China XD Plastics Co Ltd
Form 4
August 14, 2013

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
ZHAI LINYUAN

(Last) (First) (Middle)

ROOM 204, BUILDING 13, BLOCK C,, SHANGHAILVDI, LVYUAN DISTRICT

(Street)

CHANGCHUN JILIN, F4 130000

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
China XD Plastics Co Ltd [CXDC]

3. Date of Earliest Transaction (Month/Day/Year)
05/10/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value $0.0001	05/10/2013		A		1,959	A	(1)	6,188	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ZHAI LINYUAN ROOM 204, BUILDING 13, BLOCK C, SHANGHAILVDI, LVYUAN DISTRICT CHANGCHUN JILIN, F4 130000	X			

Signatures

/s/ Linyuan Zhai	08/14/2013
**Signature of Reporting Person	Date

Explanation of Responses:

*	If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
**	Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
(1)	No purchase price paid. The shares were issued to the reporting person by the Issuer pursuant to the Issuer's 2009 Stock Option / Stock Issuance Plan for services rendered to the Issuer. The shares shall vest on the date that is six months after May 10, 2013, the date of the grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ont-family:times;border-bottom:solid #000000 1.0pt;">**Option Awards ($)(2) All Other Compensation ($)(3) Total ($) (a)**

(b)

(c)

(d)

(e)

f)

(g)

Michael D. Dean,

2012 460,231 211,500 722,000 8,373 1,402,104

Chief Executive Officer*

2011 400,000 400,000 603,000 8,044 1,411,044

2010 324,615 200,000 698,000 68,201 1,290,816

Stephen M. Bunker,

2012
261,719
89,438
252,700
7,951
611,808

EVP, CFO & Treasurer

2011 239,000 195,263 120,600 7,710 562,573

2010 239,000 80,000 216,920 13,832 549,752

D. Wynne Roberts,

2012
293,870
195,000
1,054,350
3,341
1,546,561

President & Chief Operating Officer

2011

2010

Gregory L. Probert,

2012
240,000
108,000
361,000
6,250
715,250

Executive Chairman*

2011 131,077 140,000 1,530,000 3,046 1,804,123

2010

Wayne L. Moorehead,

2012
203,218
113,880
361,000
5,603
683,701

VP & Chief Marketing Officer

2011

2010

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*
On March 6, 2013, we announced the resignation of Mr. Dean as Chief Executive Officer and Director of the Company, effective March 31, 2013, and the appointment of Mr. Probert as the Interim Chief Executive Officer, effective April 1, 2013.

(1)
Amounts for 2012 include amounts that were deferred from the executive salaries into the 401(k) plan for 2011, as follows: Mr. Dean $16,254; Mr. Bunker $21,343; Mr. Roberts $0; Mr. Probert $12,250; and Mr. Moorehead $9,707.

(2)
Amounts reflect the aggregate grant date fair value of the option grant made in each applicable fiscal year, in each instance calculated in accordance with FASB ASC Topic 718. See Note 11 to the Notes to Consolidated Financial Statements set forth in Item 8 of the 2012 Annual Report filed on Form 10-K filed with the SEC on March 6, 2013 for a description of the assumptions used in calculating such fair value. For this purpose, the estimate of forfeitures relating to vesting conditions is disregarded. The option awards include both time-based stock options and performance-based stock options. With respect to the performance-based stock options, the aggregate grant date fair value is based on the probable outcome of the attainment of the performance goals. For this purpose, the probable outcome of the attainment of the performance goals is full attainment.

(3)
"All Other Compensation" includes the following amounts paid by the Company for the fiscal year ended December 31, 2012. The amounts disclosed are the actual costs to the Company of providing these benefits.

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(4)
For a detailed discussion of bonus payments made in 2012 under the Company's cash bonus program, see the section above entitled "*Compensation Discussion and Analysis Cash bonus*."

