

MANNATECH INC  
Form DEF 14A  
April 23, 2003  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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**Mannatech, Incorporated**

(Name of Registrant as Specified In Its Charter)

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

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April 28, 2003

To Our Shareholders:

We are pleased to invite you to attend Mannatech's 2003 annual shareholders' meeting to be held Monday, June 2, 2003, at 10:00 a.m. Central Daylight Time, at the Grapevine Convention Center located at 1209 South Main Street, Grapevine, Texas. We have enclosed with this letter:

an official notice of our 2003 annual shareholders' meeting;

a pamphlet with frequently asked questions about our annual shareholders' meeting;

a proxy statement that describes the matters to be considered and acted upon at our 2003 annual shareholders' meeting;

our 2002 annual shareholders' report; and

a proxy-voting card that will instruct you on how to cast your vote. **Please carefully review the enclosed voting instructions, as they may be different depending on whether you have direct or beneficial ownership of your shares.**

**REMEMBER** your vote is important to us, regardless of the number of shares that you hold. Whether or not you plan to attend our annual shareholders' meeting, we urge you to cast your vote, prior to the meeting, on the Internet, by telephone, or by signing and returning the enclosed proxy-voting card in the postage-paid envelope.

Thank you for your ongoing support of, and continued interest in, Mannatech, Incorporated. We look forward to seeing you at our annual shareholders' meeting.

Sincerely,

Samuel L. Caster

Chairman of the Board and Chief Executive Officer

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**Notice of 2003**

**Annual Shareholders Meeting**

**and Proxy Statement**

Monday, June 2, 2003

at 10:00 a.m. Central Daylight Time

Grapevine Convention Center

1209 South Main Street

Grapevine, Texas

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**MANNATECH, INCORPORATED**  
**NOTICE OF 2003 ANNUAL SHAREHOLDERS MEETING**  
**TO BE HELD ON JUNE 2, 2003**

To Our Shareholders:

The 2003 annual shareholders meeting of Mannatech, Incorporated will be held at the Grapevine Convention Center, located at 1209 South Main Street, Grapevine, Texas, on Monday, June 2, 2003, at 10:00 a.m. Central Daylight Time, for the following purposes:

Proposal 1 To elect Mr. Gerald E. Gilbert as a Class I Director and to re-elect Mr. Marlin Ray Robbins as a Class I Director.

Proposal 2 To ratify the appointment of PricewaterhouseCoopers LLP as Mannatech's independent accountants for the year ending December 31, 2003.

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

The close of business on April 8, 2003 has been fixed as the record date for the determination of shareholders entitled to receive notice of and to vote at our 2003 annual shareholders meeting or any adjournment(s) thereof.

By order of our Board of Directors

Samuel L. Caster

Chairman of the Board and Chief Executive Officer

Coppell, Texas

April 28, 2003

**IMPORTANT**

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Whether or not you expect to attend our 2003 annual shareholders meeting, we strongly urge you to cast your vote on the Internet, by telephone, or by mailing in your proxy-voting card prior to our meeting to help ensure the presence of a quorum for our meeting and to save the expense and extra work of additional solicitation. If you vote by telephone or the Internet you **DO NOT** need to mail your proxy-voting card. Proxy voting by any method prior to the meeting will not prevent you from attending our 2003 annual shareholders meeting or revoking your vote and voting at our 2003 annual shareholders meeting.

**We urge you to please read all of the instructions in your proxy information packet as the instructions, Internet addresses, telephone numbers, and mailing addresses are DIFFERENT depending on whether you have direct or beneficial ownership of your shares.** To cast your vote using the proxy-voting card, simply complete the enclosed proxy-voting card, sign, date, and return the card in the pre-addressed envelope contained in your proxy information packet. To vote your shares other than by sending in your proxy-voting card you must use the control number printed in the box on your proxy-voting card. The control number on your proxy card is your personal code to access the telephone and Internet voting systems.

1. To vote using the Internet, log onto the website designated on your proxy-voting card and follow the instructions.
2. To vote using a touch-tone telephone, call the telephone number on your proxy-voting card and follow the instructions.

For your added convenience, we have set up a toll-free telephone number with Equiserve, our voting tabulation service, to answer any questions you may have. The toll-free telephone number is 866-546-5549.

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**MANNATECH, INCORPORATED**

**600 South Royal Lane, Suite 200**

**Coppell, Texas 75019**

**PROXY STATEMENT FOR OUR 2003 ANNUAL SHAREHOLDERS MEETING**

**TO BE HELD ON JUNE 2, 2003**

***General Information***

The Board of Directors of Mannatech, Incorporated, a Texas corporation, is soliciting the enclosed proxy for use at its 2003 Annual Shareholders Meeting to be held on June 2, 2003 at 10:00 a.m. at the Grapevine Convention Center at 1209 South Main Street, Grapevine, Texas. This proxy statement, our 2002 annual shareholders report, a pamphlet containing frequently asked questions, and your proxy-voting card are being mailed or delivered on or about April 28, 2003 to shareholders of record. The list of frequently asked questions is attached to this proxy statement as Appendix C, beginning on Page C-1. Unless otherwise stated, all references in this proxy statement to Mannatech, the Company, us, our, or we are to Mannatech, Incorporated.

***Shareholders Entitled to Vote***

Shareholders who owned common stock of Mannatech as of the close of business on April 8, 2003, the record date, are called *shareholders of record* and are entitled to vote at our 2003 annual shareholders meeting. On April 8, 2003, we had 25,134,840 outstanding shares of common stock, \$0.0001 par value, which is our only class of voting securities. On April 8, 2003, Mannatech had approximately 5,500 shareholders of record that held its common stock directly and approximately 7,250 beneficial shareholders who held approximately 48.0% of its common stock. Each shareholder is entitled to one vote for each share of Mannatech common stock held. A complete list of shareholders entitled to vote at our 2003 annual shareholders meeting will be available for examination by our shareholders; however, the examination is limited to purposes pertaining to Mannatech's annual shareholders meeting. The list will be available at our corporate headquarters in Coppell, Texas, during normal business hours, for a period of 10 days prior to our meeting, which will be from May 22, 2003 until June 1, 2003 and will also be available during Mannatech's 2003 annual shareholders meeting. A shareholder wanting to examine the list should arrange an appointment by contacting Mannatech's Investor Relations department at 972-471-6512.

***Voting by Proxy***

Properly executed votes by proxy received prior to our 2003 annual shareholders meeting will be counted by our transfer agent at our annual shareholders meeting on June 2, 2003 and at any adjournment(s) thereof. If a shareholder specifies how their proxy-vote is to be cast on any business to come before the meeting, it will be voted in accordance with such specifications. If no specification is made, the shareholder's vote by proxy will be voted FOR each of the proposals as recommended by our Board of Directors. A shareholder may revoke, at any time prior to our annual shareholders meeting, any executed vote by proxy by submitting a revised vote by proxy bearing a later date. A shareholder who attends



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our annual shareholders meeting may request a ballot and vote in person, thereby revoking any and all prior votes by proxy. However, attendance at our 2003 annual shareholders meeting without voting by ballot will not revoke a shareholders vote by proxy.

