

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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): June 27, 2006

MANNATECH, INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

Texas
(State or other Jurisdiction of
Incorporation or Organization)

000-24657
(Commission File Number)

75-2508900
(I.R.S. Employer
Identification No.)

600 S. Royal Lane, Suite 200
Coppell, Texas 75019
(Address of Principal Executive Offices, including Zip Code)

Registrant's Telephone Number, including Area Code: (972) 471-7400

(Former name or former address, if change since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On June 27, 2006, Mannatech entered into a two-year employment agreement with Terence L. O'Day in connection with his appointment as Executive Vice President of Global Operations. Pursuant to the terms of his employment agreement, Mannatech agreed to pay Mr. O'Day an annual salary of \$250,000, furnish him a leased vehicle, and allow him to participate in all employee benefits available to other Company executives. Pursuant to his employment agreement, if Mannatech terminates Mr. O'Day's employment for cause, disability, or death, Mannatech is obligated to pay Mr. O'Day or his estate any unpaid but earned salary, annual bonus and any other benefits through the date of termination. In addition, if Mannatech terminates Mr. O'Day's employment agreement without cause, or does not renew his employment agreement or does not give notice to Mr. O'Day of non-renewal by June 27, 2007, then Mannatech is also obligated to pay Mr. O'Day an amount equal to one year's base salary.

In addition, on June 27, 2006, Mannatech's Board of Directors granted Mr. O'Day 25,000 stock options, with an exercise price of \$11.16 per share. The stock options vests over 3 years and if not forfeited or exercise will expire on June 26, 2016.

Mr. O'Day and his wife hold 2 associate positions, which have achieved regional director status. Mr. O'Day has held his associate position since 2004 and his wife has held her associate position since 2003.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

Note: The information contained in this report (including all exhibits) is not to be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

**Exhibit
Number Exhibit**

99.1* Employment Agreement dated June 27, 2006 between Mannatech and Terence L. O'Day.

* Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

MANNATECH, INCORPORATED

Dated: June 30, 2006

By: /s/ Samuel L. Caster
Name: Samuel L. Caster
Title: Chairman of the Board and
Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Exhibit
99.1*	Employment Agreement dated June 27, 2006 between Mannatech and Terence L. O'Day.

* Filed herewith.

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into by and between Mannatech Incorporated (the "Company") and Terence L. O'Day (the "Employee"), and has an effective date of June 27, 2006 ("Effective Date"). The Company desires to employ the Employee, and the Employee desires to be employed by the Company. Therefore, in consideration of the mutual promises and agreements contained herein, the Company and the Employee (collectively, the "Parties") hereby agree as follows:

SECTION 1.
EMPLOYMENT

1.1 **Employment.** The Company hereby employs the Employee, and the Employee hereby accepts employment by the Company, for the period and upon the other terms and conditions contained in this Agreement.

1.2 **Office and Duties.** The Employee shall serve as Executive Vice President of Global Operations of the Company, with the authority, duties and responsibilities described herein and those customarily incident to such office. The Employee shall report directly to the President of the Company (the "President") and shall perform such other services, duties and responsibilities commensurate with his position as may from time to time be assigned to him by the President or the Board of Directors of the Company (the "Board").

1.3 **Performance.** During his employment under this Agreement, the Employee shall devote on a full-time basis all of his time, energy, skill and best efforts to the performance of his duties hereunder in a manner that will faithfully and diligently further the business and interests of the Company. The Employee may, however, engage in civic, charitable, and professional or trade activities so long as those activities do not interfere with the performance of his duties hereunder. The Employee shall comply with the employee policies and written manuals of the Company that are applicable generally to the Company's employees.

1.4 **Place of Work.** The Employee shall perform services under this Agreement at the Company's principal office in Coppell, Texas, and at such other place or places as the Employee's duties and responsibilities may require. The Employee understands and agrees that he may be required to travel in connection with the performance of his duties.

1.5 **Directors' and Officers' Liability Insurance.** To the extent that the Company maintains one or more policies of directors' and officers' liability insurance during the Employee's employment under this Agreement (the "D&O Policies"), then the Company will provide the Employee coverage under the D&O Policies for acts or omissions by the Employee in the performance of his duties to the Company under this Agreement as an officer of the Company.

1.6 **Indemnity.** As of the Effective Date, the Company shall defend, indemnify and hold harmless the Employee against all claims, actions, lawsuits, judgments, penalties, fines, settlements and reasonable expenses that are filed, pursued, or otherwise sought by third parties, as applicable, in any proceeding resulting from the performance of the Employee's duties to the Company under this Agreement

1.7 **Exclusive Employment.** Without limiting Section 1.3 hereof, the Employee will not, without the prior written consent of the Board:

a. Serve as a spokesman, representative, employee, consultant, agent, officer, or member of any board of directors (or any similar governing body) for any for-profit business other than the Company;

b. Serve as a spokesman, representative, employee, owner, consultant, agent, officer, or member of any board of directors (or any similar governing body) for any business which is a supplier to the Company or which competes with the Company, in each case whether directly or indirectly;

c. Own any equity or economic interest in any company that competes directly or indirectly with the Company, except that this does not preclude ownership of less than 5% of the outstanding equity securities of any public reporting company; or

d. Promote or endorse at Company business functions any other organization(s) with which he may be associated or affiliated.

SECTION 2.