Name	401(k) Plan Company Contribution ($)	Life Insurance Premium($)	Disability Insurance Premium ($)	Total ($)
Michael D. Dean	6,250	1,583	540	8,373
Stephen Bunker	6,250	1,341	360	7,951
D. Wynne Roberts		2,801	540	3,341
Gregory L. Probert	6,250			6,250
Wayne L. Moorehead	4,854	389	360	5,603

Grants of Plan-Based Awards in Fiscal Year 2012

The following table provides certain summary information concerning each grant of an award made to named executive officers in 2012 under a compensation plan.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards				Aggregate Grant Date Fair Value of Stock Option Awards ($)(4)
Name	Grant Date	Threshold (#)	Target (#)	Maximum (#)	Threshold (#)	Target (#)	Maximum (#)	Exercise or Base Price of Option Awards ($/Sh)	
(a)	(b)				(c)	(d)	(e)	(h)	(i)
Michael D. Dean	3/1/2012(1)				18,750	75,000		14.52	541,500
Michael D. Dean	3/1/2012(2)				7,750	25,000		14.52	180,500
Michael D. Dean	(5)	152,750	305,500	611,000					
Stephen M. Bunker	3/1/2012(1)				6,563	26,250		14.52	189,525
Stephen M. Bunker	3/1/2012(2)				2,713	8,750		14.52	63,175
Stephen M. Bunker	(5)	55,981	111,963	223,925					
D. Wynne Roberts	2/6/2012(3)				45,000	135,000		15.85	1,054,350
D. Wynne Roberts	(5)	79,219	158,438	316,875					
Gregory L. Probert	3/1/2012(1)				9,375	37,500		14.52	270,750
Gregory L. Probert	3/1/2012(2)				3,875	12,500		14.52	90,250
Gregory L. Probert	(5)	78,000	156,000	312,000					
Wayne L. Moorehead	2/28/2012(4)				16,667	50,000		15.15	361,000
Wayne L. Moorehead	(5)	40,300	80,600	161,200					

(1)
Option grant vests in four equal annual installments over each year of service measured from March 1, 2012, subject to the executive's continued employment with the Company. Amounts reflect the aggregate grant date fair value of the option grant made in each applicable fiscal year, in each instance calculated in accordance with FASB ASC Topic 718. These options are also subject to accelerated vesting upon a change of control of the Company or involuntary termination without cause of the executive by the Company. Mr. Dean's time-vesting options were accelerated in connection with his resignation effective March 31, 2013. See section below entitled "Employment Agreements and Potential Payments upon Termination or Change in Control."

(2)

Option grant vests as follows upon achievement of cumulative annual net sales revenue growth ("CAGR") over a rolling two-year period commencing January 1, 2014, subject to the Company maintaining at least an 8.0% operating income margin during the applicable period, provided the executive remains in employment with the Company through the end of the last quarter in which the performance goal is achieved.

CAGR	**% Vested**
5%	31%
7.5%	69%
9.2%	95%
10.0%	100%

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These options are also subject to accelerated vesting upon a change of control of the Company or termination of the executive's employment by reason of death or disability.

(3)

Option grant vests in three equal annual installments over each year of service measured from February 6, 2012, subject to the executive's continued employment with the Company. Amounts reflect the aggregate grant date fair value of the option grant made in each applicable fiscal year, in each instance calculated in accordance with FASB ASC Topic 718. These options are also subject to accelerated vesting upon a change of control of the Company or involuntary termination without cause of the executive by the Company.

(4)

Option grant vests in three equal annual installments over each year of service measured from February 28, 2012, subject to the executive's continued employment with the Company. Amounts reflect the aggregate grant date fair value of the option grant made in each applicable fiscal year, in each instance calculated in accordance with FASB ASC Topic 718. These options are also subject to accelerated vesting upon a change of control of the Company or involuntary termination without cause of the executive by the Company.

(5)

Reflects potential payouts under the 2012 fiscal year incentive bonus program. 65% of each named executive officer's target bonus was tied to attainment of specified revenue and operating income goals. The actual 2012 revenue and operating income did not meet the threshold levels required for payment and accordingly no bonus payments were made to any named executive officer with respect to that portion of such individual's bonus tied to company performance.