### *Direct Ownership*

Direct ownership is defined as a shareholder who directly holds their stock certificates in their own name, which is evidenced by the shareholder receiving all of our mailings from either Mannatech, our transfer agent EquiServe Trust Company N.A., or from our solicitor Georgeson Shareholder.

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### *Beneficial Ownership*

Beneficial ownership is defined as shareholders who sent their stock certificates to their broker or who purchased Mannatech shares directly through their broker or sent their stock certificates to their broker to be deposited into their brokerage account, which is evidenced by a shareholder receiving all of Mannatech's mailings from either their broker or through their broker's solicitor, which is usually ADP Proxy Services. As a beneficial owner, a shareholder still owns these shares, but Mannatech's transfer agent does not have access to any detailed information such as the individual shareholders' names from the various brokers. The only information Mannatech's transfer agent has about shareholders owning stock through brokers is the broker's name, the aggregated total number of shares held by each broker on behalf of its clients, and the aggregate number of votes for any proposals.

**PLEASE BE CAUTIONED THAT each brokerage firm has their own set of voting instructions that differ from the instructions provided by us or our solicitor. A shareholder should always read all the information provided in their proxy information packet and use the specific enclosed voting instructions, telephone numbers, Internet addresses, mailing addresses, and envelopes included in their proxy information packets.**

If a shareholder receives more than one proxy information packet it means that their shares are registered with different names or the shareholder has more than one account in which they hold shares of Mannatech stock are held. **Again remember that each proxy information packet has different voting instructions, account and control numbers, mailing addresses, Internet addresses, and telephone numbers. As a result, each shareholder should be cautioned to use only the set of voting instructions, account and control numbers, addresses, and telephone numbers provided in each proxy information packet to ensure their vote is properly included in the tabulation of votes.**

### *Tabulating the Votes*

Representatives from Mannatech's transfer agent, EquiServe Trust Company N.A., formerly First Chicago Trust Division, is responsible for tabulating all of the votes for Mannatech's 2003 annual shareholders' meeting. The presence, in person, or by proxy-vote, of the holders of at least a majority of shares of its common stock outstanding as of the record date is necessary to have a quorum for Mannatech's 2003 annual shareholders' meeting. Abstentions and broker non-votes will be counted as present for purposes of determining a quorum for Mannatech's 2003 annual shareholders' meeting. A broker non-vote is defined as a vote by proxy in which a beneficial owner does not give their broker or broker's solicitor discretionary voting powers. If a proxy-voting card 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. **Mannatech's Board of Directors recommends a vote FOR each of the proposals.**

For the election of its Directors, broker non-votes will **NOT** be counted in tabulating the number of votes for each nominee. The nominees receiving the highest number of **FOR** votes from the shares present in person or represented by proxy-votes and entitled to vote will be elected as Directors. The shares represented by the enclosed proxy-voting card will be voted as **FOR** all of the nominees, unless the shareholder specifies differently. To specify differently the shareholder of record must checkmark either the box **FOR ALL EXCEPT** or **WITHHOLD ALL**. If the shareholder checkmarks the **FOR ALL EXCEPT** box, the shareholder should then list the names of the nominee(s) they wish to vote against in the space provided. If the shareholder checkmarks the **WITHHOLD ALL** box, the shareholder's vote will be considered a vote against *all* of the named nominees.

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A shareholder cannot write-in the names of additional nominees when voting by proxy. However, at Mannatech's 2003 annual shareholders 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 checkmark either the **WITHHOLD ALL** box or the **FOR ALL EXCEPT** box on the ballot and then list the names of the nominees they wish to vote against in the space provided. The shareholder is only allowed to write-in as many nominees as the shareholder has voted against. For example, if there were a total of three nominees listed on the ballot and the shareholder wishes to withhold their vote for two of the three nominees then the shareholder may write-in up to two additional names for nominees to Mannatech's Board of Directors.

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For the ratification of the appointment of independent accountants, ABSTENTIONS will be counted as a vote against the appointment of independent accountants. The ratification of the appointment of independent accountants requires a FOR vote from a majority of shares present or represented by proxy-votes entitled to vote at Mannatech's 2003 annual shareholders meeting.

### *Solicitation of Proxy-Votes*

Mannatech or its solicitor may solicit proxy votes through the mail, in person, and by telecommunications. Mannatech will bear all expenses in preparing, printing, and mailing the proxy materials to its shareholders. Mannatech has hired Georgeson Shareholder to assist in the solicitation of proxies at a cost of approximately \$6,000 plus out-of-pocket expenses.

### *Admission and Voting at Our Annual Shareholders Meeting*

Attendance at Mannatech's 2003 annual shareholders meeting will be limited to shareholders having evidence of ownership as of the record date, and invited guests of Mannatech. If your securities are not held in your name, Mannatech asks that you please bring evidence of your ownership to the meeting. Evidence includes your proxy-voting card or brokerage statement showing proof of stock ownership as of the close of business on April 8, 2003. At the meeting, shareholders will be admitted upon verification of stock ownership. No cameras or recording equipment will be permitted in the meeting room as Mannatech will tape the meeting in its entirety. As a courtesy and as time permits, Mannatech will provide a brief question and answer period for its shareholders of record.

Direct shareholders will be given ballots upon check-in and verification of stock ownership. Remember that beneficial shareholders must obtain a power of attorney form or legal proxy from their broker prior to the meeting in order to vote by ballot at our meeting. **Beneficial shareholders are instructed to read their proxy-voting card instructions given to them by their broker or their brokers' solicitor prior to the meeting in order to obtain instructions on how to attend and vote at our annual shareholders meeting. If the beneficial shareholder does not follow their brokers' instructions, our transfer agent will not count their vote by ballot at our annual shareholders meeting.**

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

#### 2003 Annual Shareholders Meeting

For Mannatech's 2003 annual meeting, the deadline for nominating a director to Mannatech's Board of Directors and for introducing proposals to be included in this proxy information package expired on December 28, 2002. However, a shareholder of record can write-in nominees for our Board of Directors on their ballot at our 2003 annual shareholders meeting if they follow the above instructions under the heading *Tabulating the Votes*. However, a shareholder of record cannot write in nominees for our Board of Directors on their proxy voting card. Mannatech reserves the right to reject, rule out-of-order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

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Pursuant to Rule 14a-4(c)(1) under the Securities Exchange Act of 1934, if any shareholder proposals were intended to be presented at our 2003 annual shareholders meeting without inclusion in this proxy statement, the proposal must have been submitted to Stephen D. Fenstermacher, Mannatech's Chief Financial Officer, or CFO, by March 14, 2003, which is 45 days from the estimated mailing date of this proxy statement. The holder of a proxy has the ability to confer discretionary authority to vote on such proposal. However, Mannatech's Board of Directors reserves the right to reject, rule out-of-order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

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**2004 Annual Shareholders Meeting**

Under our Fourth Amended and Restated Bylaws, dated August 8, 2001, our Nominating Committee of our Board of Directors recommends the candidates to be nominated to our Board of Directors. A shareholder may deliver written notice to our CFO, of any proposed candidates for Director no later than December 31, 2003 to allow our Board of Directors time to consider such persons for nomination at our 2004 annual shareholders meeting. The written notice should include the candidates full name, age, biographical background, and qualifications. The CFO will forward all written notices to the Nominating Committee of our Board of Directors. Our Nominating Committee consists of four directors, two of which are independent Directors, reviews all of the proposed candidates and will submit a recommendation to our Board of Directors. Our Board of Directors then approves the list of proposed candidates. The candidates approved by our Board of Directors are the only nominees that are listed on our ballot, our proxy-voting card, and in our proxy statement on Schedule 14A, which is expected to be filed with the Securities and Exchange Commission on or before April 27, 2004.