EMPLOYMENT TERM

2.1 **Term.** The term of the Employee's employment under this Agreement commences on the Effective Date and shall continue for two years (the "**Term**"), unless terminated earlier by either Party by its or his giving at least 30 days' prior written notice of termination, for any or no reason, to the other Party ("**Notice of Early Termination**") or unless terminated earlier in accordance with Section 8 hereof. If a Notice of Early Termination is given in accordance with the preceding sentence, then (a) the term of employment under this Agreement will continue until the expiration of the notice period specified in the Notice of Early Termination, and (b) the Company may instruct the Employee not to come into the Company's offices or to attend any of the Company's business functions through the last date of employment, and the Employee's following such instruction will not constitute Cause for termination or otherwise impair the Employee's rights hereunder. This Agreement supersedes the Consulting Agreement executed by the Parties on March 27, 2006 which is terminated and of no further force or effect on the Effective Date.

SECTION 3.

COMPENSATION FOR EMPLOYMENT

3.1 **Base Salary.** The base salary of the Employee for all of his services, duties and responsibilities to the Company and all of his agreements and covenants with or to the Company under this Agreement shall be at the annual rate of \$250,000, which the Company shall pay to the Employee in accordance with the normal payroll policies of the Company. The base salary may be increased at the sole discretion of the Board or the Compensation Committee of the Board (the "**Compensation Committee**"), and the Employee's performance and salary shall be reviewed by the Compensation Committee in January 2007 and annually thereafter.

3.2 **Annual Bonus.** During his employment under this Agreement, the Employee is also eligible to participate in the Company's annual executive bonus program (the "**Bonus Program**"). The opportunity to earn a bonus and the amount of any bonus compensation under the Bonus Program will be determined in accordance with criteria established by the Board or the Compensation Committee. The Employee acknowledges that any bonus compensation under the Bonus Program will be discretionary, with the sole discretion resting with the Board or the Compensation Committee. Further, unless otherwise determined by the Compensation Committee, the Employee must remain employed by the Company at the time the bonus is paid in order to be eligible to receive the bonus. Employee shall be eligible for a pro rata portion of the 2006 Executive Bonus Program, if, as, and when paid.

3.3 **Payment and Reimbursement of Work-Related Expenses.** During his employment under this Agreement, the Company shall pay or reimburse the Employee, in accordance with the applicable policies and procedures of the Company, for all reasonable travel and other reasonable expenses incurred by the Employee in performing his obligations under this Agreement.

3.4 **Relocation Allowance.** The Company shall pay the Employee reasonable relocation expenses or Mannatech shall enlist the services of the MI Group or any other bonded and insured relocation service provider, such at Mannatech's discretion, which represents the total amount of Mannatech's payment of relocation expense.

3.5 **Health Insurance/401(k).** During his employment under this Agreement, the Employee shall be entitled to participate in or receive benefits under any employee-benefit plan or arrangement made available by the Company to its employees generally (including any medical, dental, short-term and long-term disability, life insurance and 401(k) programs), subject to eligibility conditions or requirements and to the terms, conditions and overall administration of each of such plans and arrangements. Any such plan or arrangement shall be revocable, or subject to termination or amendment, by the Company at any time.

3.6 **Executive Vehicle Program.** During his employment under this Agreement, the Employee will also be eligible to participate in the Company's executive vehicle program, subject to all of its terms, regarding a vehicle with a lease cost to the Company no greater than \$1,000 per month, with auto liability insurance coverage (comprehensive, collision and liability) for the leased vehicle paid by the Company and all routine and necessary repairs to the leased vehicle paid for by the Company or reimbursed to the Employee, subject to approval by the Chief Financial Officer of the Company.

3.7 **Tax Withholding.** The Company may deduct from any compensation or other amount payable to the Employee under this Agreement social security (FICA) taxes and all federal, state, municipal, or other such taxes or governmental charges as may now be in effect or that may hereafter be enacted or required.

SECTION 4. **CONFIDENTIAL INFORMATION**

4.1 Provision of Confidential Information and Specialized Training.

a. **Confidential Information.** Irrespective of the term of employment, and in consideration of the Employee's promises in Section 4.3 of this Agreement, the Company promises to immediately provide the Employee with access to Confidential Information, including (but not limited to) the new Confidential Information that the Company is separately and concurrently providing to the Employee. The Parties stipulate and agree that Employee has never before seen or had access to the new Confidential Information referenced herein.

b. **Specialized Training.** Irrespective of the term of employment, and in consideration of the Employee's promises in Section 4.3 of this Agreement, the Company agrees to provide specialized training and instruction to the Employee for the job duties assigned to the Employee, and for such additional job duties as the Company may direct in good faith, or as the interests, needs and business opportunities of the Company shall require or make advisable.

4.2 **Definition of "Confidential Information."** "**Confidential Information**" means material, data, ideas, inventions, formulae, patterns, compilations, programs, devices, methods, techniques, processes, know how, plans (marketing, business, strategic, technical or otherwise), arrangements, pricing and other and/or information of or relating to any Company Party (as well as their customers and/or vendors) that is confidential, proprietary, and/or a trade secret (a) by its nature, (b) based on how it is treated or designated by a Company Party, (c) such that its appropriation, use or disclosure would have a material adverse effect on the business or planned business of any of the Company Parties, and/or (d) as a matter of law. All Confidential Information is the property of the Company Parties, the appropriation, use and/or disclosure of which is governed and restricted by this Agreement.

a. **Exclusions.** "**Confidential Information**" does not include material, data, and/or information that (i) any of the Company Parties have voluntarily placed in the public domain; (ii) has been lawfully and independently developed and publicly disclosed by third parties; (iii) constitutes the general non-specialized knowledge and skills gained by Employee during the Employment Period; or (iv) otherwise enters the public domain through lawful means; provided, however, that the unauthorized appropriation, use, or disclosure of Confidential Information by Employee, directly or indirectly, shall not affect the protection and relief afforded by this Agreement regarding such information.