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Outstanding Equity Awards at Fiscal Year-End

The following table provides certain summary information concerning outstanding equity awards held by the named executive officers as of December 31, 2012.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
(a)	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**
Michael D. Dean	25,000			5.35	9/24/2019(1)
	100,000	50,000		8.51	3/21/2020(2)
	50,000			8.51	3/21/2020(3)
	150,000			8.88	1/3/2021(3)
		75,000		14.52	3/1/2022(4)
			25,000	14.52	3/1/2022(5)
TOTAL	**325,000**	**125,000**	**25,000**		
Stephen M. Bunker	15,000			5.35	9/24/2019(6)
	44,000			11.37	5/10/2020(3)
	30,000			8.88	1/3/2021(3)
		26,250		14.52	3/1/2022(4)
			8,750	14.52	3/1/2022(5)
TOTAL	**89,000**	**26,250**	**8,750**		
D. Wynne Roberts		135,000		15.85	2/6/2022(7)
TOTAL		**135,000**			
Gregory L. Probert	100,000			15.05	6/16/2021(8)
	33,333	66,667		15.05	6/16/2021(9)
		37,500		14.52	3/1/2022(4)
			12,500	14.52	3/1/2022(5)
TOTAL	**133,333**	**104,167**	**12,500**		
Wayne L. Moorehead		50,000		15.15	2/28/2012(10)
TOTAL		**50,000**			

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(1) Options vested in full on November 6, 2009, following shareholder approval of the 2009 Stock Incentive Plan.

(2) Option vests in three equal annual installments over each year of service measured from March 12, 2010, subject to the executive's continued employment with the Company. These options are also subject to accelerated vesting upon a change of control of the Company or involuntary termination without cause of the executive by the Company.

(3) Option grant vested in three equal installments upon the achievement of 6.0%, 8.0% or 10.0% operating income margins as reported, adjusted for stock-based compensation expense, during four of five consecutive fiscal quarters. The Company's operating margin for the four fiscal quarters in 2011 exceeded 8.0% and accordingly, the options subject to vesting based upon the achievement of the 6.0% and 8.0% operating income margins vested as of December 31, 2011, which was certified by the Company's Compensation Committee on March 1, 2012 prior to the issuance of the Company's 2011 Annual Report on Form 10-K. The Company's operating margin for the last two

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fiscal quarters in 2011 and first two fiscal quarters in 2012 exceeded 10% and accordingly, the options subject to vesting based upon the achievement of the 10% operating income margin vested as of June 30, 2012, which was certified by the Company's Compensation Committee on August 1, 2012 prior to the issuance of the Company's Q2-2012 Quarterly Report on Form 10-Q.

(4)
Option vests in four equal annual installments over each year of service measured from March 1, 2012, subject to the executive's continued employment with the Company. These options are also subject to accelerated vesting in full upon termination by reason of death or disability, certain terminations following a change of control of the Company, or upon an involuntary termination without cause of the executive by the Company. The option will vest with respect to the additional shares in which the executive would have vested had the executive remained employed for an additional period of 12 months.

(5)
Option grant vests based upon the achievement of between 5.0% and 10.0% cumulative annual net sales revenue growth over a rolling two year period commencing January 1, 2014, subject to the Company maintaining at least an 8.0% operating income margin during the applicable period. The options held by our named executive officers are subject to accelerated vesting upon a change of control of the Company or termination of the executive's employment by reason of death or disability.

(6)
Options vested in full on September 1, 2012.

(7)
Option vests in three equal annual installments over each year of service measured from February 6, 2012, subject to the executive's continued employment with the Company. These options are also subject to accelerated vesting upon a change of control of the Company or involuntary termination without cause of the executive by the Company.

(8)
Option grant vested in three equal installments upon the achievement of 6.0%, 8.0% or 10.0% operating income margins as reported, adjusted for stock-based compensation expense, during four of five consecutive fiscal quarters beginning July 1, 2011. The Company's operating margin for the last two fiscal quarters in 2011 and first two fiscal quarters in 2012 exceeded 10.0% and accordingly, the options subject to vesting based upon the achievement of the 6.0%, 8.0% and 10.0% operating income margin vested as of June 30, 2012, which was certified by the Company's Compensation Committee on August 1, 2012 prior to the issuance of the Company's Q2-2012 Quarterly Report on Form 10-Q.

(9)
Option vests in three equal annual installments over each year of service measured from June 16, 2011, subject to the executive's continued employment with the Company. These options are also subject to accelerated vesting upon a change of control of the Company or involuntary termination without cause of the executive by the Company.

(10)
Option vests in three equal annual installments over each year of service measured from February 28, 2012, subject to the executive's continued employment with the Company. These options are also subject to accelerated vesting upon a change of control of the Company or involuntary termination without cause of the executive by the Company.