Proposals by shareholders intended to be presented at our 2004 annual shareholders meeting must be received by our CFO on or before December 27, 2003, in order to be eligible for inclusion in our 2004 proxy statement and proxy-voting card. Such proposals must also comply with all applicable provisions of Rule 14a-8 under the Securities Exchange Act of 1934.

Pursuant to Rule 14a-4(c)(1) under the Securities Exchange Act of 1934, if any shareholder proposals are intended to be presented at our 2004 annual shareholders meeting without inclusion in our 2004 proxy statement, the proposal must be submitted in writing to our CFO by March 13, 2004, which is 45 days from the estimated mailing date of our 2004 proxy statement. The holder of a proxy has the ability to confer discretionary authority to vote on such proposal. However, Mannatech's Board of Directors reserves the right to reject, rule out-of-order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

A copy of our Fourth Amended and Restated Bylaws dated August 8, 2001, may be obtained upon written request to our General Counsel, Bettina Simon, at our corporate offices located at 600 S. Royal Lane, Suite 200, Coppell, Texas 75019.

**PROPOSAL 1 ELECTION OF DIRECTORS**

Two directors are to be elected at our 2003 annual shareholders meeting. Our Articles of Incorporation provides for a classified Board of Directors, divided into three staggered classes I, II, and III. The terms of office for each of these classes are scheduled to expire, on the dates of our annual shareholders meeting in 2003, 2004, and 2005, respectively. Our class I Directors are up for election at our 2003 annual shareholders meeting.

***Nominees***

The two nominees are to be elected as Class I Directors at our 2003 annual shareholders meeting. Our Board of Directors has nominated Mr. Marlin Ray Robbins and Mr. Gerald E. Gilbert, who will replace Roger Beutner, a Class I Director who is not standing for re-election. Robert M. Henry, a former Class I Director resigned as our Chief Executive Officer and Director effective April 15, 2003. Class I nominees will be elected for a three-year term expiring on the date of our 2006 annual shareholders meeting or until the earlier of disqualification, resignation,

death, or removal.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THESE NOMINEES AND A FOR VOTE FROM A PROXY OR BALLOT WILL BE SO VOTED UNLESS A CONTRARY VOTE IS INDICATED BY THE SHAREHOLDER. CLASS I DIRECTORS WILL BE ELECTED BY A PLURALITY OF THE VOTES CAST BY THE HOLDERS OF OUR COMMON STOCK REPRESENTED IN-PERSON OR BY PROXY AT OUR MEETING.**

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**Marlin Ray Robbins**, age 57, co-founded Mannatech, is a high-level independent associate, and directly owns 7.9% of Mannatech's common stock. Mr. Robbins has served as a Director on our Board of Directors since June 5, 2001, and his term as director expires on June 1, 2003. Mr. Robbins has over 25 years experience with various companies in sales and direct selling. Mr. Robbins holds multiple positions in our global associates' incentive network-marketing system and as a result is considered an expert regarding our independent associates and their needs. Mr. Robbins has provided our Board of Directors with certain consulting services related to associate relations and has assisted in developing our new associate 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.

**Gerald E. Gilbert**, age 69, has practiced law with the international law firm of Hogan and Hartson L.L.P. since 1968. Mr. Gilbert's 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, an association of leading firms that manufacture and distribute goods and services directly to consumers. 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), which was the top ranking officer in the Naval Reserve JAG Corps. During his military service Mr. Gilbert received numerous awards, including the Legion of Merit. Mr. Gilbert is also a Past National President of the Federal Bar Association. Mr. Gilbert received a B.A. from Denison University in Ohio and a J.D. from the University of Virginia School of Law. 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.

**PROPOSAL 2 RATIFICATION OF THE APPOINTMENT OF OUR  
INDEPENDENT ACCOUNTANTS**

Shareholder ratification of the selection of Mannatech's independent public accountants is not required by its Articles of Incorporation or Bylaws, as amended, or other applicable legal requirements. However, our Board of Directors, as a matter of good corporate governance, has decided to seek shareholder ratification of the appointment of PricewaterhouseCoopers LLP as its independent public accountants for the fiscal year ending December 31, 2003.

Our Board of Directors makes the appointment of its independent accountants annually. The decision is based on the recommendation from Mannatech's Audit Committee, which reviews the scope of the audit, estimated audit fees, and related non-auditing services that are performed by PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP has served as Mannatech's independent accountants, audited its consolidated financial statements, and provided certain tax and consulting services since the year ending December 31, 1997. A representative from PricewaterhouseCoopers LLP is expected to attend our 2003 annual shareholders' meeting and will have the opportunity to make a statement if such representative so desires to do so, and will be available to respond to any appropriate questions from our shareholders.



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For the years ended December 31, 2001 and 2002, Mannatech paid fees to PricewaterhouseCoopers LLP as follows:

Type of Service	2001	2002
	(in thousands)	
<b>Audit Fees</b> , including the audit of the consolidated financial statements including the annual report on Form 10-K and statutory audits	\$ 147	\$ 224
<b>Audit-related fees</b> , including review of quarterly financial statements	16	25
<b>Tax fees</b> , including transfer pricing, state, and international tax consultation	55	89
<b>All other fees</b> , including expatriation issues, stock option plan consulting, miscellaneous international consulting, and advisory services	118	49
<b>Total fees</b>	<b>\$ 336</b>	<b>\$ 387</b>

The members of Mannatech's Audit Committee believe that the payment of all fees set forth above does not prohibit PricewaterhouseCoopers LLP from maintaining its independence.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS ITS INDEPENDENT ACCOUNTANTS FOR THE YEAR ENDING DECEMBER 31, 2003. A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP ON A PROXY OR BALLOT WILL BE SO VOTED UNLESS A CONTRARY VOTE IS INDICATED BY THE SHAREHOLDER. THE AFFIRMATIVE VOTE OF THE MAJORITY OF SHAREHOLDERS OF OUR COMMON STOCK REPRESENTED IN-PERSON OR BY PROXY IS REQUIRED TO RATIFY THE APPOINTMENT OF ACCOUNTANTS.**

#### SUMMARY OF ALL DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding Mannatech's Executive Officers and Directors, including their ages as of April 16, 2003:

Name	Age	Position
Samuel L. Caster	52	Chairman of the Board and Chief Executive Officer
Terry L. Persinger	58	President, Chief Operating Officer and Director
Stephen D. Fenstermacher	50	Senior Vice President of Accounting and Chief Financial Officer
Bill H. McAnalley, Ph.D	58	Senior Vice President of Research and Product Development and

