

MANNATECH INC
Form DEF 14A
April 28, 2004
Table of Contents

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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| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
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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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Table of Contents

COPPELL, TEXAS

April 28, 2004

Dear Shareholder:

I would like to extend a personal invitation for you to join us at our 2004 annual shareholders meeting on Monday, June 7, 2004, at 10:00 a.m. Central Daylight Time, at the Grapevine Convention Center located at 1209 South Main Street, Grapevine, Texas.

At this year's meeting, you will vote on the election of three Class II Directors and the ratification of the appointment of PricewaterhouseCoopers LLP as Mannatech's independent auditors.

We have enclosed with this letter an official notice of our 2004 annual shareholders meeting and proxy statement, which contains further information about the items to be voted upon and information about the meeting itself, including:

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 2004 annual shareholders meeting;

our 2003 annual shareholders report; and

a proxy-voting card that instructs you on how to cast your vote. **Please carefully review the enclosed voting instructions, as the voting instructions are different depending on whether your shares are held directly or through a broker.**

REMEMBER regardless of the number of shares that you hold your vote is very important to our business and us. So whether or not you plan to attend our annual shareholders meeting, We urge you to sign and return your proxy-voting card or use the telephone or Internet instructions to cast your vote prior to the meeting, so that your shares will be represented and voted at our meeting.

We want to also take the time to say thank you for your ongoing support of, and continued interest in, Mannatech, Incorporated and look forward to seeing you at our 2004 annual shareholders meeting.

Sincerely,

Samuel L. Caster

Chairman of the Board and Chief Executive Officer

Table of Contents

Notice of 2004

Annual Shareholders Meeting
and Proxy Statement

Monday, June 7, 2004

at 10.00 a.m. Central Daylight Time

Grapevine Convention Center

1209 South Main Street,

Grapevine, Texas

Table of Contents**TABLE OF CONTENTS**

	Page
<u>Notice of 2004 Annual Shareholders Meeting</u>	1
<u>Proxy Statement</u>	2
<u>General Information About Voting and Our Annual Shareholders Meeting</u>	2
<u>General Information</u>	2
<u>Shareholders Entitled to Vote</u>	2
<u>Voting by Proxy</u>	2
<u>Direct Ownership</u>	2
<u>Beneficial Ownership</u>	3
<u>Tabulating the Votes</u>	3
<u>Solicitation of Proxy-Votes</u>	4
<u>Admission and Voting at Our Annual Shareholders Meeting</u>	4
<u>Shareholder Procedures for Nominating Board Members and Introducing Proposals</u>	4
<u>Proposal 1 Election of Directors</u>	5
<u>Proposal 2 Ratification of the Appointment of Independent Auditors</u>	7
<u>Pre-Approval Policies and Procedures</u>	7
<u>Fees Paid to Our Independent Auditors</u>	8
<u>Summary of All Directors and Executive Officers</u>	8
<u>Classes of Our Board of Directors</u>	12
<u>Committees of Our Board of Directors</u>	13
<u>Shareholder Communication with Our Board of Directors</u>	15
<u>Compensation of Directors</u>	15
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	16
<u>Code of Ethics</u>	16
<u>Executive Compensation and Summary Compensation Table</u>	17
<u>Stock Options Granted in the Last Fiscal Year</u>	18
<u>Aggregated Option Exercises in the Last Fiscal Year and Fiscal Year-End Option Values</u>	18
<u>Executive Employment Agreements</u>	19
<u>Management Bonus Plan</u>	19
<u>Equity Compensation Plan Information</u>	20
<u>401(k) Plan</u>	21
<u>Compensation and Stock Option Plan Committee Interlocks and Insider Participation</u>	21
<u>Report of the Compensation and Stock Option Plan Committee</u>	22
<u>Performance Graph</u>	24
<u>Report of the Audit Committee</u>	25
<u>Security Ownership of Certain Beneficial Owners and Management</u>	26
<u>Certain Relationships and Related Party Transactions</u>	27
<u>Loans to Shareholders</u>	27
<u>Commissions Paid to William C. Fioretti</u>	27
<u>Consulting and Lock-Up Agreements with J. Stanley Fredrick</u>	27
<u>Separation Agreements with Former Executives</u>	27
<u>Certain Transactions with Marlin Ray Robbins</u>	28
<u>Certain Transactions with Dr. Bill H. McAnalley</u>	28
<u>Commissions Paid to Mr. Steven W. Lemme</u>	28
<u>Payments Made to Dr. John S. Axford</u>	29
<u>Incentive and Royalty Agreement with Jett</u>	29
<u>Other Matters</u>	29
<u>Additional Information Available</u>	29
<u>2005 Annual Shareholders Meeting Information</u>	29
<u>Forward-Looking Statements</u>	30
Appendices:	
<u>Appendix A Amended and Restated Revised Audit Committee Charter</u>	A-1