Option Exercises

The following table sets forth information with respect to Common Shares acquired upon the exercise of stock options by the named executive officers as of December 31, 2012.

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)
Stephen M. Bunker	20,000	92,968

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Pension Benefits

The Company does not have a pension plan in which the named executive officers can participate to receive payments or other benefits at, following, or in connection with retirement.

Employment Agreements and Potential Payments Upon a Change in Control

The Company has employment agreements in place with each of its named executive officers. Among other things, these employment agreements set minimum annual base salaries for each named executive officer and also establish that each named executive officer is eligible to participate in the Company's executive bonus program. Payment of any bonus will be at the sole discretion of the Compensation Committee. The following table includes the minimum annual base salary pursuant to the terms of their respective employment agreements and their base salaries as of December 31, 2011, as established by the Compensation Committee in accordance with the terms of their respective employment agreements:

Name	Minimum Annual Base Salary ($)	Base Salary as of December 31, 2012 ($)
Michael D. Dean	400,000	470,000
Stephen M. Bunker	200,360	265,000
D. Wynne Roberts	325,000	325,000
Gregory L. Probert	240,000	240,000
Wayne L. Moorehead	240,000	240,000

Pursuant to the terms of the employment agreement for each of our named executive officers (other than Mr. Dean and Mr. Probert, whose agreements are described below), each named executive officer is eligible to receive certain termination benefits. The employment agreements for our named executive officers (other than Mr. Probert) provide that in the event the named executive officer is terminated by the Company without cause or in the event the named executive officer's employment ceases due to death or incapacity, he will be entitled to receive a severance payment equal to his annual base salary for the year of termination payable in 12 equal monthly installments and continued medical insurance coverage for 12 months, together with a reimbursement of up to $6,000 of any tax liability incurred by the executive in the event benefits received pursuant to such continued coverage result in taxable income to the executive. Pursuant to the terms of their employment agreements, for a period of one year after the cessation of the named executive officer's employment, the named executive officer will be subject to certain non-compete and non-solicitation covenants.

Chief Executive Officer Employment Agreement and Consulting Agreement

On March 12, 2010, we entered into an employment agreement with Michael Dean who initially served as our President and Chief Executive Officer Elect and became our President and Chief Executive Officer on July 1, 2010. His agreement provides a minimum base salary of $400,000, which is subject to at least an annual review by the Compensation Committee of the Board of Directors and a discretionary bonus for each calendar year of up to one hundred percent (100%) of his base salary. In addition, Mr. Dean is eligible to participate in the Company's cash bonus, option grants, and other performance-based incentives. Upon the cessation of his employment due to termination by the Company without cause or by him for good reason, or by reason of his death or incapacity, he will receive continued payment of his base salary and medical insurance coverage for a period of 12 months. Pursuant to Mr. Dean's employment agreement, "good reason" occurs when (i) without Mr. Dean's express written consent, there is a material breach by the Company of any material contractual obligation to Mr. Dean under the terms of his employment agreement or Mr. Dean's duties or responsibilities, as set forth in the agreement, are materially diminished;
(ii) Mr. Dean provides written notice of such breach or diminution to the Company within thirty (30) days of his knowledge of

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the occurrence of the breach or diminution; (iii) the Company fails to cure the breach or diminution within thirty (30) days after receipt of such notice; and (iv) Mr. Dean terminates his employment with the Company within thirty (30) days following the expiration of such cure period.

Pursuant to the terms of his employment agreement, on March 12, 2010, Mr. Dean was also granted two options under the 2009 Plan as follows: an option to purchase 150,000 shares of Common Stock of the Company, which vests in three equal annual installments over each year of service measured from March 12, 2010, and an option to purchase 50,000 shares of Common Stock of the Company, which vests in three equal installments upon the achievement of 6%, 8% and 10% operating income margins as reported, adjusted for stock-based compensation expense, during four of five consecutive fiscal quarters over the term of the option, provided Mr. Dean remains in employment with the Company through the end of the last quarter in which the performance goal is achieved. The options are subject to accelerated vesting upon a change in control or upon Mr. Dean's involuntary termination other than for cause. The Company's operating margin for the last two fiscal quarters in 2011 and first two fiscal quarters in 2012 exceeded 10.0% and, accordingly, the options subject to vesting based upon the achievement of the 6.0%, 8.0% and 10.0% operating income margin vested as of June 30, 2012, which was certified by the Company's Compensation Committee on August 1, 2012 prior to the issuance of the Company's Q2-2012 Quarterly Report on Form 10-Q. Each option granted to Mr. Dean has a term of ten years.

