commissions and incentives paid to his family members were approximately \$0.1 million. All commissions and incentives paid to Mr. Robbins and his family members are in accordance with the Company's global associate career and compensation plan. The Company has also contracted with a software development firm owned by Ryan Robbins, the son of Mr. Ray Robbins. The value of services performed during 2015 were less than \$0.1 million.

Transactions involving Alfredo (Al) Bala

Johanna Bala, the wife of Alfredo (Al) Bala, the Company's CEO and President, is an independent associate who earns commissions and incentives in accordance with the Company's global associate career and compensation plan. The aggregate amount of commission and incentives paid to Johanna Bala was approximately \$0.2 million in each of 2015 and 2014. During the first quarter of 2016, the aggregate amount of commissions and incentives paid to Johanna Bala was less than \$0.1 million.

Transactions involving Samuel Caster

Mr. Samuel Caster is the Company's founder and former Chairman of the Board. Prior to January 2014, Mr. Caster's beneficial ownership of the Company was approximately 18%, but in January 2014 fell below 5%.

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Mr. Caster founded MannaRelief in 1999 and served as its Chairman from 1999 through August 2007. MannaRelief employs William A. Mullens, Mr. Caster’s brother-in-law, as its Executive Director. Mr. Caster’s wife, Linda Caster, serves as MannaRelief’s Chairman of the Board. MannaRelief is a 501(c)(3) charitable organization that provides charitable services for children. MannaRelief is not owned or operated by the Company. The Company discontinued supporting MannaRelief in the second quarter of 2014.

Historically, the Company made cash donations to MannaRelief, sold products to MannaRelief at cost plus shipping and handling charges, and shipped products purchased by MannaRelief to its chosen recipients.

The Company made cash donations and sold products to MannaRelief as follows:

	2015	2014
Sold Products	\$—million	\$0.3million
Contributed Cash Donations	\$—million	\$0.3million

Beginning on December 1, 2011, the Company entered into a series of successive Consulting Agreements with WonderEnterprises, LLC (f/k/a Salinda Enterprises, LLC; hereinafter “Wonder”), where the Company paid Wonder for consulting services performed by Mr. Caster plus reimbursable expenses. Mr. Caster is the owner and an employee of Wonder. For the year ended December 31, 2014, Mr. Caster received \$0.1 million for consulting services under these Consulting Agreements. Pursuant to the termination of the final Consulting Agreement according to its terms on February 28, 2014, Mr. Caster is no longer serving as a consultant for the Company.

Review and Approval of Related Party Transactions

Our Audit Committee reviews all relationships and transactions, including relationships and transactions with our directors, director nominees, executive officers and their immediate family members, as well as holders known by us to own more than 5% of any class of our voting securities and their family members, who have a direct or indirect material interest. Although the Board does not have a formal policy with respect to related party transactions, in approving or rejecting such proposed transactions, our Audit Committee considers the nature of the related party transaction, the amount and material terms of the transaction, whether the transaction is on terms no less favorable to Mannatech than terms generally available in a similar transaction with an unaffiliated third party, whether the transaction would impair the judgment of a director or executive officer to act in the best interest of Mannatech, and other facts and circumstances available and deemed relevant to our Audit Committee.

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REPORT OF THE AUDIT COMMITTEE

Our purpose is to assist the Board in overseeing its financial reporting, internal controls, and audit functions. Larry A. Jobe has been the Audit Committee's Chairman since February 2007 and is designated by the Board as the financial expert of our Audit Committee. Other members include Messrs. Gerald E. Gilbert, Eric W. Schrier and Robert A. Toth. The Board has determined that each of the Audit Committee's members meet the independence and financial literacy requirements for purposes of serving on such committee under applicable rules of NASDAQ and the SEC. We operate under a written charter adopted by the Board. We review and address the adequacy of our charter on an annual basis. See our Fifth Amended and Restated Charter of the Audit Committee, which is posted on the Company's corporate website at <http://ir.mannatech.com>.