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Appendix B Amended and Restated Compensation and Stock Option Plan Committee Charter
Appendix C Amended and Restated Nominating and Governance Committee Charter
Appendix D Code of Ethics
Appendix E Frequently Asked Questions

B-1
C-1
D-1
E-1

Table of Contents

MANNATECH, INCORPORATED
NOTICE OF 2004 ANNUAL SHAREHOLDERS MEETING
TO BE HELD ON JUNE 7, 2004

TO THE SHAREHOLDERS OF
MANNATECH, INCORPORATED,

The 2004 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 7, 2004, at 10:00 a.m. Central Daylight Time, for the following purposes:

Proposal 1 To elect Mrs. Patricia Wier and Messrs. Samuel L. Caster and J. Stanley Fredrick as Class II Directors.

Proposal 2 To ratify the appointment of PricewaterhouseCoopers LLP as independent auditors for the year ending December 31, 2004.

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

Mannatech's Board of Directors set the close of business on April 20, 2004 as the record date for the determination of shareholders entitled to receive notice of and to vote at our 2004 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, 2004

IMPORTANT

Whether or not you expect to attend our 2004 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, June 7, 2004, 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 2004 annual shareholders meeting or revoking your vote and voting at our 2004 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 mailing 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, and regardless of how you hold your shares, we have set up a toll-free telephone number with EquiServe, our voting tabulation service, to answer any questions you may have about voting or attending the meeting. The toll-free telephone number is 800-334-9287.

Table of Contents

MANNATECH, INCORPORATED

600 South Royal Lane, Suite 200

Coppell, Texas 75019

PROXY STATEMENT FOR OUR 2004 ANNUAL SHAREHOLDERS MEETING

TO BE HELD ON JUNE 7, 2004

General Information

The Board of Directors of Mannatech, Incorporated, a Texas corporation, is soliciting the enclosed proxy for use at its 2004 Annual Shareholders Meeting to be held on June 7, 2004 at 10:00 a.m. at the Grapevine Convention Center at 1209 South Main Street, Grapevine, Texas. This proxy statement, Mannatech's 2003 annual shareholders report, a pamphlet containing frequently asked questions, and the proxy-voting card are being mailed or delivered on or about April 28, 2004 to shareholders owning Mannatech stock on the close of business on April 20, 2004. The pamphlet containing frequently asked questions is also attached to this proxy statement as Appendix E, beginning on Page E-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 20, 2004, the record date, are called *shareholders of record* and are entitled to vote at our 2004 annual shareholders meeting. On April 20, 2004, we had 26,325,190 outstanding shares of common stock, \$0.0001 par value, which is our only class of outstanding voting securities. On April 20, 2004, Mannatech had approximately 4,800 shareholders that held their common stock directly and approximately 10,200 beneficial shareholders who held their stock through approximately 125 brokers, representing approximately 52.0% of Mannatech's total common stock outstanding. Each share of Mannatech common stock entitles the shareholder to one vote. A complete list of direct shareholders entitled to vote at our 2004 annual shareholders meeting will be available for examination by shareholders for purposes pertaining to Mannatech's annual shareholders meeting at our corporate headquarters, in Coppell, Texas, during normal business hours, from May 24, 2004 until June 4, 2004. 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 2004 annual shareholders meeting will be counted by EquiServe Trust Company N.A., our transfer agent, at our annual shareholders meeting on June 7, 2004 and at any adjournment(s) or postponements(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. Attendance at our 2004 annual shareholders meeting without voting by ballot will not revoke a shareholder's vote by proxy.

Direct Ownership

Direct ownership is defined as a shareholder who holds the original stock certificates directly in his or her name, which is typically evidenced by the shareholder receiving all of Mannatech's mailings directly from either Mannatech, or its transfer agent EquiServe Trust Company N.A.

Table of Contents

Beneficial Ownership

Beneficial ownership is defined as shareholders who 1) deposited their stock certificates with a broker; 2) who purchased Mannatech shares directly through a broker; or 3) who sent their stock certificates to a broker to be deposited into their brokerage account. Beneficial ownership is typically 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 their shares, but Mannatech's transfer agent does not have access to any list of 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 aggregate total number of shares held by each broker on behalf of its clients, and the aggregate number of votes cast for any proposals.