On March 6, 2013, we announced the resignation of Mr. Dean as the Chief Executive Officer and Director of the Company, effective March 31, 2013. In connection with the resignation, we entered into an amendment to his employment agreement (the "Amended Employment Agreement"), which modifies certain terms relating to Mr. Dean's severance benefits, including the following:

- extending the restricted period during which Mr. Dean shall comply with the non-compete covenants from 12 months to 24 months and modifying the definition of "Competing Business" in the non-compete covenants;

- extending the post-termination exercise period of Mr. Dean's stock options (except for the performance-based portion of such options) to 24 months;

- accelerated vesting of the remaining unvested time-based stock options previously granted to Mr. Dean (covering a total of 37,500 shares);

- payment by the Company of life insurance premiums and COBRA for a period of 18 months after the resignation; and

- providing for reimbursement of transition costs in an amount not to exceed $50,000, relocation costs of up to $15,000 and realtor fees of up to $40,000.

Furthermore, Mr. Dean's original employment agreement provides for a cash severance payment equal to his annual base salary if Mr. Dean is terminated without cause. The Amended Employment Agreement amends this provision, pursuant to which the Company will pay Mr. Dean a cash severance payment of $470,000, payable in twelve (12) equal monthly installments with the first installment to be made on April 15, 2014 and the last installment to be made on March 15, 2015 (the "Severance Payment").

In addition, in connection with his resignation, we and Mr. Dean agreed to enter into a consulting agreement dated as April 1, 2013 (the "Consulting Agreement"). Pursuant to the Consulting Agreement, Mr. Dean agrees to provide certain services to the Company as and when reasonably requested by the Company's new Chief Executive Officer. In exchange for the agreement to provide such services and the execution of a general release as required under his employment agreement, the Company agrees to pay Mr. Dean a fee equal to $470,000 for the period from April 1, 2013 to March 15, 2014, payable on a monthly basis in 12 equal installments. Mr. Dean also agrees to comply

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with certain non-competition covenants under the Consulting Agreement. In the event of a "change of control" as defined in the Amended Employment Agreement, the Consulting Agreement will terminate and the Company will be required to pay Mr. Dean the remaining balance of the Severance Payment and any unpaid fees under the Consulting Agreement.

Mr. Probert's Employment Agreement

On June 16, 2011, we entered into an employment agreement with Mr. Probert, who serves as the Company's Executive Chairman and as a member of the Board of Directors. His agreement provides for a minimum base salary of $240,000 which is subject to at least an annual review by the Compensation Committee and a target bonus of 100% of his base salary. The agreement has a term of three years and provides that in the event of his employment being terminated by the Company without cause, or by him for "good reason", or by reason of death or disability, he will be entitled to receive a severance payment equal to his base salary throughout the then remaining term of his employment agreement or to his base salary for 12 months from and after such termination payable in 12 equal monthly installments, whichever is greater. Pursuant to Mr. Probert's employment agreement, "good reason" occurs when (i) without Mr. Probert's express written consent, (a) there is a material breach by the Company of any material contractual obligation to Mr. Probert under the terms of his employment agreement, (b) Mr. Probert's title or position is changed to one of lesser stature and materially less authorities, duties or responsibilities; (c) he is required to report to an office or governing body lower than the Board of Directors (in his role as a member of the Board) or the chief executive officer (in his executive role) or (d) he is no longer serving as a member of the Board of Directors for any reason other than his resignation or removal for cause, (ii) Mr. Probert provides written notice of such breach or diminution to the Company within sixty (60) days of his knowledge of the occurrence of the event giving rise to good reason; (iii) the Company fails to cure the breach or diminution within thirty (30) days after receipt of such notice; and (iv) Mr. Probert terminates his employment with the Company within thirty (30) days following the expiration of such cure period. In the event that any severance payments or benefits in connection with a change in control result in an excise tax under Section 280G of the Internal Revenue Code, the payments and benefits will be subject to reduction so as to maximize his net after tax benefit after taking into account all taxes (including any such excise tax).