b. **Inclusions.** “**Confidential Information**” includes (without limitation) the following information (including, without limitation, compilations or collections of information) relating or belonging to any Company Party (as well as their customers and/or vendors) and created, prepared, accessed, used or reviewed by the Employee during or after the Employment Period: (i) **Company genealogy information**, such as the information held by the Company related to its independent sales consultants or associates (“**Associates**”), including (without limitation) its relationship with each of its Associates, the sponsoring of each Associate, the Associate’s upline and downline charts, data reports and other materials, and historical purchasing information for each Associate; (ii) **proprietary product and manufacturing information**, such as new products or new uses for old products, materials and ingredients, combinations of materials and ingredients, and manufacturing processes; (iii) **scientific and technical information**, such as research and development, clinical studies, tests and test results, formulas and formulations, and scientific studies and analysis; (iv) **financial and cost information**, such as costs of materials, operating and production costs, costs of goods sold, costs of products, costs of supplies and manufacturing materials, non-public financial statements and reports, manufacturing and sales costs, profit and loss information, and margin information, and financial performance information; (v) **customer related information**, such as the names, buying habits, or practices of any of the Company’s customers, prospects and/or Associates, customer related contracts, engagement and scope of work letters, proposals and presentations, the identity of specific contacts within the customer’s organization, customer related contacts, lists, identities, and prospects, customer practices, plans, histories, requirements, and needs, customer related price information and formulae, and information obtained from customers concerning their products, businesses, or equipment specifications; (vi) **vendor and supplier related information**, such as the identities, practices, history or services of any vendors or suppliers, and vendor or supplier contacts; (vii) **sales, marketing, and price information**, such as marketing methods and related data, the prices the Company obtains or has obtained or at which it sells or has sold its products or services, merchandising or sales techniques, marketing and sales programs and related data, sales and marketing strategies and plans, sales and marketing procedures and processes, pricing methods, practices, and techniques, and pricing schedules and lists; (viii) **database, software, and other computer related information**, such as computer programs, data, compilations of information and records, business systems and computer programs, software and computer files, presentation software, and computer-stored or backed-up information, including (without limitation) e-mails, databases, word processed documents, spreadsheets, notes, schedules, task lists, images, and video; (ix) **employee and other Associate related information**, such as Associate and client requirements, compensation paid to Associates and employees, other employee and Associate terms, lists or directories identifying employees, representatives and contractors, and information regarding the competencies (knowledge, skill, experience), compensation and needs of employees, representatives, and contractors, and training methods; (x) **business and operation related information**, such as specialized training (as referenced in Section 4.1b. hereof), lists or other written records used in the Company’s business, operating methods, procedures, techniques, practices and processes, information about acquisition(s), corporate or business opportunities, information about partners and potential investors, strategies, projections and related documents, contracts and licenses, and business records, files, equipment, notebooks, documents, memoranda, reports, notes, sample books, correspondence, lists, and other written and graphic business records; (xi) **new information**, such as additional Confidential Information that is or may be developed, obtained and otherwise made known to the Employee from time-to-time during the Employment Period; and (xii) **third party information**, such as information from the Company’s customers, suppliers, partners, joint venturers, and other business partners.

4.3 Protection of Confidential Information.

a. **Acknowledgments.** The Employee acknowledges that: (i) in the course of the Employee’s employment with the Company, the Employee will gain a close, personal and special influence with the Company’s customers and Associates, and will be acquainted with all of the Company’s business, particularly the Company’s Confidential Information; (ii) all Confidential Information is important, material, highly sensitive and valuable to the Company’s business and its goodwill, and is transmitted to the Employee in strictest confidence; (iii) the Employee’s position with the Company is one of the highest trust and confidence by reason of the Employee’s access to the Confidential Information; (iv) the Employee’s fulfilling the obligations of this Agreement regarding Confidential Information is part of the Employee’s job responsibilities with the Company for which the Employee has been retained and for which the Employee is receiving consideration; (v) Confidential Information would not be delivered or made available to Employee absent the provisions of this Section 4; and (vi) the Company’s legitimate business interests require the non-disclosure of Confidential Information to the Company’s competitors and others as prescribed herein.

b. **Protection.** Both during and after the Employment Period, the Employee shall not in any manner, directly or indirectly: (i) appropriate, download, print, copy, remove, use, disclose, divulge, or communicate Confidential Information to any Person, including (without limitation) originals or copies of any Confidential Information, in any media or format, except for the Company’s benefit within the course and scope of the Employee’s employment or with the prior written consent of the CEO; or (ii) take or encourage any action which would circumvent, interfere with or otherwise diminish the value or benefit of Confidential Information to the Company. The Employee agrees to use his best efforts and utmost diligence to protect and safeguard the Confidential Information as prescribed in this Section 4.

4.4 Return and Review of Information.

a. **Company Property.** All Confidential Information and other information and property affecting or relating to the business of the Company within the Employee's possession, custody or control, regardless of form or format, shall remain at all times the property of the Company.

b. **Upon Request.** At any time that the Company may request, during or after the Employment Period, the Employee shall deliver to the Company all Confidential Information and other information and property affecting or relating to the business of the Company within Employee's possession, custody or control, regardless of form or format. Both during and after the Employment Period, the Company shall have the right of reasonable access to review, inspect, copy, and/or confiscate any Confidential Information within the Employee's possession, custody or control.

c. **Upon Termination.** The Employee shall return to the Company all Confidential Information and other information and property affecting or relating to the business of the Company within the Employee's possession, custody or control, regardless of form or format, without the necessity of a request, forthwith upon cessation or termination of Employee's employment, regardless of whether the cessation or termination is voluntary, involuntary, for Cause or not for Cause.