WE CAUTION OUR SHAREHOLDERS THAT each brokerage firm has a unique set of voting instructions, which may differ from the instructions provided by Mannatech's transfer agent. As a result, a shareholder should always read all the information provided in each of the proxy information packet(s) received and follow the specific voting instructions enclosed in each packet received in regard to, telephone numbers, Internet addresses, mailing addresses, and attending our Shareholders' meeting.

If a shareholder receives more than one proxy information packet it means that shares are registered in more than one account. Again, remember that each proxy information packet may have 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 his or her vote is properly included in the tabulation of votes.

Beneficial shareholders are also instructed to read the proxy-voting card instructions given to them by each broker or each brokers solicitor prior to the meeting in order to obtain instructions on how to vote at our annual shareholders' meeting. If the beneficial shareholder does not follow his or her brokers' instructions, our transfer agent will not count their vote by ballot at our annual shareholders' meeting.

Tabulating the Votes

Representatives from Mannatech's transfer agent, EquiServe Trust Company N.A., formerly First Chicago Trust Division, are responsible for tabulating all of the votes for Mannatech's 2004 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 Mannatech's 2004 annual shareholders' meeting. Abstentions and broker non-votes will be counted as present for purposes of determining a quorum for Mannatech's 2004 annual shareholders' meeting. A broker non-vote is defined as a vote by proxy in which a beneficial owner does not give its 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.

For **Proposal 1** the election of Directors, broker non-votes will **NOT** be counted in tabulating the number of votes FOR each nominee. The three 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 FOR all of the nominees, unless the shareholder specifies differently. To specify differently the shareholder must check either the box FOR ALL NOMINEES EXCEPT or WITHHELD. If the shareholder checkmarks the FOR ALL NOMINEES 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 WITHHELD box, the shareholder's vote will be

considered a vote against *all* of the named nominees.

Table of Contents

A shareholder cannot write-in the names of additional nominees when voting by proxy. However, at Mannatech's 2004 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 WITHHELD box or the FOR ALL NOMINEES 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 allowed to write-in only as many nominees as the shareholder has voted against. For example, if there are 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 should list the names of the two nominees for whom the vote is withheld and write-in up to two additional names for nominees to Mannatech's Board of Directors.

For **Proposal 2** the ratification of the appointment of independent auditors, ABSTENTIONS will be counted as a vote against the appointment of independent auditors. The ratification of the appointment of independent auditors requires a FOR vote from a majority of shares present or represented by proxy votes entitled to vote at Mannatech's 2004 annual shareholders meeting.

MANNATECH'S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF MANNATECH'S PROPOSALS.

Solicitation of Proxy-Votes

Mannatech or its solicitor, Georgeson Shareholder, 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 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 2004 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 may require you to show evidence of your ownership at the meeting. Evidence typically includes your proxy-voting card or your brokerage statement showing proof of stock ownership as of the close of business on April 20, 2004. At the meeting, shareholders will be admitted upon verification of stock ownership. Mannatech will tape the meeting in its entirety and therefore, Mannatech will not allow any other cameras or recording equipment in the meeting room. 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 for a vote by ballot to be counted at our meeting. **Beneficial shareholders are urged prior to the meeting, to read their proxy-voting card instructions on how to attend and vote at our annual shareholders meeting. If the beneficial shareholder does not follow his or her brokers instructions, our transfer agent will not count their vote by ballot at our annual shareholders meeting. The instructions are usually located on the back of the proxy-voting card.**

Shareholder Procedures for Nominating Board Members or Introducing Proposals

For the 2004 Annual Shareholders Meeting

For Mannatech's 2004 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 31, 2003. A shareholder of record is prohibited from writing in nominees for Mannatech's Board of Directors on their proxy-voting card. However, a shareholder of record may write-in nominees for Mannatech's Board of Directors on their ballot at our 2004 annual shareholders meeting by following the above instructions under the heading *Tabulating the Votes*. 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.

Table of Contents

Pursuant to Rule 14a-4(c) (1) under the Securities Exchange Act of 1934, as amended, if any shareholder proposals were intended to be presented at Mannatech's 2004 annual shareholders' meeting without inclusion in its proxy statement, the proposal must have been submitted in writing to Stephen D. Fenstermacher, Mannatech's Chief Financial Officer, by March 14, 2004, 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. Mannatech did not receive any nominees for directors from shareholders or shareholder proposals for its 2004 annual shareholders' meeting.