Pursuant to the terms of his employment agreement, on June 16, 2011, Mr. Probert was also granted two options under the 2009 Plan as follows: an option to purchase 100,000 shares of Common Stock of the Company, which vests in three equal annual installments over each year of service measured from June 16, 2011, and an option to purchase 100,000 shares of Common Stock of the Company, which vests in three equal installments upon the achievement of 6%, 8% and 10% operating income margins as reported, adjusted for stock-based compensation expense, during four of five consecutive fiscal quarters over the term of the option, provided Mr. Probert remains in employment with the Company through the end of the last quarter in which the performance goal is achieved. The options are subject to accelerated vesting upon a change in control or upon Mr. Probert's involuntary termination by the Company other than for cause or by him for good reason. Each option granted to Mr. Probert has a term of ten years.

On March 6, 2013, the Board of Directors appointed Mr. Probert as the Interim Chief Executive Officer effective April 1, 2013. In connection with the appointment, we amended Mr. Probert's employment agreement to provide, among other things, an annual base salary of $525,000 and the grant of options to purchase 25,000 shares of common stock with an exercise price equal to the closing price on April 1, 2013, the effective date of the amendment. Such options become fully vested and exercisable on the one-year anniversary of the effective date, provided that Mr. Probert continues his employment through such date. Mr. Probert is also eligible to receive options in 2013 to purchase 100,000 shares of common stock on the same terms and conditions as those offered to other executive employees of the Company. The amendment also clarifies that the relinquishment of Mr. Probert's position as the Interim Chief Executive Officer will not constitute a termination by the Company or ground for termination for "good reason" as long as he retains his position as the Executive Chairman.

Mr. Roberts' Employment Agreement

On January 25, 2012, we entered into an employment agreement with Mr. Roberts, who serves as the Company's President and Chief Operating Officer. His agreement provides for a minimum base salary of $325,000, which is subject to at least an annual review by the Compensation Committee of the Board of Directors and a discretionary bonus for each calendar year. In addition, Mr. Roberts is eligible to participate in the Company's cash bonus, option grants, and other performance-based incentives. Upon the cessation of his employment due to termination by the Company without cause or by reason of his death or incapacity, he will receive continued payment of his base salary and medical insurance coverage for a period of 12 months.

Pursuant to the terms of his employment agreement, on February 6, 2012, Mr. Roberts was also granted options under the 2009 Plan to purchase 135,000 shares of Common Stock of the Company, which vests in three equal annual installments over each year of service measured from February 6, 2012. The options are subject to accelerated vesting upon a change in control or upon Mr. Roberts' involuntary termination other than for cause.

Mr. Moorehead's Employment Agreement

On February 6, 2012, we entered into an employment agreement with Mr. Moorehead, who serves as the Company's Vice President and Chief Marketing Officer. His agreement provides for a minimum base salary of $240,000, which is subject to at least an annual review by the Compensation Committee of the Board of Directors and a discretionary bonus for each calendar year. In addition, Mr. Moorehead is eligible to participate in the Company's cash bonus, option grants, and other performance-based incentives. Upon the cessation of his employment due to termination by the Company without cause or by reason of his death or incapacity, he will receive continued payment of his base salary and medical insurance coverage for a period of 12 months.

Pursuant to the terms of his employment agreement, on February 28, 2012, Mr. Moorehead was also granted options under the 2009 Plan to purchase 50,000 shares of Common Stock of the Company, which vests in three equal annual installments over each year of service measured from February 28, 2012. The options are subject to accelerated vesting upon a change in control or upon Mr. Moorehead's involuntary termination other than for cause.

Equity Awards

Each outstanding option held by our named executive officers will accelerate in full upon (i) any termination of executive's employment by the Company other than for cause or by reason of death or disability or (ii) a termination for good reason by the executive within 24 months following a change in control. Immediate vesting will also occur upon a change in control of the Company in which the option is not assumed or replaced. A change in control generally includes: (i) acquisition of more than fifty percent (50%) of the Company's voting stock by any person or group of related persons; (ii) consummation of a merger or consolidation as a result of which less than 50% of the outstanding voting securities are owned by stockholders of the Company immediately prior to such reorganization, (iii) consummation of a sale of all or substantially all of the Company's assets, (iv) a change in the composition of the Board such that a majority of the directors who are currently on the Board, together with those subsequently nominated by such directors, no longer constitute a majority of the Board.