We are responsible for reviewing the Company's consolidated financial statements, its systems of internal controls, and internal control over financial reporting. The Company's independent registered public accounting firm is responsible for auditing our consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). Our activities are in no way designed to supersede or alter our responsibilities or the responsibilities of the Company's independent registered public accounting firm. We assist the Board in fulfilling its responsibilities for oversight of the quality and integrity of the Company's accounting, auditing, and reporting practices, and such other duties as directed by the Board. Our role does not provide any special assurances with regard to the Company's consolidated financial statements, nor does it involve a professional evaluation of the quality of audits performed by the Company's independent registered public accounting firm. We strengthened our ability to assist the Board of Directors, and formed a subcommittee called the Disclosure Committee. The Disclosure Committee is comprised of high level employees and officers who report to us and the Company's Chief Executive Officer and Chief Accounting Officer. The Disclosure Committee is responsible for reviewing all of the Company's filings with the SEC. We have furnished the Board with the following report:

We have reviewed and discussed with the Company's management their consolidated audited financial statements as of and for the year ended December 31, 2015, and the certification process required by the Sarbanes-Oxley Act of 2002. The Company has represented to us that its consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. We have also discussed the following with BDO USA, LLP, the Company's independent registered public accounting firm: (i) the auditor's responsibilities, (ii) any significant issues arising during the audit, and (iii) other matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees." We received the written disclosures from BDO USA, LLP required by Rule 3520 of the PCAOB. We have discussed with the Company's independent registered public accounting firm the accounting firm's independence from Company management. In addition, we have discussed the adequacy of the Company's internal control over financial reporting with the Company's independent registered public accounting firm and its management.

Based on the review and discussions referred to above, we recommended to the Board and the Board subsequently approved, that the Company's year-end audited consolidated financial statements be included in the Company's 2015 Annual Report on its Form 10-K for the year ended December 31, 2015 for filing with the SEC.

The Audit Committee

Larry A. Jobe, Chairman
Gerald E. Gilbert
Eric W. Schrier
Robert A. Toth

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OTHER MATTERS

The Board does not know of any other matters that are to be presented for action at the 2016 Annual Shareholders' Meeting. However, if any other matters properly come before us at the 2016 Annual Shareholders' Meeting or any adjournments or postponements thereof, it is intended that the enclosed proxy will be voted in accordance with the judgment of the persons voting the proxy.

ADDITIONAL INFORMATION AVAILABLE

ACCOMPANYING THIS PROXY STATEMENT IS A COPY OF OUR 2015 ANNUAL SHAREHOLDERS' REPORT, WHICH INCLUDES CERTAIN INFORMATION THAT WAS CONTAINED IN OUR ANNUAL REPORT ON FORM 10-K. OUR ANNUAL SHAREHOLDERS' REPORT AND FORM 10-K CAN BE VIEWED ON OUR CORPORATE WEBSITE AT WWW.MANNATECH.COM OR UPON WRITTEN REQUEST BY ANY SHAREHOLDER.

FORWARD-LOOKING STATEMENTS

Certain disclosures and analysis in this proxy statement may include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to certain events, risks, and uncertainties that may be outside our control. Forward-looking statements generally can be identified by use of phrases or terminology such as "may," "will," "should," "could," "would," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "projects," "potential," or "continue" or the negative of such terms and other comparable terminology. Similarly, descriptions of our objectives, strategies, plans, goals, targets, or other statements other than statements of historical fact contained herein are also considered forward-looking statements. All of these statements are based on assumptions that are subject to change and other risks. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Certain risks and uncertainties inherent in our business are set forth in our filings with the SEC. Estimates of future financial or operating performance provided by us are based on existing market conditions and information available at this time. Actual financial and operating performance may be higher or lower. Future performance is dependent upon many factors, including the success of our international operations, our ability to attract and retain associates, changes in laws and governmental regulations and changes in market conditions. All subsequent written and oral forward-looking statements attributable to us or to individuals acting on our behalf are expressly qualified in their entirety by this paragraph.

By order of our Board of Directors,

J. Stanley Fredrick
Chairman of the Board of Directors

Dated: April 20, 2016

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Appendix A

MANNATECH, INCORPORATED

FREQUENTLY ASKED QUESTIONS

Our Board of Directors (the “Board”) urges all shareholders to read all of the information included in the proxy materials provided to them. As a courtesy, the Board is providing each shareholder with the following list of frequently asked questions in hopes of eliminating some of the more commonly asked questions and keeping our shareholders informed of the various policies and procedures that must be followed for the 2016 Annual Shareholders’ Meeting.

1. Why did I receive a Notice of Internet Availability of Proxy Materials this year instead of a paper copy of the proxy materials?

Pursuant to rules promulgated by the SEC, we are providing access to our proxy materials 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 our proxy materials over the Internet, as well as instructions on how to request a paper copy of our proxy materials by mail.