4.5 **Response to Third Party Requests.** Upon receipt of any formal or informal request, by legal process or otherwise, seeking the Employee's direct or indirect disclosure or production of any Confidential Information to any Person, the Employee shall promptly and timely notify the Company and provide a description and, if applicable, hand deliver a copy of such request to the Company. The Employee irrevocably nominates and appoints the Company, as the Employee's true and lawful attorney-in-fact to act in the Employee's name, place and stead to perform any act that the Employee might perform to defend and protect against any disclosure of Confidential Information.

SECTION 5.

OWNERSHIP OF INFORMATION, INVENTIONS AND ORIGINAL WORK

5.1 **Definition of Work Product.** As used in this Agreement, the term "**Work Product**" means all patents and patent applications, all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, creative works, discoveries, software, computer programs, modifications, enhancements, know-how, product, formula or formulations, concepts and ideas, and all similar or related information (in each case whether or not patentable), all copyrights and copyrightable works, all trade secrets, confidential information, and all other intellectual property and intellectual property rights that (in any case above) are conceived, reduced to practice, created, developed or made by the Employee, either alone or with others, in the course of employment with the Company (including, without limitation, any such employment before the Effective Date).

5.2 **Ownership and Assignment of Work Product.** The Employee hereby agrees that all Work Product will be the exclusive property of the Company, and in consideration of this Agreement, without further compensation, hereby assigns, and (as necessary) agrees to assign, to the Company all right, title, and interest to all Work Product that: (a) relates to: (i) all or any aspect of the Company Parties' actual or anticipated business, research, and development or existing or future products or services, or (ii) an actual or demonstrably anticipated research or development project of the Company; (b) is conceived, created, reduced to practice, developed, or made entirely or in any part: (i) during his employment or on Company time, or (ii) using any equipment, supplies, facilities, assets, materials, information (including, without limitation, Confidential Information) or resources of any of the Company Parties (including, without limitation, any intellectual property rights); or (c) results from any work performed by the Employee for the Company. Any creative works, discoveries, designs, software, computer programs, inventions, improvements, modifications, enhancements, know-how, product, formula or formulation, concept or idea that the Employee has within one year following the cessation or termination of employment with the Company shall be deemed to be Work Product owned by the Company under this Section 5, unless proved by the Employee to have been outside each of the criteria specified above in this Section 5.2.

5.3 Disclosure and Cooperation. The Employee shall promptly disclose Work Product to the CEO and perform all actions reasonably requested by the Company (whether during or after the Employment Period) to establish and confirm the ownership and proprietary interest of any of the Company Parties in any Work Product (including, without limitation, the execution of assignments, consents, powers of attorney, applications and other instruments). The Employee agrees to assist the Company in obtaining any patent for, copyright on or other intellectual-property protection for the Work Product, and to execute and deliver or otherwise provide such documentation and provide such other assistance as is necessary to or reasonably requested by the Company or its agents or counsel to obtain such patent, copyright, or other protection. The Employee shall maintain adequate written records of the Work Product, in such format as may be specified by the Company, and make such records available to, as the sole property of, the Company at all times. The Employee shall not file any patent or copyright applications related to any Work Product except with the written consent of the CEO.

SECTION 6.
NON-COMPETITION AND NON-SOLICITATION

6.1 Consideration. In consideration of the Confidential Information and specialized training being provided to Employee as stated in Section 4 of this Agreement, and other valuable consideration as stated in this Agreement, including (without limitation) the business relationships, Company goodwill, customer and vendor relationships, and work experience that the Employee will have the opportunity to obtain, use and develop under this Agreement, the Employee agrees to the restrictive covenants stated in this Section 6.

6.2 Acknowledgements.

a. **Ancillary Agreement.** The Employee acknowledges and agrees that the restrictive covenants contained in this Section 6 are ancillary to and part of an otherwise enforceable agreement, such being the agreements concerning Confidential Information and other consideration as stated in this Agreement.

b. **Valuable Information.** The Employee acknowledges and agrees that the Confidential Information and specialized training provided by the Company is highly valuable to the Company and, therefore, that the Company's investment in the training and the protection and maintenance of the Confidential Information constitutes a legitimate interest to be protected by the Company by the restrictive covenants set forth in this Section 6.

c. **Unique Relationships with Customers and Associates.** The Employee acknowledges and agrees that (i) in the highly competitive business in which the Company is engaged, personal contact is of primary importance in securing new and retaining present Associates and customers; (ii) the Company has a legitimate interest in maintaining its relationships with its Associates and customers; and (iii) it would be unfair for the Employee to solicit the business of the Company's Associates and customers, exploiting the personal relationships the Employee develops with the Company's Associates and customers by virtue of the Employee's employment by the Company.

d. **Reasonableness.** The Employee acknowledges and agrees that at the time that the restrictive covenants of this Section 6 are made, the limitations as to time, geographic scope, and activity to be restrained, as described herein, are reasonable and do not impose a greater restraint than necessary to protect the good will and other legitimate business interests of the Company, including (without limitation) Confidential Information (including, without limitation, trade secrets), customer and vendor relationships, and goodwill.

e. **Termination.** The Employee acknowledges and agrees that he has carefully read this Agreement and has given careful consideration to the restraints imposed upon him by this Agreement, and consents to the terms of the restrictive covenants in this Section 6 in conjunction with the provisions in this Agreement for the termination of his employment, with no expectation or promise of employment for a substantial period of time.

f. **Post-Termination Enforcement.** The Employee acknowledges and agrees that, based on the benefits to him and new consideration as recited herein, the restrictive covenants of this Section 6, as applicable according to their terms, shall remain in full force and effect even in the event of the cessation or termination of his employment under this Agreement for any reason.

g. **Other Employment.** The Employee acknowledges and agrees that (i) in the event of the cessation or termination of his employment under this Agreement, his experiences and capabilities are such that he can obtain gainful employment without violating this Agreement, in a business engaged in other lines and/or of a different nature, without his incurring undue hardship; and (ii) the enforcement of a remedy under this Section 6 by way of injunction will not prevent the him from earning a livelihood.