For the 2005 Annual Shareholders' Meeting

Under Mannatech's Fourth Amended and Restated Bylaws, dated August 8, 2001, our Nominating and Governance Committee of our Board of Directors recommends all candidates for nomination to Mannatech's Board of Directors. A shareholder should deliver to Mannatech's Chief Financial Officer at its United States corporate headquarters written notice of any proposed candidates for Director no later than December 31, 2004 to allow Mannatech's Board of Directors time to consider such persons for nomination at its 2005 annual shareholders' meeting. The written notice should include the candidates' full name, age, biographical background, and qualifications. The Chief Financial Officer will forward all written notices to Mannatech's Nominating and Governance Committee. Mannatech's Nominating and Governance Committee consists of a total of four directors, two of whom are independent Directors, one who is a non-independent director, and one who is a non-voting member. Mannatech's Nominating and Governance Committee reviews each proposed candidate and submits a recommended list of proposed candidates to Mannatech's Board of Directors. Mannatech's Board of Directors then approves a list of proposed candidates, which are the only nominees that are listed on its ballot, its proxy-voting card, and in its proxy statement on Schedule 14A. Mannatech expects to file its 2005 proxy statement with the United States Securities and Exchange Commission on or before April 29, 2005.

Proposals by shareholders that comply with all applicable provisions of Rule 14a-8 under the Securities Exchange Act of 1934, intended to be presented at Mannatech's 2005 annual shareholders' meeting must be delivered in writing to Mannatech's Chief Financial Officer at its United States corporate offices, on or before December 31, 2004, in order to be eligible for inclusion in Mannatech's 2005 proxy statement and proxy-voting card.

Pursuant to Rule 14a-4(c) (1) under the Securities Exchange Act of 1934, any shareholder proposal intended to be presented at Mannatech's 2005 annual shareholders' meeting without inclusion in its 2005 proxy statement should be submitted in writing to Mannatech's Chief Financial Officer by March 14, 2005, which is 45 days from the estimated mailing date of its 2005 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 Mannatech's Fourth Amended and Restated Bylaws, dated August 8, 2001, may be obtained upon written request to Mannatech's General Counsel, Ms. Bettina Simon, at Mannatech, Incorporated, 600 S. Royal Lane, Suite 200, Coppell, Texas 75019 or by reviewing the Bylaws in Exhibit 99.1 of Mannatech's Form 8-K filed with the United States Securities and Exchange Commission on August 22, 2001.

PROPOSAL 1 ELECTION OF DIRECTORS

Our Bylaws provide 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 2006, 2004, and 2005, respectively. At our 2004 annual shareholders' meeting, three Class II Directors are up for election.

Nominees

The three nominees for Class II Directors to be elected at our 2004 annual shareholders meeting are Messrs. Samuel L. Caster, J. Stanley Fredrick, and Mrs. Patricia A. Wier. Mrs. Wier was appointed as a Class II Director on October 15, 2003 to replace Mr. Jules Zimmerman, who resigned for personal reasons. Once elected, our Class II Directors term will expire on the earlier of the date of our 2007 annual shareholders meeting or the date of their disqualification, resignation, death, or removal.

Table of Contents

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THESE NOMINEES. A FOR VOTE ON A PROXY OR BALLOT WILL BE SO VOTED UNLESS A CONTRARY VOTE IS INDICATED BY THE SHAREHOLDER. CLASS II 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.

Samuel L. Caster, age 53, co-founded Mannatech and directly owns 21.8% of Mannatech's common stock as of April 1, 2004. 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 its associates' needs and was instrumental in the development of Mannatech's revamped global associate career and compensation plan. Mr. Caster was reappointed as a Class II Director to our Board of Directors on August 2, 2000 and was elected to serve as a Class II Director by Mannatech's shareholders on June 2, 2003. From June 4, 2001 to March 4, 2002, Mr. Caster served as Co-Chairman of our Board of Directors and since March 5, 2002 has served as our Chairman of the Board. On April 15, 2003, Mr. Caster was elected Mannatech's Chief Executive Officer. Mr. Caster has over 24 years experience with various network-marketing 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. Mr. Caster is the brother-in-law of Mr. Donald Herndon, our Vice President of Field Services. Mr. Herndon is the brother-in-law of Mr. Terry Persinger, who is our President, Chief Operating Officer, and a Board member.