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		Chief Science Officer
Bettina S. Simon	53	Senior Vice President, Corporate Secretary, and General Counsel
Brad G. Wayment	37	Senior Vice President of Marketing
Cynthia L. Tysinger	45	Vice President and Chief Information Officer
John F. Crowley	56	President of International Operations
Jules Zimmerman	68	Vice-Chairman of the Board
Roger E. Beutner	72	Director
J. Stanley Fredrick	64	Director
Marlin Ray Robbins	57	Director
John S. Axford, M.D.	49	Director
Alan D. Kennedy	72	Director

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The following biographical information about Mannatech's Directors and Executive Officers listed above is in alphabetical order:

**John Stewart Axford M.D.** has served as one of our Directors since 2002. Dr. Axford has served since 1999 as the President of the Royal Society of Medicine, Section of Clinical Immunology and Allergy and has performed certain clinical studies and research for Mannatech. Since 1990, Dr. Axford has been a member of the Faculty at St. George's Hospital Medical School, University of London, serving as Senior Lecturer in Rheumatology and since 1998, as a Consultant and Reader in Rheumatology and Clinical Immunology. Dr. Axford also serves on the editorial Boards of three medical journals and on numerous medical and health related committees. Dr. Axford has lectured extensively throughout the United States, the United Kingdom, Europe, Australia and Asia and has authored and co-authored over 50 published peer-reviewed scientific papers, over 100 published abstracts and letters and two best-selling medical textbooks. Dr. Axford is actively involved with research in Rheumatology and served as chairman of the 2000 Royal Society of Medicine Conference, Glycobiology and Medicine, held in London. Dr. Axford received a Bachelor of Medicine degree and Bachelor of Surgery degree from University College in London, England. In 1989, Dr. Axford was chosen as a Fulbright Scholar and has performed various immunology research at Tufts University in Boston, Massachusetts. In 1990, Dr. Axford completed his research thesis in arthritic diseases and in 1991 was awarded his M.D. with a Specialist Accreditation in Rheumatology and Immunology.

**Roger E. Beutner** has served as one of our independent Directors since November 2000. His term as director expires on June 1, 2003 and he is not standing for re-election. Mr. Beutner served in various management positions at Amway Corporation, a network-marketing multinational distributor, from 1970 until retiring in 1995. Since 1995, Mr. Beutner has worked as a consultant for various companies. Mr. Beutner received a B.S. degree in Mechanical Engineering at Stevens Institute of Technology in Hoboken, New Jersey and a B.S. degree in Industrial Engineering at New York University. Mr. Beutner also received an M.B.A. degree in Management from Georgia State University and is a licensed Professional Engineer in the State of Missouri.

**Samuel L. Caster** has served as our Chief Executive Officer since April 15, 2003 and has been our Chairman of the Board since March 5, 2002. Mr. Caster co-founded Mannatech and directly owns 22.8% of Mannatech's common shares. Mr. Caster served as our President and as a Director on our Board of Directors from November 1993 until his resignation on March 31, 2000. From June 1, 2000 through March 4, 2002, Mr. Caster provided Mannatech with various consulting services related to our associates' needs and helped to develop our new global associate career and compensation plan. Mr. Caster was reappointed as a Director to our Board of Directors on August 2, 2000 and his term as Director expires in 2004. From June 4, 2001 to March 4, 2002, Mr. Caster served as Co-Chairman of our Board of Directors. On March 5, 2002, Mr. Caster was hired to serve as our Chairman of the Board. Mr. Caster has over 22 years experience with various sales and direct selling companies. Mr. Caster also co-founded MannaRelief, a non-profit international ministry formed to help supply food supplements to at-risk children by working with other ministries, non-profit organizations, and missionaries throughout the world.

**John F. Crowley** joined Mannatech in December 2001 to serve as our President of International Operations. From 1997 to 2000, Mr. Crowley served as Vice President of Avon/Betterware Joint Venture Businesses and from 1995 to 1997, served as President/Managing Director of Betterware U.K. Ltd. From 1992 to 1995, Mr. Crowley served as President of Roselight, Inc., a start-up direct selling company specializing in decoratives and gifts. Mr. Crowley has also served in various management positions with Princess House, Inc. Mr. Crowley received a B.A. degree in Sociology and Business Administration from Stonehill College in North Easton, Massachusetts and has completed a variety of business courses at institutions such as Harvard University, Boston University, American Management Association, and Harbridge House.

**Stephen D. Fenstermacher** joined Mannatech in November 1998 to serve as our Vice President of Accounting and Controller. In October 1999, Mr. Fenstermacher was promoted to Senior Vice President and Chief Financial Officer. From January 1998 to October 1998, Mr. Fenstermacher was a consultant for Kibel, Green, Issa, Inc., a crisis management firm specializing in turnaround strategy and execution consulting. From April 1995 to October 1997, Mr. Fenstermacher served as Executive Vice President and Chief Financial Officer for The Johnny Rockets Group, Inc. Mr. Fenstermacher has also served in various management positions for Brinker International and On the Border Cafes. Mr. Fenstermacher received a B.A. degree in Government with a minor in Life Sciences from the University of Notre Dame and a M.B.A. degree in Finance and

Accounting from the University of Pittsburgh.

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**J. Stanley Fredrick** was appointed to serve as a Director on September 28, 2001, to replace Mr. Charles E. Fioretti, who resigned from our Board effective August 22, 2001. Mr. Fredrick's term as director expires in 2004. Mr. Fredrick currently is the owner of Fredrick Consulting Services, which provides consulting to various direct selling companies. Mr. Fredrick co-founded Cameo Couture, Inc., which operated as Colesce Couture, and co-founded 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 them from 1994 until the bank was sold in 2000. Mr. Fredrick has been very involved in the Direct Selling Association for over 20 years, including serving on their Board and various committees of their Board. From 1987 to 1988, Mr. Fredrick served as Chairman of the Direct Selling Association and from 1988 to 1990, served as Chairman of the Direct Selling Education Foundation. Mr. Fredrick is a recipient of the Hall of Fame Award, which is the Direct Selling Association's highest honor and was inducted into the Circle of Honor by the Direct Selling Education Foundation. Mr. Fredrick received a B.A. degree in English from Central State University in Edmond, Oklahoma.

**Alan D. Kennedy** has served as one of our independent Directors since June 4, 2002. His current term expires in 2005. From 1996 until his retirement in December 2001, Mr. Kennedy served as President Worldwide for Tupperware Corporation, a publicly-traded company that distributes and sells various products in over 100 countries, primarily through its direct-selling channels. Since retiring, Mr. Kennedy continues as a consultant to Tupperware. From 1989 to 1996, Mr. Kennedy served as President and Chief Executive Officer of Nature's Sunshine Products, Inc., a publicly-traded, network marketing company that manufactures and markets nutritional and personal care products worldwide. From 1986 to 1989, Mr. Kennedy provided various consulting services to several direct selling companies. From 1982 to 1986, Mr. Kennedy served as Vice President of Sales Development for Avon Products, Inc., a multinational manufacturer and distributor of cosmetics, toiletries, jewelry, chemicals and clothing. Mr. Kennedy received a B.A. degree, with honors, in Economics from Colgate University in Hamilton, New York. Mr. Kennedy has many professional affiliations including serving as Chairman of the Direct Selling Association from 1995 to 1996 and Chairman of the Direct Selling Educational Foundation from 1996 to 1997. Mr. Kennedy serves on the Board of the Direct Selling Educational Foundation and serves on the Current Board of Regents for Mercersburg Academy, a private secondary school in Mercersburg, Pennsylvania.