6.3 Non-Competition and Non-Solicitation.

a. Non-Competition During Employment. During the Employment Period, the Employee shall not engage in any other business or employment which may detract from his full performance of his duties hereunder or which competes in any manner with the Company, and the Employee shall not directly or indirectly render any services of a business, commercial or professional nature, to any other Person without the Company's prior written consent. Further, during employment, the Employee shall not directly or indirectly contact, solicit, entice, sponsor or accept any of the Associates into, or in any way promote to any such Associates opportunities in marketing programs of any direct sales company or organization other than the Company.

b. Non-Competition Post-Employment. During the Restricted Period, the Employee shall not directly or indirectly, on his own behalf or on the behalf of any other Person, engage in a Competing Business within the Geographic Area, including, without limitation, owning, taking a financial interest in, managing, operating, controlling, being employed by, being associated or affiliated with, being a spokesperson for, providing services as a consultant or independent contractor to, or participating in the ownership, management, operation or control of, any Competing Business; provided, however, that this Section 6.3b. does not preclude ownership of less than 5% of the outstanding equity securities of any public reporting company.

c. Customer Non-Solicitation. During the Restricted Period, the Employee shall not in any manner, directly or indirectly, on his own behalf or on the behalf of any other Person, induce, solicit or attempt to induce or solicit any Customer, (i) to do business with a Competing Business, or (ii) to reduce, cease, restrict, terminate or otherwise adversely alter business or business relationships with the Company for the benefit of a Competing Business, regardless of whether the Employee initiates contact for that purpose.

d. Employee Non-Solicitation and No-Hire. During the Restricted Period, the Employee shall not directly or indirectly, on his own behalf or on behalf of any other Person, (i) solicit, recruit, persuade, influence, or induce, or attempt to solicit, recruit, persuade, influence, or induce any Person employed or otherwise retained by any of the Company Parties (including, without limitation, any independent contractor or consultant), to cease or leave their employment or contractual or consulting relationship with any Company Party, regardless of whether the Employee initiates contact for such purposes, or (ii) hire, employ or otherwise attempt to establish, for any Person, any employment, agency, consulting, independent contractor or other business relationship with any Person who is or was employed or otherwise retained by any of the Company Parties (including any independent contractor or consultant), for the benefit of a Competing Business.

6.4 Definitions. The following definitions are for the purposes of this Agreement, including (without limitation) this Section 6. The scope of these definitions is in recognition of the Company-wide scope of the Employee's responsibilities, the broad geographic scope of the Company's business operations throughout the entire United States of America and in certain foreign countries, and the potential ease of competing with the Company in the absence of the provisions of this Section 6.

a. "Competing Business" means any business operation which engages in the business of providing products and services that are the same or substantially similar or directly competes with those that any of the Company Parties manufactured, produced, provided, sold, and/or marketed during the Employee's tenure with the Company, such as the direct selling business, including (without limitation) the direct sale, network and/or multi-level marketing of dietary supplements.

b. "Customer" means (i) any Associate or other Person with whom or which the Company has had any contract any time during this Agreement or any time during the one year period immediately preceding the Effective Date, and/or (ii) any customer, vendor, supplier, licensor or other Person in a business relationship with any Company Party, for which the Employee or employees working under the Employee's supervision had any direct or indirect responsibility during the Employment Period.

c. "Geographic Area" means (i) those cities and states in the United States of America and foreign countries in which the Company does business during the Employment Period; and/or (ii) the geographic area of Employee's responsibilities during the Employment Period.

d. "Restricted Period" means the Employment Period and the one year period commencing on the Termination Date, regardless of whether the Employee's termination from the Company is voluntary or involuntary, for Cause or not for Cause. This time period shall be extended by one day for each day that Employee is determined to be in violation of Sections 4, 5 and/or 6 of this Agreement, as determined by a court or arbitrator of competent jurisdiction.

6.5 **Fiduciary Duty.** The Employee acknowledges and agrees that he owes a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of the Company. In keeping with these duties, the Employee shall make full disclosure to the Company of all business opportunities pertaining to the Company's business, and shall not appropriate for his own benefit, any business opportunities concerning the subject matter of the fiduciary relationship.

6.6 **Survival.** This Section 6 shall survive the cessation or termination of the Employee's employment under this Agreement, subject to the time and scope limitations set forth in this Section 6.

6.7 **Substitution/Revision.** If, at the time of enforcement of the restrictive covenants in this Section 6, a court holds that the restrictions stated in this Section 6 are unreasonable under circumstances then existing, then the maximum duration, scope or geographical area reasonable under such circumstances shall automatically be substituted for the stated duration, scope or geographic area and the court shall be allowed and is hereby requested to revise the restrictions contained herein to cover the maximum duration, scope and geographic area permitted by law. The covenants contained in Sections 6.3a., 6.3b., 6.3c., and 6.3d. hereof are independent of and severable from one another.