J. Stanley Fredrick, age 65, was appointed to serve as a Class II Director on September 28, 2001, to replace Mr. Charles E. Fioretti, who resigned from our Board effective August 22, 2001. Mr. Fredrick owns 13.3% of Mannatech's common stock as of April 1, 2004. Mr. Fredrick was elected to serve as Lead Director of our Board of Directors in November 2003. Mr. Fredrick currently is the owner of Fredrick Consulting Services, which provides consulting to the direct selling industry. In 2003, Mr. Fredrick was a founding board member of Professional Bank in Dallas, Texas, which is a boutique bank that provides certain financial resources to its customers. Mr. Fredrick also co-founded several companies including Cameo Couture, Inc., which operated as Colesce Couture, a direct-selling company that distributes 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 them from 1994 until the bank was sold in 2000. Mr. Fredrick has been actively involved for over 30 years in the Direct Selling Association, a national trade association of leading firms that manufacture and distribute goods and services directly to consumers. Mr. Fredrick served on the Direct Selling Association's 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 has many accomplishments including receiving the Direct Selling Association's highest honor, the Hall of Fame Award, and being inducted into the Direct Selling Education Foundation Circle of Honor. Mr. Fredrick received a B.A. degree in English from Central State University in Edmond, Oklahoma.

Patricia A. Wier, age 66, was appointed on October 15, 2003, to replace Mr. Jules Zimmerman, as an independent Director and Chairman of Mannatech's Audit Committee. Mrs. Wier was also appointed to serve on Mannatech's Compensation and Stock Option Plan Committee and the Qualified Legal Compliance Committee. Mrs. Wier currently owns Patricia Wier, Inc., which provides consulting services to various companies. Mrs. Wier served as President of Encyclopedia Britannica North American division, from 1986 until her retirement in 1994. Mrs. Wier has served on the Board of NICOR Inc., a NYSE company, since 1991, where she has served as the Chairman of NICOR's Audit Committee and currently serves on their Compensation Committee. Mrs. Wier received a B.A. in English Literature from the University of Missouri in Kansas City, Missouri and an M.B.A. in General Management from the University of Chicago in Chicago, Illinois. Mrs. Wier was a member of the Direct Selling Association from 1977 until 1994, and is a recipient of the Direct Selling Association's highest honor, the Hall of Fame Award.

Table of Contents

PROPOSAL 2 RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS

Shareholder ratification of the selection of Mannatech's independent auditors is not required by Mannatech's Articles of Incorporation or Bylaws, as amended, or other applicable legal requirements. However, Mannatech's Board of Directors, as a matter of good corporate governance, has always sought shareholder ratification of its independent auditors. For the fiscal year ending December 31, 2004, the Board is seeking ratification of the appointment of PricewaterhouseCoopers LLP as its independent auditors.

Our Board of Directors appoints its independent auditors on an annual basis. The decision is based on the recommendation from Mannatech's Audit Committee, which reviews the scope of the audit, estimated audit fees, and non-auditing services that are performed by PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP has served as Mannatech's independent auditors and audited its consolidated financial statements and has provided certain tax and consulting services since 1997. Representatives from PricewaterhouseCoopers LLP will attend our 2004 annual shareholders' meeting and will have the opportunity to make a statement if such representative so desires, as well as be available to respond to any appropriate questions from shareholders.

Pre-Approval Policies and Procedures

All services provided by PricewaterhouseCoopers LLP must be preapproved by Mannatech's Audit Committee. The non-audit services specified in Section 10-A(g) of the Securities Exchange Act of 1934 may not be provided by PricewaterhouseCoopers LLP.

The approval of the annual audit, audit-related, and routine tax services takes place at the last Audit Committee meeting each calendar year for the subsequent calendar years' estimated services. In addition, during the course of the year requests for unforeseen or additional allowable services to be provided by PricewaterhouseCoopers LLP must be preapproved by Mannatech's Audit Committee, except for those qualifying for the de minimis exception. The de minimis exception provides that the pre-approval requirements for certain non-audit services may be waived if:

the aggregate amount of such non-audit services provided to Mannatech constitutes not more than 5% of the total fees paid by Mannatech to PricewaterhouseCoopers LLP in the calendar year that such non-audit services are provided;

such services were not recognized by Mannatech as non-audit services at the time they were provided; and

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

The Audit Committee may delegate to its Chairman of the Audit Committee the authority to grant preapprovals. In such event, the decisions of the Chairman regarding preapprovals will then be presented to the full Audit Committee at the next scheduled meeting. In order to be presented to the Chairman of the Audit Committee or the full Audit Committee for approval, all unforeseen or additional proposed services must first be approved by the Chief Financial Officer.