2. Why didn’t I receive a Notice of Internet Availability of Proxy Materials?

We are providing some of our shareholders, including those who have previously requested to receive paper copies of the proxy materials, with paper copies of the proxy materials instead of the Notice of Internet Availability of Proxy Materials. In addition, we are providing the Notice of Internet Availability of Proxy Materials by e-mail to those shareholders who have previously elected delivery of the proxy materials electronically. Those shareholders should have received an e-mail containing a link to the website where materials are available.

If you received a paper copy of the proxy materials, you may elect to receive future proxy materials electronically by following the instructions on your proxy card or voting instruction form. Choosing to receive your future proxy materials by e-mail will help us conserve natural resources and reduce the costs of printing and distributing our proxy materials.

3. How can I access the proxy materials over the Internet?

Your Notice of Internet Availability of Proxy Materials or proxy card will contain instructions on how to view our proxy materials for the 2016 Annual Shareholders’ Meeting on the Internet. Our proxy materials are also available on our company website at <http://www.mannatech.com>.

4. What is the difference between a proxy-voting card and a ballot?

A proxy-voting card is mailed to a shareholder. The proxy-voting card gives specific instructions on how to cast a vote prior to our 2016 Annual Shareholders’ Meeting by mail, telephone, or the Internet. The instructions on the proxy-voting card are different depending on whether the shareholder owns shares directly or through a broker. Shareholders should read and follow all of the instructions in their packets to ensure their votes are counted. Ballots will be handed out at the 2016 Annual Shareholders’ Meeting to shareholders of record who own shares on the close of business on April 11, 2016 and to beneficial owners who own shares on the close of business on April 11, 2016 that have obtained a legal proxy from their broker of record.

5. What shares owned by a shareholder can be voted either by proxy or at the 2016 Annual Shareholders’ Meeting?

All shares owned directly by a shareholder of record or indirectly as a beneficial owner as of the record date, April 11, 2016, may be voted by the shareholder prior to the meeting by telephone or through the Internet, or by returning a proxy card, without having to attend the shareholder meeting in person. At the 2016 Annual Shareholders' Meeting, shares may be voted using a ballot by (i) shareholders of record who are verified with a valid form of identification and (ii) beneficial owners who are verified with a power of attorney from the broker of record giving them authority to vote at the meeting. If a shareholder does not have this information from his or her broker, our Inspector of Elections will not be able to count such shareholder's vote because the broker may have already cast a vote on such shareholder's behalf. We strongly recommend that a shareholder read the instructions on the Notice of Internet Availability of Proxy Materials or on the proxy-voting card received by the shareholder or provided by the shareholder's broker prior to the 2016 Annual Shareholders' Meeting to understand how to cast a vote at the meeting. A shareholder's broker can usually mail or fax a shareholder any necessary paperwork prior to the meeting.

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6. What is the difference between direct ownership and beneficial ownership?

A shareholder has **DIRECT OWNERSHIP** over its shares if such shareholder is a holder of record of our common stock, meaning the shareholder either holds stock certificates in the shareholder's own name or holds book-entry shares registered in the shareholder's own name. This is evidenced by the shareholder's receipt of all mailings directly from either our transfer agent, Computershare, or us. A shareholder has **BENEFICIAL OWNERSHIP** over its shares if such shareholder has delivered its stock certificates to a broker or purchased shares through a broker and receives all of our mailings either from a broker or through a solicitor, which is usually Broadridge Financial Solutions, Inc. As a beneficial owner, the shareholder still owns the shares, but our transfer agent does not have individual shareholders' names from the brokers. The only information our transfer agent has is the aggregate total number of shares each broker of record holds on behalf of its clients.

7. How is voting different for direct holders versus beneficial owners?

Our transfer agent has the names of the shareholders who directly hold shares of our common stock, but it does not have any detailed information (such as the individual names or number of shares held) concerning shareholders who own shares through brokers. Only the individual brokers have the detailed information about each shareholder's beneficial ownership. Each brokerage group is responsible for reporting its clients' votes to our transfer agent and for providing all mailings to our shareholders who own stock through their brokerage firm. Each brokerage group also has its own set of instructions on how to cast a vote with such brokerage firm.