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Potential Payments upon Termination

The following table sets forth the estimated payments and benefits that would have been payable to all of the named executive officers under their agreements in the termination circumstances as described above had their employment terminated on December 31, 2012. All cash payments are assumed to be made in a lump sum and would be paid by the Company. The amounts set forth in this table represent estimates and forward-looking information that is subject to substantial variation, based on the timing of the triggering event. The Company cautions the reader to consider these limitations in reviewing the following table.

	Mr. Dean	Mr. Bunker	Mr. Roberts	Mr. Probert	Mr. Moorehead
Salary severance	$ 470,000	$ 265,000	$ 325,000	$ 586,000	$ 240,000
Continued Medical Insurance Coverage	8,100	8,100	8,100		8,100
Value of Accelerated Vesting(1)	298,500				
Other Benefits(2)		6,000			
TOTAL	$ 776,600	$ 279,100	$ 333,100	$ 586,000	$ 253,100

(1) Represents the intrinsic value of accelerated vesting of all outstanding options based on $14.48 closing price per share of Common Stock on December 31, 2012.

(2) Represents reimbursement of up to $6,000 of any tax liability incurred by the named executive officer in the event benefits received pursuant to continued medical insurance coverage result in taxable income to the named executive officer.

Potential Payment upon a Change in Control (No Termination of Employment)

The following outstanding equity awards held by each named executive officer will vest in full upon a change in control transaction.

	Mr. Dean	Mr. Bunker	Mr. Roberts	Mr. Probert	Mr. Moorehead
Value of Accelerated Vesting(1)	298,500				

(1) Represents the intrinsic value of the accelerated vesting of all of the named executive officer's stock options based on the $14.48 closing price per share of the Company's Common Stock on December 31, 2012.

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Equity Compensation Plans

The following table contains information regarding the Company's equity compensation plans as of December 31, 2012:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)		(b)	(c)
Equity compensation plans approved by security holders(1)	1,781,184	$	11.81	1,063,394
Equity compensation plans not approved by security holders(2)	2,500		11.85	
Total	1,783,684	$	11.81	1,063,394

(1) Consists of three plans: The Nature's Sunshine Products, Inc. 2012 Stock Incentive Plan (the "2012 Incentive Plan"), The Nature's Sunshine Products, Inc. 2009 Stock Incentive Plan (the "2009 Incentive Plan") and the Nature's Sunshine Products, Inc. 1995 Stock Option Plan (the "1995 Option Plan"). The 2009 Incentive Plan was approved by shareholders on November 6, 2009.

(2) During the year ended December 31, 2007, the Company issued nonqualified options to purchase shares of common stock outside of any shareholder approved stock incentive plan. These option grants were subsequently approved by the shareholders.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The Board's Audit Committee is responsible for review, approval, or ratification of "related-party transactions" as defined under applicable SEC rules that involve the Company or its subsidiaries. We have adopted written policies and procedures that apply to any transaction or series of transactions in which the Company or a subsidiary is a participant, the amount involved exceeds $120,000, and a related party has a direct or indirect material interest. If the Audit Committee determines a related party has a material interest in a transaction, the Audit Committee may approve, ratify, rescind, or take other action with respect to the transaction in its discretion.

Eugene L. Hughes, a former member of our Board of Directors, retired as an employee of the Company effective as of December 22, 2008. The Company and Mr. Hughes entered into a Retirement and Consulting Agreement, dated as of December 9, 2008, pursuant to which Mr. Hughes provides consulting services to the Company for an initial term of eight years following his retirement. In exchange for such consulting services, Mr. Hughes will receive (i) annual compensation of $215,000 for the first two years of service, (ii) annual compensation of $100,000 for the remainder of the initial term, (iii) annual compensation of $50,000 for each year in which he provides services after the initial term, and (iv) certain medical and life insurance benefits.

Kristine F. Hughes, the Vice Chairperson of our Board of Directors, is the spouse of Mr. Hughes, who is an emeritus member of our Board of Directors.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (*e.g.*, brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those

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shareholders. This process, which is commonly referred to as "householding," potentially means extra convenience for shareholders and cost savings for companies.