PricewaterhouseCoopers LLP provides a revised estimate for the year, by project, for all planned and approved services to the Chief Financial Officer prior to each regularly scheduled Audit Committee meeting and then will review such fee estimates at the Audit Committee meeting.

Table of Contents***Fees Paid to Our Independent Auditors***

For the years ended December 31, 2002 and 2003, Mannatech has approved and paid fees to its independent auditors, PricewaterhouseCoopers LLP as follows:

Type of Service	2002	2003
	(in thousands)	
Audit Fees , including its audit of our consolidated financial statements and the annual report on Form 10-K, review of our quarterly financial statements and quarterly reports filed on Form 10-Q, and internationally statutory audits	\$ 249	\$ 261
Audit-Related Fees , including professional services rendered in connection with Sarbanes-Oxley 404 readiness assistance		8
Tax Fees , including fees for tax services, tax advice, transfer pricing, state, and international tax consultation	89	160
All Other Fees , related to all other services including expatriation issues, and miscellaneous consulting and advisory services	49	45
Total Fees	\$ 387	\$ 474

The de minimis exception described above was not used for any fees paid to PricewaterhouseCoopers LLP in 2003 as all fees were pre-approved by Mannatech's Audit Committee. Mannatech was advised by PricewaterhouseCoopers LLP that neither the firm, nor any member of its firm, have any direct or indirect financial interest in any capacity in Mannatech. 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 AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2004. A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP BY 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 OUR AUDITORS.

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 1, 2004:

Name	Age	Position
Samuel L. Caster	53	Chairman of the Board and Chief Executive Officer
Terry L. Persinger	59	President, Chief Operating Officer, and Director
Stephen D. Fenstermacher	51	Senior Vice President of Accounting and Chief Financial Officer

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Bill H. McAnalley, Ph.D	59	Senior Vice President of Research & Product Development and Chief Science Officer
Bettina S. Simon	54	Senior Vice President, General Counsel, and Corporate Secretary
Cynthia L. Tysinger	46	Senior Vice President and Chief Information Officer
Steven W. Lemme	48	Senior Vice President of Sales and Marketing
John F. Crowley	57	President of International Operations
Eileen M. Vennum	57	Senior Vice President of Research and Development Administration
Jeffrey P. Bourgoyne	42	Senior Vice President of Supply Chain and Associate Care
J. Stanley Fredrick	65	Lead Director
Alan D. Kennedy	73	Independent Director
John S. Axford, M.D.	50	Independent Director
Gerald E. Gilbert	70	Independent Director
Patricia A. Wier	66	Independent Director
Marlin Ray Robbins	58	Director

Table of Contents

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 a Class III Independent Director since 2002. Since 1999, Dr. Axford has served 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, and is serving as Senior Lecturer in Rheumatology, as well as a Consultant and Reader in Rheumatology and Clinical Immunology since 1998. 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. Currently, Dr. Axford is the principal investigator for a three-year clinical trial funded by Mannatech at St. George's Hospital.

Jeffrey Bourgoyne joined Mannatech in December 1996 to serve as our Director of Distribution. In October of 1998, Mr. Bourgoyne was promoted to Vice President of Operations and in November 2000 was promoted to Senior Vice President of Supply Chain and Associate Care. From 1995 to 1996, Mr. Bourgoyne served as Facility Manager for DSC Logistics, a Chicago based, national third party logistics company serving major consumer products companies. From 1989 to 1995, Mr. Bourgoyne served in several management positions with Abbott Laboratories, a global health care company engaged in the discovery, development, manufacture and marketing of pharmaceuticals, nutritionals, and medical products. Mr. Bourgoyne received a B.S. degree in Management with a minor in Economics from the University of New Orleans in New Orleans, Louisiana and an M.B.A. degree in Operations Management from Lake Forest Graduate School of Management in Lake Forest, Illinois. Mr. Bourgoyne earned a Certified Purchasing Manager designation from the Institute of Supply Management. and is a member of the Warehousing Research and Education Council and the Institute of Supply Management.