**Bill H. McAnalley, Ph.D.** joined Mannatech in July 1996 to serve as our Senior Vice President of Research and Product Development. In December 1997, he began serving as our Chief Science Officer. From March 1995 to July 1996, he was a consultant to Mannatech. From March 1987 to February 1995, Dr. McAnalley served as Vice President of Research and Product Development at Carrington Laboratories, Inc., a publicly-traded pharmaceutical research, development and manufacturing company, which manufactures Manapol®, a raw material found in the majority of Mannatech's products. Dr. McAnalley received a B.S. degree in Mathematics from Angelo State University in San Angelo, Texas, a Master of Science degree in Chemistry and Biology from New Mexico Highlands University, and a Ph.D. in Pharmacology and Toxicology from the University of Texas Health Science Center in Dallas, Texas. Dr. McAnalley obtained his post-doctoral training in Forensic and Clinical Toxicology from the Dallas Institute of Forensic Science, as well as from the Southwestern Medical School Program at Parkland Hospital in Dallas, Texas.

**Terry L. Persinger** joined Mannatech in November 1999 to serve as our Executive Vice President, Chief Operating Officer, and a Director. Mr. Persinger also served as our Corporate Secretary from November 1999 until November 2001 and began serving as our President in May 2000. Mr. Persinger's current term as Director expires in 2005. From 1968 until August 1999, Mr. Persinger worked at Goodyear Tire and Rubber Company, an international manufacturer of tires and rubber products and from January 1995 to August 1999, he served as their Vice President and General Manager of Engineered Products. Mr. Persinger received a B.S. in Chemical Engineering from the University of Cincinnati and is a graduate of the PMD management program at Harvard University. Mr. Persinger is the brother-in-law of Donald W. Herndon, our Vice President of Marketing Administration. Mr. Herndon is the brother-in-law of Mr. Samuel L. Caster, our Chairman of the Board and Chief Executive Officer.

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**Marlin Ray Robbins** co-founded Mannatech, is a high-level independent associate, and currently owns 7.9% of Mannatech's common stock. Mr. Robbins has served as a Director on our Board of Directors since June 5, 2001, and his term as Director expires on June 1, 2003. Mr. Robbins has over 25 years experience with various companies in sales and direct selling. Mr. Robbins holds multiple positions in our global associates incentive network-marketing system and, as a result is considered an expert regarding our independent associates and their needs. Mr. Robbins provides our Board of Directors with certain consulting services related to associate relations and helped develop our new 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.

**Bettina S. Simon** joined Mannatech in October 2001 to serve as our General Counsel and Senior Vice President. Ms. Simon was appointed Corporate Secretary in November 2001. From 1998 to 2000, Ms. Simon served as Vice President, General Counsel, and Corporate Secretary of Home Interiors and Gifts, Inc., a direct seller and manufacturer of home decorative accessory products. From 1995 to 1998, Ms. Simon was a partner with the law firm, Simon and Simon. From 1983 to 1995, Ms. Simon served as Assistant General Counsel and Assistant Secretary of Zale Corporation, one of the world's largest retail jewelry chains. Ms. Simon received a B.F.A. degree, with honors in Journalism, from Southern Methodist University in Dallas, Texas and a J.D. from Southern Methodist University School of Law in Dallas, Texas. Ms. Simon is a member of the State Bar of Texas, Dallas Bar Association and the American Bar Association. Ms. Simon is also a member of the American Corporate Secretary's Society and the Texas General Counsel Forum and is admitted to practice before the United States Federal District Court.

**Cynthia L. Tysinger** joined Mannatech in November 2000 to serve as our Vice President and Chief Information Officer. From May 1997 to October 2000, Ms. Tysinger served as the Director of Engineering Services for Technology Concepts and Design, Inc., a design, development, database management and engineering company. While employed by Technology Concepts and Design, Inc., Ms. Tysinger was a consultant to Mannatech and one of the lead system designers for our database website, *www.GlycoScience.com*. From July 1992 to May 1997, Ms. Tysinger served as the Program Control Manager for GTE Information Systems Division. Ms. Tysinger has over 30 years of experience in the Information Systems and Internet Technologies fields including working in various management positions for the United States Department of Defense, Boeing Co., and Hughes Aircraft.

**Brad G. Wayment** joined Mannatech in November 1999 to serve as our Vice President of Marketing. In November 2000, Mr. Wayment was promoted to Senior Vice President of Marketing. From June 1998 to October 1999, Mr. Wayment served as Vice President of Marketing for New Vision International, a network-marketing company involved in the distribution and sale of nutritional and personal care products. From November 1996 to June 1998, Mr. Wayment served as the Business Development/Product Marketing Manager with Novell Inc., a network and Internet directory software and services company. From November 1989 to November 1996, Mr. Wayment served as the Product Management Team Leader of Marketing/Product Development at Nu Skin Enterprises, Inc., a direct selling company involved in the distribution and sales of nutritional and personal products. Mr. Wayment received a B.A. degree in Spanish with a minor in Organization Behavior and an M.B.A. degree in Marketing and Finance from Brigham Young University.

**Jules Zimmerman** has served as one of our independent Directors since June 2000 and as our Co-Chairman from June 2001 until March 4, 2002. On March 5, 2002, Mr. Zimmerman was elected Vice-Chairman of our Board of Directors. His current term as director expires in 2004. Mr. Zimmerman served as President and Chief Executive Officer of Hickok Associates Inc., a financial consulting firm from 1991 until his retirement in December 1996. Since 1996, Mr. Zimmerman has provided consulting services to various companies. From 1976 to 1988, Mr. Zimmerman served in various executive management positions at Avon Products Inc., a multinational manufacturer and distributor of cosmetics, toiletries, jewelry, chemicals and clothing, including serving as their Chief Financial Officer from 1985 to 1988. Mr. Zimmerman received a B.B.A. degree in Accounting from Hofstra University in Hempstead, New York and is a Certified Public Accountant.

**Table Of Contents*****Classes of Our Board of Directors***

Our Board of Directors is divided into three classes that serve staggered three-year terms expiring on the day of our annual shareholders meeting. The members of each of the classes and the expiration dates of their terms as of April 16, 2003 are as follows:

<u>Class</u>	<u>Term Expiration</u>	<u>Directors</u>
Class I(1)	2003	Roger Beutner(2) and Marlin Ray Robbins
Class II	2004	Jules Zimmerman, Samuel L. Caster, and J. Stanley Fredrick
Class III	2005	Dr. John S. Axford, M.D., Terry L. Persinger, and Alan D. Kennedy

- (1) Robert M. Henry resigned as a Class I Director effective April 15, 2003.  
(2) Roger Beutner is not standing for re-election.

Our Board held four regular meetings and one special meeting during 2002. All of the Directors attended at least 75% of these meetings of the Board of Directors.