This year, a number of brokers with account holders who are our shareholders will be "householding" the proxy materials. A single proxy statement will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement and annual report, you may (i) notify your broker, (ii) direct your written request to our Corporate Secretary at our principal executive offices at 2500 West Executive Parkway, Suite 100, Lehi, Utah 84043, or (3) contact Nature's Sunshine directly at (801) 341-7900. Shareholders who currently receive multiple copies of the proxy statement at their address and would like to request "householding" of their communications should contact their broker. In addition, we will promptly deliver, upon written or oral request at the address or telephone number above, a separate copy of the proxy statement and annual report to a shareholder at a shared address to which a single copy of these materials was delivered.

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OTHER MATTERS

The Board of Directors knows of no other business that will be presented at the Annual Meeting. If any other business is properly brought before the Annual Meeting, it is intended that the proxies in the enclosed form will be voted in accordance with the judgment of the person voting the proxies.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the meeting regardless of the number of shares you may hold. Therefore, I urge you to vote as promptly as possible. You may vote your shares by visiting the website http://www.voteproxy.com**. To limit printing and other expenses for the Company and its shareholders, shareholders will not receive a printed copy of the proxy materials unless they have previously made a permanent election to receive these materials in printed form. Timely voting will ensure your representation at the Annual Meeting. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy.**

By Order of the Board of Directors

/s/ JAMON A. JARVIS

Jamon A. Jarvis
Executive Vice President, General Counsel, Chief Compliance Officer and Secretary

Lehi, Utah
March , 2013

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NATURE'S SUNSHINE PRODUCTS, INC.

PROXY OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 8, 2012

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned, having received the Notice of Annual Meeting of Shareholders and Proxy Statement, hereby revokes all previous proxies and appoints Michael D. Dean and Stephen M. Bunker, or either of them, the proxy of the undersigned, with full power of substitution, to vote all shares of common stock of Nature's Sunshine Products, Inc. that the undersigned is entitled to vote, either on his or her own behalf or on behalf of an entity or entities, at the Annual Meeting of Shareholders of Nature's Sunshine Products, Inc. to be held on May 8, 2013, at 10:00 AM Mountain Daylight Time, at our principal executive offices located at 2500 West Executive Parkway, Suite 100, Lehi, Utah 84043, and at any adjournment or postponement thereof, with the same force and effect as the undersigned might or could have if personally present thereat.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF DIRECTORS, "FOR" PROPOSALS ONE, TWO, THREE, FIVE AND SIX. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK, AS SHOWN HERE: ý.

1. Proposal One. Approve amendments to the Articles of Incorporation to phase out the classified Board of Directors.

o FOR o AGAINST o ABSTAIN

2. Proposal Two. Approve amendments to the Articles of Incorporation to eliminate the supermajority voting requirement with respect to the removal of directors and replace it with a majority voting standard.

o FOR o AGAINST o ABSTAIN

3. Proposal Three. Approve amendments to the Articles of Incorporation to eliminate the supermajority voting requirement with respect to amendments to Article VI of the current Articles of Incorporation relating to the classified board, director removal and other director matters, and replace it with a majority voting standard.

o FOR o AGAINST o ABSTAIN

4. Proposal Four. Election of Class I Directors (Term to Expire at the 2014 Annual Meeting)

o FOR all nominees

Nominees: o Willem Mesdag
o Jeffrey D. Watkins

o WITHHOLD AUTHORITY to vote for all nominees
o FOR ALL EXCEPT (See instructions below)
INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and mark the box next to each nominee you wish to withhold, as shown here: ý

5. Proposal Five. Ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013.

o FOR o AGAINST o ABSTAIN

6. Proposal Six. An advisory resolution to approve the compensation of the named executive officers.

o FOR o AGAINST o ABSTAIN

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS SPECIFIED ABOVE. IF NO CHOICE IS SPECIFIED, THIS PROXY WILL BE VOTED IN FAVOR OF ELECTING THE THREE NOMINEES NOTED HEREON TO THE BOARD OF DIRECTORS, FOR PROPOSALS TWO, THREE AND FOUR. IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ACCOMPANYING ENVELOPE.

Signature of Shareholder ______________________ Signature of Shareholder ______________________

Date ______________________ Date ______________________

NOTE: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.