Samuel L. Caster co-founded Mannatech and directly owns 21.8% of Mannatech's common stock as of April 1, 2004. 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 its associates' needs and was instrumental in the development of Mannatech's revamped global associate career and compensation plan. Mr. Caster was reappointed as a Class II Director to our Board of Directors on August 2, 2000 and was elected serve as a Class II Director by Mannatech's shareholders on June 2, 2003. From June 4, 2001 to March 4, 2002, Mr. Caster served as Co-Chairman of our Board of Directors and since March 5, 2002 has served as our Chairman of the Board. On April 15, 2003, Mr. Caster was elected Mannatech's Chief Executive Officer. Mr. Caster has over 24 years experience with various network-marketing 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. Mr. Caster is the brother-in-law of Mr. Donald Herndon, our Vice President of Field Services. Mr. Herndon is the brother-in-law of Mr. Terry Persinger, who is our President, Chief Operating Officer, and a Board member.

John F. Crowley joined Mannatech in December 2001 to serve as our President of International Operations. From 1997 to 2001, Mr. Crowley served as Executive Vice President of Avon/Betterware Joint Venture Businesses. From 1995 to 1997, Mr. Crowley served as President and 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 another direct selling company, Princess House, Inc., a distributor of dinnerware. Mr. Crowley received a B.S.B.A. degree in Sociology and Business Administration from Stonehill College in North Easton, Massachusetts and has completed a variety of business courses at Harvard University, Boston University, American Management Association, and Harbridge House.

Table of Contents

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 consulting. From April 1995 to October 1997, Mr. Fenstermacher served as Executive Vice President and Chief Financial Officer for The Johnny Rockets Group, Inc., a corporate and franchise restaurant chain. From 1991 to 1995, Mr. Fenstermacher served as Chief Executive Officer and Chief Financial Officer for On the Border Cafes, Inc. and also with Brinker International, Inc. Mr. Fenstermacher received a B.A. degree in Government with a minor in Life Sciences from the University of Notre Dame in Notre Dame, Indiana and an M.B.A. degree in Finance and Accounting from the University of Pittsburgh, in Pittsburgh, Pennsylvania.

J. Stanley Fredrick was appointed to serve as a Class II Director on September 28, 2001, to replace Mr. Charles E. Fioretti, who resigned from our Board effective August 22, 2001. Mr. Fredrick owns 13.3% of Mannatech's common stock as of April 1, 2004. Mr. Fredrick was elected to serve as Lead Director of our Board of Directors in November 2003. Mr. Fredrick currently is the owner of Fredrick Consulting Services, which provides consulting to the direct selling industry. In 2003, Mr. Fredrick was a founding board member of Professional Bank in Dallas, Texas, which is a boutique bank that provides certain financial resources to its customers. Mr. Fredrick also co-founded several companies including Cameo Couture, Inc., which operated as Colesce Couture, a direct-selling company that distributes 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 them from 1994 until the bank was sold in 2000. Mr. Fredrick has been actively involved for over 30 years in the Direct Selling Association, a national trade association of leading firms that manufacture and distribute goods and services directly to consumers. Mr. Fredrick served on the Direct Selling Association's 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 has many accomplishments including receiving the Direct Selling Association's highest honor, the Hall of Fame Award, and being inducted into the Direct Selling Education Foundation Circle of Honor. Mr. Fredrick received a B.A. degree in English from Central State University in Edmond, Oklahoma.

Gerald E. Gilbert has served as a Class I Independent Director since June 2003. His current term as Director expires in 2006. From 1968 until his retirement in December 2002, Mr. Gilbert practiced law with the international law firm of Hogan and Hartson L.L.P. Mr. Gilbert's 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, a national trade 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. Mr. Gilbert 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. Mr. Gilbert is also a Past National President of the Federal Bar Association. Mr. Gilbert received a B.A. 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.

Alan D. Kennedy has served as a Class III Independent Director since June 4, 2002. His current term as Director expires in 2005. Mr. Kennedy has over 30 years experience with various direct selling companies. 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 direct-selling channels. Since retiring, Mr. Kennedy continues to serve 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 Board of Regents for Mercersburg Academy, a private secondary school in Mercersburg, Pennsylvania.