SECTION 7. REMEDIES

7.1 **Remedies.** In the event of a breach of this Agreement by the Employee, the Company shall be entitled to all appropriate equitable and legal relief, including, but not limited to: (a) an injunction to enforce this Agreement or prevent conduct in violation of this Agreement; (b) damages incurred by the Company as a result of the breach; and (c) attorneys' fees and costs incurred by the Company in enforcing the terms of this Agreement.

7.2 **Arbitration.** SUBJECT TO THE RIGHTS UNDER SECTION 7.2e. HEREOF TO SEEK INJUNCTIVE OR OTHER EQUITABLE RELIEF, BINDING ARBITRATION SHALL BE THE EXCLUSIVE REMEDY FOR ANY AND ALL DISPUTES, CLAIMS, OR CONTROVERSIES BETWEEN THE PARTIES HERETO, WHETHER STATUTORY, CONTRACTUAL OR OTHERWISE, ARISING UNDER OR RELATING TO THIS AGREEMENT OR THE EMPLOYEE'S EMPLOYMENT BY OR TERMINATION FROM THE COMPANY (INCLUDING, BUT NOT LIMITED TO, THE AMOUNT OF DAMAGES, OR THE CALCULATION OF ANY BONUS OR OTHER AMOUNT OR BENEFIT DUE) (COLLECTIVELY, "**DISPUTES**"). THE PARTIES WAIVE THE RIGHT TO A JURY TRIAL AND WAIVE THE RIGHT TO ADJUDICATE THEIR DISPUTES UNDER THIS AGREEMENT OUTSIDE THE ARBITRATION FORUM PROVIDED FOR IN THIS AGREEMENT, EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT. In the event either Party provides a notice of arbitration of any dispute to the other Party, the Parties agree to submit that dispute to a single arbitrator selected from a panel of arbitrators of JAMS located in Dallas County, Texas. The arbitration will be governed by the JAMS Comprehensive Arbitration Rules and Procedures in effect at the time the arbitration is commenced. If for any reason JAMS cannot serve as the arbitration administrator, the Company may select an alternative arbitration administrator, such as the American Arbitration Association, to serve under the terms of this Agreement.

a. **VENUE.** THE PARTIES STIPULATE AND AGREE THAT THE EXCLUSIVE VENUE OF ANY ARBITRATION PROCEEDING AND OF ANY OTHER PROCEEDING, INCLUDING (WITHOUT LIMITATION) ANY COURT PROCEEDING, UNDER THIS AGREEMENT SHALL BE DALLAS COUNTY, TEXAS (THE "**AGREED VENUE**").

b. **Authority and Decision.** The arbitrator shall have the authority to award the same damages and other relief that a court could award. The arbitrator shall issue a reasoned award explaining the decision and any damages awarded. The arbitrator's decision will be final and binding upon the parties and enforceable by a court of competent jurisdiction. The Parties will abide by and perform any award rendered by the arbitrator. In rendering the award, the arbitrator shall state the reasons therefore, including (without limitation) any computations of actual damages or offsets, if applicable.

c. **Fees and Costs.** In the event of arbitration under the terms of this Agreement, the fees charged by JAMS or other arbitration administrator and the arbitrator shall be borne by the Parties as determined by the arbitrator, except for any initial registration fee, which the Parties shall bear equally. Otherwise, the Parties shall each bear their own costs, expenses and attorneys' fees incurred in arbitration; provided, however, that the prevailing Party shall be entitled to recover and have awarded its attorneys' fees, court costs, arbitration expenses, and its portion of the fees and costs charged by JAMS or other arbitration administrator, regardless of which Party initiated the proceedings, in addition to any other relief to which it may be entitled.

d. **Limited Scope.** The following are excluded from binding arbitration under this Agreement: claims for workers' compensation benefits or unemployment benefits; replevin; and claims for which a binding arbitration agreement is invalid as a matter of law.

e. **Statutes of Limitations.** All statutes of limitations that would otherwise be applicable (as well as other laws and statutes of applicability to any Dispute in issue) shall apply to any arbitration proceeding hereunder, and the arbitrator is specifically empowered to decide any question pertaining to limitations.

f. **Injunctive Relief.** The parties hereto may seek injunctive relief in arbitration; provided, however, that as an exception to the arbitration agreement set forth this Section 7.2, the Parties, in addition to all other available remedies, shall each have the right to initiate an action in any court of competent jurisdiction in order to request injunctive or other equitable relief regarding the terms of this Agreement. The exclusive venue of any such proceeding shall be in the Agreed Venue. The Parties agree (i) to submit to the jurisdiction of any competent court in the Agreed Venue, (ii) to waive any and all defenses the Executive may have on the grounds of lack of jurisdiction of such court and (iii) that neither Party shall be required to post any bond, undertaking or other financial deposit or guarantee in seeking or obtaining such equitable relief. Evidence adduced in any such proceeding for an injunction may be used in arbitration as well. The existence of this right shall not preclude or otherwise limit the applicability or exercise of any other rights and remedies that a Party may have at law or in equity.