8. What does it mean if I received more than one set of materials?

This means your shares are registered with different names. For example, you may own some shares directly as a "holder of record" and other shares through a broker in "street name," or you may own shares through more than one broker. In these situations, you may receive multiple sets of proxy materials. It is necessary for you either to attend in person (please note, however, that if a broker or other nominee holds your shares of record and you wish to vote at the meeting, you must obtain from that registered holder a proxy card issued in your name), follow the instructions to vote your shares by telephone or through the Internet provided in the Notice of Internet Availability of Proxy Materials or return a signed, dated and marked proxy card if you received a paper copy of the proxy card. If you vote by mail, make sure you return each proxy card in the return envelope that accompanied that proxy card.

9. Can I change my proxy vote?

Both direct shareholders and beneficial shareholders can revoke a proxy-vote prior to commencement of the 2016 Annual Shareholders' Meeting. Attendance at the 2016 Annual Shareholders' Meeting will not in itself constitute a revocation of a shareholder's proxy-vote. Generally, shareholders may revoke their proxy-vote by submitting a new proxy-vote with a later date or by voting in person at our 2016 Annual Shareholders' Meeting. Shareholders should call the telephone number listed within the shareholder information packets to obtain specific instructions on how to revoke their proxy-vote. Specific instructions on how to revoke a proxy-vote may be different depending on whether a shareholder is a direct shareholder of record or a beneficial shareholder.

Each set of instructions should include the shareholder's account number and the solicitor's telephone number and email address. Our Inspector of Elections will only count the verified proxy-votes received from each shareholder and brokerage firm with the latest date. Each share of our common stock represents one vote. Shareholders should call the telephone number provided to them in their shareholder information packets if they are unsure or have any questions. Telephone numbers may be different depending on whether a shareholder is a direct shareholder of record or a beneficial shareholder. The telephone numbers may also be different if a shareholder holds shares at different brokerage firms.

10. How can I attend the 2016 Annual Shareholders' Meeting?

The 2016 Annual Shareholders' Meeting will be held on June 2, 2016 at 9:00 a.m., Central Daylight Time, at the Grapevine Convention Center in Grapevine, Texas. Shareholders will be admitted upon check-in. No cameras or recording equipment will be permitted in the meeting room.

11. Where can I find the voting results of the 2016 Annual Shareholders' Meeting?

We will announce preliminary voting results of the 2016 Annual Shareholders' Meeting in a press release issued on or about June 2, 2016, and will publish final voting results on Form 8-K, which is expected to be filed with the Securities and Exchange Commission ("SEC") on or before June 8, 2016.

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12. Can I have someone else cast a vote for me at the 2016 Annual Shareholders' Meeting?

In order to have someone else cast your vote at the meeting, you must provide the person with whom you would like to cast your vote a power of attorney form. This person is called a shareholder designee ("designee"). A valid power of attorney form must be notarized and contain the following:

- the date;
- the full name of the designee;
- the number of shares you hold and to be voted by the designee;
- the nature and extent of the authority granted to the designee;
- the expiration date that terminates the designee's rights to cast your vote on your behalf; and
- your signature.

The original power of attorney form must be attached to the ballot that is turned in at the meeting by the designee. If you are a beneficial owner, you must also provide the proper documentation from your broker of record to the designee, which would allow you to vote and attend the meeting. The designee should then attach all of the original form(s) to the ballot to be turned in at the 2016 Annual Shareholders' Meeting.

The designee must complete a separate ballot and attach the original power of attorney form and/or the proper documentation from the broker (only if the shares are held through a broker) and must sign each ballot as your designee.

13. How can I vote against some or all of the nominees for the Board?

To vote against some or all of our Board nominees, you should check the "WITHHOLD ALL" or the "FOR ALL EXCEPT" boxes next to the name of each of the applicable nominees on the proxy-voting card or ballot.

14. How can I write-in a nominee for the Board?

You CANNOT write-in additional Board nominees on your proxy-voting card when voting by mail, telephone, or the Internet. You may ONLY write-in the names of additional nominees for whom you wish to vote in person on the ballot at the 2016 Annual Shareholders' Meeting.

To write-in a nominee on the ballot at the 2016 Annual Shareholders' Meeting, you should check the "WITHHOLD ALL" or "FOR ALL EXCEPT" box and identify the nominees for which you desire to vote against. You should then write-in your nominee(s) in the blank provided. You may only write-in as many nominees as you voted against. For example, if there were a total of two nominees listed on the ballot and you withheld a vote for one of the two nominees, one additional nominee may be written in.