***Committees of Our Board of Directors***

Our Board of Directors has four committees with various functions, all of our Committee members attended at least 75% of their Committee meetings. The Committees, their functions, and the number of meetings held in 2002, are as follows:

**Audit Committee.** Our Audit Committee is composed of Jules Zimmerman, Chairman and our Audit Committee financial expert, as determined by our Board of Directors, Roger Beutner, and Alan D. Kennedy. Each of our Audit Committee members is independent as the term is defined in Rule 4200(a)(14) of the National Association of Security Dealers listing standards. Our Audit Committee is primarily responsible for approving non-audit services provided by Mannatech's independent accountants, reviewing Mannatech's annual audit results, and meeting with Mannatech's independent accountants to periodically review Mannatech's internal controls and financial management practices. Our Audit Committee held six meetings during 2002. Our Audit Committee's responsibilities are stated more fully in its revised charter, which is attached to this proxy statement as Appendix A, beginning on page A-1. Our Audit Committee's report as required by the Securities and Exchange Commission rules also appears in this proxy statement on page 20.

**Compensation Committee.** Our Compensation Committee is composed of Jules Zimmerman, Chairman, Roger Beutner, and Alan D. Kennedy. Each of our Compensation Committee members is an independent Director. Our Compensation Committee is primarily responsible for establishing compensation for Mannatech's executives including salaries, bonuses, granting stock options, and administering Mannatech's stock option plans. Our Compensation Committee held three meetings during 2002. Our Compensation Committee's responsibilities are stated more fully in its charter, which is attached to this proxy statement as Appendix B, beginning on page B-1. Our Compensation Committee's report as required by the Securities and Exchange Commission rules also appears in this proxy statement on page 17 in this proxy statement.

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**Nominating Committee.** Our Nominating Committee is composed of Samuel L. Caster, Chairman, Alan D. Kennedy, J. Stanley Fredrick, and Jules Zimmerman. Messrs. Kennedy and Zimmerman are independent Directors. Our Nominating Committee is primarily responsible for reviewing and recommending nominees to our Board of Directors. Our Nominating Committee held one meeting during 2002. For additional information on nominating nominees to our Board of Directors see Shareholder Procedures for Nominating Board Members or Introducing Proposals, beginning on page 4 of this proxy statement.

**Executive Committee.** Our Executive Committee is composed of Jules Zimmerman, J. Stanley Fredrick, Marlin Ray Robbins, Samuel L. Caster, and Terry L. Persinger. Our Executive Committee is primarily responsible for advising our Board of Directors and has the authority to make specific recommendations to our Board. Our Executive Committee also monitors Mannatech's management resources, structure, succession planning, development, and selection process and performance of key executives. Our Executive Committee held three meetings during 2002. Robert M. Henry resigned as a member and Chairman of the Executive Committee effective April 15, 2003.



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As of April 16, 2003, our Committee members included the following:

<u>Director's Name</u>	<u>Audit</u>	<u>Compensation</u>	<u>Nominating</u>	<u>Executive</u>
<b><i>Non-Employee Independent Directors:</i></b>				
Dr. John S. Axford M.D.				
Roger Beutner	X	X		
Alan D. Kennedy	X	X	X	
Jules Zimmerman(1)	X*	X*	X	X
<b><i>Non-Employee Directors:</i></b>				
J. Stanley Fredrick			X	X
Marlin Ray Robbins				X
<b><i>Employee Directors(2):</i></b>				
Samuel L. Caster(3)			X*	X*
Terry L. Persinger				X

\* Committee Chairman

(1) Vice-Chairman of the Board of Directors.

(2) Robert M. Henry resigned as a Director effective April 15, 2003.

(3) Chairman of the Board of Directors and Chairman of the Executive Committee effective April 15, 2003.

***Compensation of Directors***

Generally Mannatech compensates its independent non-employee Directors for serving on its Board of Directors. Jules Zimmerman, Vice-Chairman of our Board, is an independent director, and receives annual cash compensation of \$100,000. Roger Beutner, Dr. Axford, and Alan Kennedy, who are independent non-employee Directors receive annual cash compensation of \$30,000 for serving on our Board of Directors and \$1,000 for each meeting or committee meeting they attend plus reimbursement for any reasonable out-of-pocket expenses in connection with their travel to, and attendance at, meetings of our Board of Directors or its Committees. In March 2003, our Board of Directors approved a cash bonus of \$10,000 to each of its non-employee Directors. The bonus was awarded to these directors for helping Mannatech achieve certain results in 2002. The six Directors receiving this cash bonus included Messrs. Axford, Beutner, Kennedy, Fredrick, Robbins, and Zimmerman.

Periodically certain members of Mannatech's Board of Directors are granted stock options to reward them for their achievements or length of service. On March 26, 2002 our Board extended the term of stock options granted to Dr. Barker and Mr. Doyle. Both of these Directors were originally granted 50,000 stock options on August 23, 2002, at an exercise price of \$2.63 per share. The terms of these stock options were extended from 30 days after the Director severs ties to Mannatech to 90 days after the Director severs ties to Mannatech.

On June 5, 2002, Mannatech's Board of Directors granted each of Dr. Axford and Mr. Kennedy 50,000 stock options. The stock options vested immediately, are exercisable at an exercise price of \$2.50 per share and expire on June 4, 2012. On the date of grant, the exercise price of these stock options granted approximated the fair value of Mannatech's common stock.

***Section 16(a) Beneficial Ownership Reporting Compliance***

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Section 16(a) of the Securities Exchange Act of 1934 requires a company's Directors and Executive Officers, and persons who own more than 10% of its common stock to file initial reports of ownership and reports of changes in their beneficial ownership of its common stock with the Securities and Exchange Commission. Such persons are required by the Securities and Exchange Commission's regulations to furnish the company 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, Mannatech believes that during the year ended December 31, 2002, all of its Executive Officers, Directors, and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements, except for Dr. John S. Axford, M.D. who filed a late Form 3 relating to his initial reporting of his Mannatech stock ownership.

**Table Of Contents****EXECUTIVE COMPENSATION AND SUMMARY COMPENSATION TABLE**

The following table sets forth certain information with respect to the compensation of Mannatech's Chief Executive Officer and the four most highly compensated Executive Officers (collectively, the Named Executive Officers) at the end of December 31, 2002.

Name and principal position	Year	Salary	Annual Compensation		Long-term compensation awards	All other compensation (1)
			Bonus	Other annual compensation	Number of shares underlying options granted	
Robert M. Henry(2)	2002	\$ 399,945	\$ 80,000	\$ 49,492(3)		\$ 2,750
Chief Executive Officer	2001	\$ 353,159	\$	\$ 122,220(4)	250,000	\$ 2,625
	2000	\$ 262,500	\$	\$ 41,218(5)	275,000	\$ 2,625
Samuel L. Caster	2002	\$ 498,791	\$ 120,000	\$ 182,782(7)		\$
Chairman of the Board(6)	2001	\$	\$	\$ 627,827(8)		\$
	2000	\$ 196,154	\$	\$ 318,837(9)		\$
Terry L. Persinger	2002	\$ 340,011	\$ 68,000	\$ 12,098(10)		\$ 2,765
President and	2001	\$ 302,637	\$	\$ 10,904(11)	150,000	\$ 2,625
Chief Operating Officer	2000	\$ 294,231	\$	\$ 91,268(12)	250,000	\$
Bill H. McAnalley, Ph.D.	2002	\$ 265,382	\$ 53,000	\$ 19,749(13)		\$ 2,795
Senior Vice President of Research and Product Development and Chief Science Officer	2001	\$ 251,129	\$	\$ 17,010(14)	50,000	\$ 2,625
	2000	\$ 255,423	\$	\$ 18,872(15)	50,000	\$ 2,625
Stephen D. Fenstermacher	2002	\$ 240,659	\$ 48,000	\$ 10,813(16)		\$
Senior Vice President of Accounting and Chief Financial Officer	2001	\$ 241,317	\$	\$ 10,813(16)	50,000	\$
	2000	\$ 244,615	\$	\$ 10,813(16)	50,000	\$

(1) Includes Mannatech's matching contribution to its 401(k) plan paid to its Executive Officers.