SECTION 8. **TERMINATION OF EMPLOYMENT**

8.1 **Events of Termination.** In addition to termination of employment in accordance with Section 2 hereof, the Employee's employment by the Company under this Agreement (1) shall terminate upon the death of the Employee and (2) may be terminated by the Company, immediately upon written notice of termination to the Employee, upon the Employee's Disability or for Cause. In this Agreement:

a. "**Disability**," means the Employee's becoming incapacitated by accident, sickness, or other circumstances that, in the reasonable judgment of the Board renders or is expected to render the Employee mentally or physically incapable of performing the essential duties and services required of him hereunder, with or without reasonable accommodation, for a period of at least 90 consecutive calendar days.

b. "**Cause**" means any of the following:

- i. the Company's determination that the Employee has neglected, failed, or refused to render the services or perform any other of his duties or obligations in or under this Agreement (including, without limitation, because of any alcohol or drug abuse);
- ii. the Employee's violation of any provision of or obligation under this Agreement;
- iii. the Employee's indictment for, or entry of a plea of no contest with respect to, any crime that adversely affects or (in the Board's reasonable judgment) may adversely affect the Company or the utility of the Employee's services to the Company; or
- iv. any other act or omission of the Employee involving fraud, theft, dishonesty, disloyalty, or illegality with respect to, or that harms or embarrasses or (in the Board's reasonable judgment) may harm or embarrass, the Company or any of its subsidiaries, affiliates, customers, dealers or suppliers.

8.2 **Effects of Termination.** Upon any cessation or termination of employment under this Agreement, all further rights of the Employee to employment and compensation and benefits from the Company under this Agreement will cease, except that the Company shall pay the Employee the following:

a. Any amount of base salary earned by, but not yet paid to, the Employee through the last date of the Employment Period;

b. Any annual bonus, or portion thereof, that the Compensation Committee may deem to be earned by, but not yet paid to, the Employee through the Termination Date;

c. All reimbursable expenses due, or but not paid, to the Employee as of the Termination Date in accordance with Section 3.3 hereof;

d. All benefits (or an amount equivalent thereto) that have been earned by or vested in, and are payable to, the Employee under, and subject to the terms of, the employee-benefit plans or arrangements of the Company in which the Employee participated through the Termination Date in accordance with Section 3.5 hereof; and

Any amount due under clause b. above in this Section 8.2 shall be paid in the same manner and on the same date as would have occurred if the Employee's employment under this Agreement had not ceased. Any amount due under clause d. above in this Section 8.2 shall be paid in accordance with the terms of the employee-benefit plans or arrangements under which such amounts are due to the Employee. The amounts due under clause c. of this Section 8.2 shall be paid in accordance with the terms of the Company's policies, practices, and procedures regarding reimbursable expenses. Except as modified in Paragraph 8.2 hereof for the payment of such amounts when due, the Company shall have no further obligation or liability under this Agreement for any other compensation, payment, or benefit to the Employee. Also upon cessation or termination of employment hereunder (unless the Employee continues otherwise to be employed by the Company), the Employee (1) shall return to the Company the leased vehicle provided for the Employee's use in accordance with Section 3.6 hereof, and (2) shall resign or shall be deemed to have resigned from any position as an officer or director, or both, of any subsidiary or affiliate of the Company.

8.3 **Severance.**

a. Nothing contained in this Agreement shall be construed as impacting the right of the Company to terminate the Employee's employment with the Company.

b. If (a) the Employee's employment with the Company is terminated for any reason not specified in paragraph 8.1, **or** (b.) the Company does not renew the Agreement **or** did not give notice of non-renewal on or before the one-year anniversary of the Agreement, then the Employee shall continue to receive his base salary as set forth in Section 3 of this Agreement until the expiration of the twelve-month period following the Employee's last date of employment (the "Termination Date").

c. Any amount owed to Employee under this paragraph will be paid in regular installments on the usual and customary pay dates of the Company.

8.4 **Post-employment Cooperation.** Upon and after the Termination Date, the Employee will cooperate fully with the Company in connection with (a) any matter related to the Company's business and activities by being available, at mutually agreeable times in person or by telephone, and without any unreasonable interference with his other activities, to provide such information as may from time to time be requested by the Company regarding various matters in which he was involved during his employment with the Company, and (b) any and all pending or future litigation or administrative claims, investigations, or proceedings involving the Company, including (without limitation) his meeting with the Company's counsel and advisors at reasonable times upon their request and providing testimony (in court or arbitration hearing or at depositions) that is truthful, and complete in accordance with information known to him.

SECTION 9.

NON-DISPARAGEMENT AND MEDIA NON-DISCLOSURE

9.1 **Non-Disparagement.** The Employee agrees that, during the Employment Period or at any time thereafter, the Employee will not make any statements, comments or communications in any form, oral, written or electronic, to any Media or any customer, client or supplier of the Company or any of its or any of its directors, officers, shareholders, or affiliates, which (a) would constitute libel, slander or disparagement of the Company or any of its directors, officers, shareholders, or affiliates, including, without limitation, any such statements, comments or communications that criticize, ridicule or are derogatory to the Company or any of its directors, officers, shareholders, or affiliates; or (b) may be considered to be derogatory or detrimental to the good name or business reputation of the Company, or any of its directors, officers, shareholders, or affiliates; provided however, that the terms of this Section 9.1 shall not apply to communications between the Employee and, as applicable, the Employee's attorneys or other Persons with whom or which communications would be subject to a claim of privilege existing under common law, statute or rule of procedure. The Employee further agrees that he will not in any way solicit any such statements, comments or communications from others.

9.2 **Media Nondisclosure.** The Employee agrees that, both during and after the Employment Period, except as may be authorized in writing by the Company, the Employee will not directly or indirectly disclose or release to the Media any information concerning or relating to any aspect of the Employee's employment or cessation or termination of his employment with the Company and/or any aspect of any Dispute that is the subject of this Agreement. For the purposes of this Agreement, "Media" includes, without limitation, any news organization, station, publication, show, website, web log (blog), bulletin board, chat room and/or program (past, present and/or future), whether published through the means of print, radio, television and/or the Internet or otherwise, and any member, representative, agent and/or employee of the same.