15. How can I recommend that a person be listed on the ballot as a nominee for the Board?

Shareholder recommendations for nominee(s) for the Board should have been submitted to our General Counsel by December 31, 2015, in order for the Board to have considered such persons for nomination at the 2016 Annual Shareholders' Meeting. Nominee recommendations should include a candidate's name, age, biographical information, and qualifications. Upon receipt, our General Counsel forwards the list of nominees to our Nominating/Governance and Compliance Committee. Our Nominating/Governance and Compliance Committee reviews all of the nominees and recommends a list of nominees to the Board. The Board then votes on the nominees. Only the nominees approved by the Board will be listed on our ballot, proxy-voting card, and in our proxy statement on Schedule 14A. To submit recommendations for a nominee to the Board at the 2017 Annual Shareholder Meeting, a shareholder should submit in writing the nominees information to our General Counsel by December 31, 2016. The nomination should be either

faxed to (972) 471-7342 or mailed to our General Counsel at Mannatech, Incorporated, 600 S. Royal Lane, Suite 200, Coppell, Texas 75019.

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16. How are the votes counted?

Our Inspector of Elections will be responsible for tabulating all of the votes for the 2016 Annual Shareholders' Meeting. The presence, in person or by proxy-vote, of the holders of at least a majority of shares of our common stock outstanding, as of the record date, is necessary to have a quorum for the 2016 Annual Shareholders' Meeting. "ABSTAIN" votes and "broker non-votes" will be counted as present for purposes of determining a quorum. 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.

In tabulating the votes, if a proxy-vote or ballot is signed by the shareholder but submitted without providing specific voting instructions, the shareholder's vote will be counted as a vote "FOR" each of the proposals. 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).

For Proposal 1 (Election of Directors) — If 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 all nominees. Votes marked "WITHHOLD ALL" will be counted against all 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 "WITHHOLD ALL" or "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 up to one additional name for nominees to the Board.

For Proposal 2 (Ratification of Auditors) — If a quorum is obtained, and a majority of the shares represented, in person or by proxy, at the 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 ended 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.

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.

17. What should I do if I never received my proxy materials or if the proxy materials have been lost?

You should contact your broker's customer service department. The broker should verify that you were a shareholder on the close of business on April 11, 2016 and give you specific instructions on how to obtain new proxy materials and cast a vote. Anyone can view our 2016 proxy statement by logging onto our corporate website, www.mannatech.com

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VOTE BY INTERNET - www.proxyvote.com Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on June 1, 2016. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS If you would like to reduce the costs incurred by Mannatech, Incorporated in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years. VOTE BY PHONE - 1-800-690-6903 Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on June 1, 2016. Have your proxy card in hand when you call and then follow the instructions. VOTE BY MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. KEEP THIS PORTION FOR YOUR RECORDS DETACH AND RETURN THIS PORTION ONLY The Board of Directors recommends you vote FOR the following: For Withhold For All All All Except To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below. 0 0 0 1. Election of Directors Nominees 01 J. Stanley Fredrick 02 Eric W. Schrier The Board of Directors recommends you vote FOR proposals 2. and 3.. For Against Abstain 2. To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm, for the year ending December 31, 2016. 3. To approve on an advisory basis executive compensation ("Say-on-Pay"). 0 0 0 0 0 0 NOTE: The shares represented by this proxy, when properly executed, will be voted in the manner directed herein by the undersigned Shareholder(s). If no direction is made, this proxy will be voted FOR proposals 1, 2 and 3. If any other matters properly come before the meeting, or if cumulative voting is required, the person named in this proxy will vote in his discretion. Please indicate if you plan to attend this meeting Yes No 0 0 Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer. Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date 0000283240_1 R1.0.1.25

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Proxy Statement, Annual Report is/are available at www.proxyvote.com MANNATECH, INCORPORATED THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS ANNUAL MEETING OF SHAREHOLDERS June 2, 2016 The shareholder(s) hereby appoint(s) Gerald E. Gilbert as proxy, with the power to appoint his substitute, and hereby authorize(s) him to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Mannatech, Incorporated that the shareholder(s) is/are entitled to vote at the Annual Meeting of Shareholders to be held at 9:00 a.m., Central Daylight Time, on Thursday, June 2, 2016, at the Grapevine Convention Center, and any adjournment or postponement thereof. THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE SHAREHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED "FOR" PROPOSALS 1, 2 AND 3. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE (Continued and to be signed on reverse side) 0000283240_2 R1.0.1.25