(2) Mr. Henry became our Chief Executive Officer on April 1, 2000 and resigned as our Chief Executive Officer effective April 15, 2003.

(3) Represents \$34,077 for payments relating to the negative tax consequences resulting from the payment of relocation expenses to Mr. Henry, \$10,782 for an auto allowance and \$4,633 for travel expenses paid to Mr. Henry.

(4) Represents \$111,438 for temporary living and relocation expenses and \$10,782 for an auto allowance paid to Mr. Henry.

(5) Represents \$34,929 for temporary living expenses and \$6,289 for an auto allowance paid to Mr. Henry.

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- (6) Mr. Caster was a consultant to Mannatech from June 1, 2000 to March 4, 2002. On March 5, 2002, Mr. Caster was hired as Chairman of the Board. Prior to June 1, 2000, Mr. Caster served as President of Mannatech. Effective April 15, 2003, Mr. Caster was appointed as our Chief Executive Officer.
- (7) Represents \$156,575 for consulting fees related to his consulting agreement and \$18,179 for an auto lease and \$8,028 for travel expenses paid to Mr. Caster.
- (8) Represents \$600,000 for consulting fees related to Mr. Caster's consulting agreement and \$27,827 for an auto lease paid for Mr. Caster.
- (9) Represents \$300,000 for consulting fees related to Mr. Caster's consulting agreement, \$18,837 for an auto lease paid for Mr. Caster.
- (10) Represents \$10,904 for an auto allowance and \$1,194 for travel expenses paid to Mr. Persinger.
- (11) Represents an auto allowance paid to Mr. Persinger.
- (12) Represents \$80,364 for relocation and temporary living expenses and \$10,904 for an auto allowance paid to Mr. Persinger.
- (13) Represents \$6,320 of royalties paid for the sale of certain GlycoLEAN<sup>®</sup> products, \$12,000 for an auto allowance, and \$1,429 for travel expenses paid to Dr. McAnalley.

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- (14) Represents \$4,613 of royalties paid for the sale of certain GlycoLEAN® products and \$12,397 for an auto allowance paid to Dr. McAnalley.
- (15) Represents \$9,406 of royalties paid for the sale of certain GlycoLEAN® products and \$9,466 for an auto allowance paid to Dr. McAnalley.
- (16) Represents an auto allowance paid to Mr. Fenstermacher.

**Stock Options Granted in the Last Fiscal Year**

During the year ended December 31, 2002, no options were granted to Mannatech's Named Executive Officers.

**Aggregated Option Exercises in the Last Fiscal Year and Fiscal Year-End Option Values**

The following table sets forth certain information concerning the exercise of stock options held by Mannatech's Named Executive Officers during the year ended December 31, 2002:

Named Executive Officer	Shares acquired on exercise	Value realized	Number of shares underlying unexercised options at		Value of unexercised in-the-money options at	
			12/31/02		12/31/02(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Robert M. Henry(2)		\$	266,667	258,333	\$	\$
Samuel L. Caster		\$			\$	\$
Terry L. Persinger(3)		\$	216,667	183,333	\$	\$
Bill H. McAnalley Ph.D.(4)		\$	241,852	50,000	\$ 24,800	\$
Stephen D. Fenstermacher(5)		\$	200,000	50,000	\$	\$

- (1) Based on the closing price of \$1.62 per share of our common stock on the NASDAQ National Market on December 31, 2002 less the per share exercise price multiplied by the number of stock options.
- (2) 183,333 shares of Mr. Henry's stock options that were exercisable at \$2.63 per share and 83,333 of Mr. Henry's stock options that were exercisable at \$2.69 per share are considered out-of-the-money for the value calculation. In connection with Mr. Henry's resignation from the Company, all 258,333 unexercisable options were terminated.
- (3) 166,667 shares of Mr. Persinger's stock options that were exercisable at \$2.63 per share and 50,000 of Mr. Persinger's stock options that were exercisable at \$2.69 per share are considered out-of-the-money for the value calculation.
- (4) 33,333 shares of Dr. McAnalley's stock options that were exercisable at \$2.63 per share, 16,667 of Dr. McAnalley's stock options that were exercisable at \$2.69 per share, and 100,000 shares of Dr. McAnalley's stock options that were exercisable at \$8.00 per share are considered out-of-the-money for the value calculation.
- (5) 33,333 shares of Mr. Fenstermacher's stock options that were exercisable at \$2.63 per share, 16,667 of Mr. Fenstermacher's stock options that were exercisable at \$2.69 per share, and 150,000 shares of Mr. Fenstermacher's stock options that were exercisable at \$8.00 per share are considered out-of-the-money for the value calculation.

**Executive Employment Agreements**

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Effective August 31, 1998, Mannatech entered into a five-year employment agreement with Dr. Bill H. McAnalley to serve as Mannatech's Chief Science Officer and Senior Vice President of Research and Development. The employment agreement specified a minimum salary of \$250,000 per year for an initial term of five years and extends automatically each year for successive one-year periods unless either party gives notice prior to such anniversary date. If Mannatech cancels Dr. McAnalley's employment agreement without cause, it will be required to pay his minimum salary for the remaining duration of the term of this agreement.

On November 1, 1999, Mannatech entered into a three-year employment agreement with Mr. Terry L. Persinger to serve as its President and Chief Operating Officer. The employment agreement specifies a minimum salary of \$300,000 per year and either party may cancel the agreement; however, if Mannatech cancels his employment agreement without cause, it will be required to pay him his base salary over the remaining duration of his employment agreement. On November 1, 2001, Mannatech amended his employment agreement to extend the term to December 31, 2004 and to increase his minimum salary to \$350,000 per year beginning January 1, 2002.

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Mannatech had an employment agreement with Robert M. Henry that was set to expire in December 2004. On April 15, 2003, Mr. Henry resigned from Mannatech and entered into an agreement with Mannatech. Under the terms of the agreement, Mannatech agreed to make the following payments to Mr. Henry (1) a total of \$1,076,923, payable in installments, which is composed of the remainder his salary for 2003 and \$400,000 per year through December 31, 2005; (2) all remaining payments on his automobile lease and transfer of the automobile title; (3) term life insurance premiums for the benefit of Mr. Henry of \$1.2 million through December 31, 2005; (4) \$50,000 for relocation and other business transition expenses; (5) payment of \$15,000 for his attorneys' fees; and (6) up to \$80,000 for outplacement consulting. In addition, Mannatech extended the terms of his 266,667 vested options held by Mr. Henry for a period of ten years from the date of grant or one year after Mr. Henry's death. In return, Mr. Henry agreed to, among other things, provide consulting work to Mannatech through December 31, 2005 and is prohibited from being affiliated with another dietary supplement network-marketing company that specializes in products that are glyconutritional or aloe based for a specified period.