SECTION 10.
REPRESENTATION BY EMPLOYEE

10.1 **No Conflict.** The Employee hereby represents and warrants to the Company that his execution of this Agreement and his performance of his duties and obligations hereunder will not conflict with, cause a default under, or give any party a right to damages under any other agreement or obligation to which the Employee is a party or is bound.

SECTION 11.
GENERAL

11.1 **Governing Law.** This Agreement shall be governed by, and enforced and construed under, the laws of the State of Texas.

11.2 **Settlement of Existing Rights.** In exchange for the other terms of this Agreement, Employee acknowledges and agrees that: (a) except as otherwise provided herein, this Agreement will replace any existing employment agreement between the parties and thereby act as a novation, if applicable, (b) the Employee is being provided with access to proprietary information, trade secrets and other Confidential Information to which he has not previously had access; (c) all Company inventions and intellectual property developed by the Employee during any past employment with the Company and all goodwill developed with the Company's clients, customers and other business contacts by the Employee during any past employment with Company, as applicable, is the exclusive property of the Company, and (d) all Company information and/or specialized training accessed, created, received, or utilized by Employee during any past employment with the Company, as applicable, will be subject to the restrictions on Confidential Information described in this Agreement, as applicable, whether previously so agreed or not.

11.3 **Binding Effect; Assignment.** All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the respective heirs, representatives, successors (including, without limitation, any successor as a result of a merger, acquisition, change in executive management or similar reorganization) and assigns of the Parties, except that the Employee's rights, benefits, duties and responsibilities hereunder are of a personal nature and shall not be assignable in whole or in part by the Employee.

11.4 **Notices.** All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given and received (a) when personally delivered or delivered by same-day courier, (b) on the third business day after mailing by registered or certified mail, postage prepaid, return receipt requested, or (c) upon delivery when sent by prepaid overnight delivery service, in any case addressed as follows:

If to the Employee:	Terence L. O'Day 3S406 Saddle Ridge Court Warrenville, IL 60555
If to the Company:	General Counsel Mannatech Incorporated 600 S. Royal Lane, Suite 200 Coppell, TX 75019

A Party's address may be changed from time to time by written notice to the other Party in accordance with this Section 11.4.

11.5 **Prior Agreements Superseded.** This Agreement supersedes all prior agreements between the Parties of any and every nature whatsoever, including (without limitation) agreements for additional compensation or benefits. All such prior agreements are null and void.

11.6 **Duration.** Notwithstanding the cessation or termination of Employee's employment under this Agreement, this Agreement shall continue to bind the Parties for so long as any obligations remain under the terms of this Agreement.

11.7 **Amendment; Waiver.** No amendment to or modification of this Agreement, or waiver of any term, provision, or condition of this Agreement, will be binding upon a Party unless the amendment, modification, or waiver is in writing and signed by the Party to be bound. Any waiver by a Party of a breach or violation of any provision of this Agreement by the other Party shall not be deemed a waiver of any other provision or of any subsequent breach or violation.

11.8 **Enforcement and Severability.** The Parties intend all provisions of this Agreement to be enforced to the fullest extent permitted by law. Accordingly, should an arbitrator or a court of competent jurisdiction determine that the scope of any provision of this Agreement is too broad to be enforced as written, the Parties intend for the arbitrator or the court to reform the provision to such narrower scope as it determines to be reasonable and enforceable. If, however, any provision of this Agreement is held to be illegal, invalid, or unenforceable, the provision shall be severed, this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part of it, and the remaining provisions shall remain in full force and effect.

11.9 **Subsidiaries Included.** Wherever the "**Company**" is referred to in this Agreement, it shall include all subsidiaries of the Company as they may exist from time to time, even where the term "subsidiaries" is not explicitly stated in connection with such reference.

11.10 **Certain Defined Terms; Headings.** As used in this Agreement:

a. "**business day**" means any Monday through Friday other than any such weekday on which the executive offices of the Company are closed.

b. "**Company Parties**" means, as applicable, the Company, and its direct and indirect parents, subsidiaries, and affiliates, and their successors in interest.

c. "**Employment Period**" means the term of Employee's employment under this Agreement, from the Effective Date through the last date of Employee's work for the Company under this Agreement, regardless of whether the termination is voluntary, involuntary, for Cause, or not for Cause.

d. "**herein**," "**hereof**," "**hereunder**," and similar terms are references to this Agreement as a whole and not to any particular provision of this Agreement.

e. "**Person**" means an individual, an independent contractor, a sole proprietor, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, a governmental entity, court, department, agency or political subdivision, or other individual, business, or governmental entity, as applicable.

In addition, the use herein of "**annual**" or "**monthly**" (or similar terms) to indicate a measurement period shall not itself be deemed to grant rights to Employee for employment or compensation for such period. The Section and other descriptive headings in this Agreement are only for convenience of reference and are not to be used to construe or interpret this Agreement or any of its provisions.

11.11 **Employee Acknowledgment.** The Employee affirms and attests, by signing this Agreement, that the Employee has read this Agreement before signing it and that the Employee fully understands its purposes, terms, and provisions, which the Employee hereby expressly acknowledges to be reasonable in all respects. The Employee further acknowledges receipt of one copy of this Agreement.

11.12 **Board Approval Required.** This Agreement is subject to approval by Mannatech's Board of Directors and its related committees.

IN WITNESS WHEREOF, the Parties, intending to be legally bound, have duly entered into this Agreement as of the Effective Date.

EMPLOYEE:

/s/ Terence L. O'Day

Terence L. O'Day

Date: June 27, 2006

MANNATECH INCORPORATED

By: /s/ Terry L. Persinger

Terry L. Persinger, President & Chief Operating Officer

Date: June 27, 2006