Table of Contents

Steven W. Lemme joined Mannatech in May 2003 to serve as our Senior Vice President of Sales and in November 2003 was promoted to Senior Vice President of Sales and Marketing. Mr. Lemme has also worked as an independent associate of Mannatech since 1996. From 1990 to 1996, Mr. Lemme served as President for the H Window Company, a division of the Norwegian Company Spilka, which is a window and patio door manufacturer. From 1981 until 1990, Mr. Lemme served as Assistant to the President for Molex Incorporated, one of the world's leading international manufacturer of electrical equipment for the electronics industry. While at Molex, Mr. Lemme served in various positions in their manufacturing, accounting and finance for both their domestic and european operations. Mr. Lemme received a B.A. degree in Biology and Chemistry from Lawrence University in Appleton, Wisconsin, and received an M.B.A. from Keller Graduate School of Management, in Chicago, Illinois. Mr. Lemme has also attended the Advanced Management Training Program at Harvard University and has experience in international sales, manufacturing, distribution, and finance.

Bill H. McAnalley, Ph.D. joined Mannatech in August 1996 to serve as our Director of Research, Development and New Products and in May 1997, began serving as our Chief Science Officer. From March 1995 to July 1996, Dr. McAnalley was a research and development consultant to Mannatech. From March 1987 to February 1995, Dr. McAnalley served as Vice President of Research and Product Development for Carrington Laboratories, Inc., a publicly-traded pharmaceutical research, development and manufacturing company, which manufactures Manapol[®], a raw material included 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 in Las Vegas, New Mexico, and received 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. Dr. McAnalley is a member of the National Institutes of Health and the National Science Foundation.

Terry L. Persinger joined Mannatech in November 1999 to serve as our Executive Vice President, Chief Operating Officer, and a Class III 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 his retirement in 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, in Cincinnati, Ohio, is a graduate of the PMD management program at Harvard University, and has also completed management training at Northwestern Kellogg School of Business, in Evanston, Illinois. Mr. Persinger is the brother-in-law of Mr. Donald W. Herndon, our Vice President of Field Services. Mr. Herndon is the brother-in-law of Mr. Samuel L. Caster, our Chairman of the Board and Chief Executive Officer.

Marlin Ray Robbins co-founded Mannatech, is a high-level independent associate, and as of April 1, 2004 owned 7.6% of Mannatech's common stock. Mr. Robbins has served as a Class I Director on our Board of Directors since June 5, 2001 and his term as Director expires in 2006. Mr. Robbins has over 26 years experience with various network-marketing and direct selling companies. Mr. Robbins holds multiple positions in our global associates' incentive network-marketing system and 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 for 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 for 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 Juris Doctor from Southern Methodist University School of Law in Dallas, Texas. Ms. Simon is a member of the State Bar of Texas, where she has been accepted as a member of the College of the State Bar of Texas. Ms. Simon is also a member of the American and Dallas Bar Associations, a member of the American Corporate Secretary's Society, and a member of the Texas General Counsel Forum.

Table of Contents

Cynthia L. Tysinger joined Mannatech in November 2000 to serve as our Vice President and Chief Information Officer. In June 2003, Ms. Tysinger was promoted to Senior Vice President. 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 that developed our database website, www.GlycoScience.org. From July 1992 to May 1997, Ms. Tysinger served as the Program Control Manager for GTE Information Systems Division, a leading communication company. Ms. Tysinger attended Northern Virginia Community College, in Fairfax, Virginia. Ms. Tysinger is a member of the Direct Selling Association's Technology Council and a member of the CIO Group. Ms. Tysinger has over 20 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.

Eileen M. Vennum joined Mannatech in January 1997 and until January 1998 served as Director of Regulatory Affairs. From January 1998 until June 1999, Ms. Vennum served as our Executive Director of Regulatory Affairs and in July 1999, was promoted to Vice President of Regulatory Affairs. In November 2003, Ms. Vennum was then promoted to Senior Vice President of Research and Development Administration and also serves as editor-in-chief of our website www.GlycoScience.org. From 1988 until 1996, Ms. Vennum served as Director of Regulatory Affairs, Document Control and Technical Editor for Carrington Laboratories, Inc., a public pharmaceutical research, development and manufacturing company. Ms. Vennum attended David Lipscomb University in Nashville, Tennessee, Harding University in Searcy, Arkansas, and the University of Dallas in Dallas, Texas. Ms. Vennum holds a Regulatory Affairs Certified designation from the Regulatory Affairs Professional Society.

Patricia A. Wier was appointed on October 15, 2003, to replace Mr. Jules Zimmerman, as an independent Director and Chairman of Mannatech's Audit Committee. Mrs. Wier was also appointed to serve on Mannatech's Compensation and Stock Option Plan Committee and the Qualified Legal Compliance Committee. Mrs. Wier currently owns Patricia Wier, Inc., which provides consulting services to various companies. Mrs. Wier served as Presi