On June 1, 2000, Mannatech entered into a consulting agreement with Mr. Caster. Under the terms of his consulting agreement, Mannatech agreed to pay Mr. Caster \$50,000 per month plus an automobile lease, insurance, and other expenses. During 2001 and 2002, Mannatech paid Mr. Caster approximately \$628,000 and \$162,000, respectively. On March 5, 2002, Mr. Caster was hired as an employee of Mannatech and Mannatech's Board of Directors elected Mr. Caster as Chairman of the Board through December 31, 2005. On April 15, 2003, Mr. Caster was appointed as our Chief Executive Officer. Under the terms of his Employment Agreement, Mr. Caster is paid an annual salary of \$600,000 and is eligible for benefits offered to all other Mannatech executives. In the event Mannatech terminates him as an employee without cause, it will be required to pay him his base salary over the remaining duration of his employment agreement.

***Management Bonus Plan***

Mannatech's Executive Officers and some of its other officers are eligible to receive bonuses in addition to their base salaries. Mannatech's Compensation Committee is responsible for reviewing and approving all of Mannatech's officers' bonuses. Under Mannatech's existing management bonus plan, Executive Officers can earn an annual bonus for the achievement of certain consolidated financial results, which are certified by its independent accountants. Any earned bonuses are paid by March 15<sup>th</sup> of the following year. For fiscal 2002, Mannatech declared an aggregate cash bonus of \$1.0 million under its Management Bonus Plan, which was paid on March 13, 2003.

***Equity Compensation Plan Information***

Mannatech's 1997 Stock Option Plan was adopted by its Board of Directors and approved by its shareholders on May 14, 1997. Mannatech's 1998 Incentive Stock Option Plan was adopted by its Board of Directors, approved by its shareholders on April 8, 1998 and amended on September 4, 1998 to increase the number of shares reserved for issuance from 500,000 to 1,000,000 shares. Mannatech's 2000 Stock Option Plan was adopted by its Board of Directors and approved by its shareholders on June 19, 2000. Mannatech's stock option plans are intended to encourage investment by Mannatech's officers, employees, non-employee Directors, and consultants in shares of Mannatech's common stock so that they will have an increased vested interest in, and greater concern for, Mannatech's welfare.

Options granted under Mannatech's 1997 and 2000 stock option plans may either be incentive stock options or options that do not qualify for treatment as incentive stock options under Section 422 of the United States Internal Revenue Code of 1986. Options granted under Mannatech's 1998 Incentive Stock Option Plan may only be granted to Mannatech's Directors and employees.

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Incentive stock options may be granted under Mannatech's stock option plans to any person who is an employee of Mannatech (including Mannatech's Directors) or any parent or subsidiary that may exist in the future. The exercise price of incentive stock options must equal the approximate fair market value of a share of its common stock on the date of grant.



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Mannatech's stock option plans may be amended or canceled by its Board of Directors at any time without the approval of its shareholders, with a few exceptions. However, Mannatech's Board of Directors may not take any action without the approval of its shareholders that affects options previously granted under its stock option plans.

The following table sets forth information regarding Mannatech's common stock that may be issued upon the exercise of stock options, warrants and other rights granted to employees, consultants or Directors under all of its existing equity compensation plans as of December 31, 2002:

**Equity Compensation Plan Information**

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	
	(a)	(b)		(c)	(d)
Equity compensation plans approved by shareholders	4,443,973	\$ 3.09		556,027	
Equity compensation plans not approved by shareholders		\$			
<b>Total</b>	<b>4,443,973</b>	<b>\$ 3.09</b>		<b>556,027</b>	

Mannatech's Compensation Committee has full and final authority in their discretion, subject to provisions of Mannatech's stock option plans, to determine, among other things:

the individuals to whom options shall be granted;

whether the option granted shall be an incentive stock option or a non-qualified stock option;

the number of shares of common stock covered by each option;

the time or times at which options will be granted;

the option vesting schedule;

the exercise price of the option;

the duration of the options granted;

to prescribe, amend and rescind rules and regulations relating to Mannatech's stock option plans;

whether to accelerate or defer (with the consent of the optionee) the exercise date of any option; and

whether to authorize any person to execute on our behalf any instrument required to effectuate the grant of an option previously granted by its Board of Directors.

#### ***401(k) Plan***

On May 9, 1997, Mannatech adopted a 401(k) Pre-tax Savings Plan. All employees who have been employed by Mannatech for at least 90 days at the beginning of a quarter and are at least 21 years of age are eligible to participate in Mannatech's 401(k) Plan. Employees may contribute up to a maximum of 20% of their current 2003 annual compensation to the 401(k) Plan, which is the statutorily prescribed 2003 annual limit. Mannatech makes regular matching contributions to its 401(k) Plan in the amount of \$0.25 for each \$1.00 contributed by a participating employee, up to 6.0% of such employee's 2003 annual compensation, including overtime. The 401(k) Plan also provides that Mannatech can make profit-sharing contributions to the 401(k) Plan each year based upon our profit. Mannatech did not make any profit-sharing contributions in 2002. Employee contributions and Mannatech's matching contributions are paid to a corporate trustee and are invested as directed by the participating employee. Mannatech's contribution to its 401(k) Plan vests over five years or earlier if the participating employee retires at age 65, becomes disabled or dies. Payments to participating employees may also be made in the case of financial hardship. Payments may be made in a lump sum. Mannatech's 401(k) Plan is intended to qualify under Section 401 of the United States Internal Revenue Code of 1986, so that contributions made by employees or by Mannatech to its 401(k) Plan, and income earned on these contributions, are not taxable to Mannatech employees until withdrawn from the 401(k) Plan.

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***Compensation Committee Interlocks and Insider Participation***

Mannatech's Compensation Committee is responsible for reviewing the compensation of Mannatech's Executive Officers on an annual basis. The Compensation Committee is composed of three independent Directors, Messrs. Zimmerman, Chairman, Kennedy, and Beutner. None of its executive officers serves as a member of any Board of Directors or as a member of any other compensation committee of any other entity that has or has had one or more executive officers serving as a member of Mannatech's Board of Directors or Compensation Committee.

**WITH RESPECT TO ANY FUTURE FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION INTO WHICH THIS PROXY STATEMENT IS INCORPORATED BY REFERENCE, THE FOLLOWING MATERIAL UNDER THE HEADINGS REPORT OF THE COMPENSATION COMMITTEE, REPORT OF THE AUDIT COMMITTEE AND PERFORMANCE GRAPH SHALL NOT BE DEEMED TO BE SOLICITING MATERIAL OR TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES EXCHANGE ACT OF 1934 OR INCORPORATED BY REFERENCE IN ANY DOCUMENT SO FILED.**

**REPORT OF THE COMPENSATION COMMITTEE**

Mannatech's Compensation Committee Report summarizes Mannatech's executive compensation policies and the basis for the compensation paid to its Executive Officers, including Mr. Robert M. Henry, Mannatech's Chief Executive Officer during the year