

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) March 10, 2006

NATURAL HEALTH TRENDS CORP.

(Exact name of Company as specified in its charter)

Delaware 0-26272 59-2705336

(State or other jurisdiction (Commission IRS Employer
of incorporation) File Number) Identification No.)

2050 Diplomat Drive Dallas, TX 75234

(Address of principal executive offices) (Zip Code)

Company's telephone number, including area code (972) 241-4080

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Company under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 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

Item 3.02 Unregistered Sales of Equity Securities

As of November 1, 2004, Natural Health Trends Corp. (the "Company") and Natural Health Trends Japan, Inc., a wholly owned subsidiary of the Company ("NHT Japan"), entered into an employment agreement (the "Employment Agreement") with Richard Johnson pursuant to which Mr. Johnson agreed to serve as the President and Representative Director of NHT Japan. The term of Mr. Johnson's employment with the Company commenced on November 1, 2004 and was scheduled to end on December 31, 2006. Under the Employment Agreement, the Company agreed to pay Mr. Johnson an annual base salary of \$480,000 plus reimbursement for reasonable business expenses as well as expenses related to relocating to, and living in, Japan.

On March 16, 2006, Mr. Johnson and the Company amended the Employment Agreement effective as of February 1, 2006. As amended, the Employment Agreement is extended through January 31, 2009. Under the amended Employment Agreement, Mr. Johnson will continue to serve as President of NHT Japan and will provide advice and services to the Company, as requested. For health reasons, Mr. Johnson will reside in the United States and is expected to work a reduced

number of hours. He will be compensated by the Company under the amended Employment Agreement at the rate of \$2,000 per day with a minimum of \$16,000 per quarter (or \$64,000 per year). Under the amended Employment Agreement, the Company will issue to Mr. Johnson options exercisable for 8,000 shares of the Company's common stock during each year of the term of the Consulting Agreement. The options shall be exercisable at a price equal to the fair market value of the shares of common stock on the date of grant and will be issued pursuant to the Company's 2002 Stock Plan. The Company has also agreed to reimburse Mr. Johnson for business related expenses

On March 10, 2006, the Company entered into a letter agreement dated March 1, 2006 with Robert H. Hesse, the Company's Interim Chief Executive Officer and a member of the Board of Directors. Pursuant to the letter agreement, Mr. Hesse has agreed to continue acting as the interim chief executive officer of the Company. In addition to continuing his base pay of \$2,000 per day, the Company has agreed to pay Mr. Hesse a retention bonus equal to \$300,000, of which \$150,000 is due and payable currently and \$150,000 is due within 5 days after satisfactory completion of Mr. Hesse's term as interim Chief Executive Officer.

On March 15, 2006, Mr. Hesse also exercised an option granted to him on April 9, 2003, to purchase 5,000 shares of the Company's common stock for \$1.80 per share. The option was set to expire on April 9, 2006.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 Amended Employment Agreement between Natural Health Trends Corp. and Richard S. Johnson dated March 16, 2006, but effective as of February 1, 2006.

10.2 Letter Agreement dated March 1, 2006 between Natural Health Trends Corp. and Robert H. Hesse.

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SIGNATURES

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

NATURAL HEALTH TRENDS CORP.

Date: March 16, 2006

By: /s/ ROBERT H. HESSE

Name: Robert H. Hesse

Title: Interim Chief Executive Officer

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EXHIBIT INDEX

Exhibit	Description
10.1	Amended Employment Agreement between Natural Health Trends Corp. and Richard S. Johnson dated March 16, 2006, but effective as of February 1, 2006.
10.2	Letter Agreement dated March 1, 2006 between Natural Health Trends Corp. and Robert H. Hesse.

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Exhibit 10.1

AMENDED EMPLOYMENT AGREEMENT

This Agreement is made and entered into as of February 1, 2006 by Natural Health Trends Corp., a Delaware corporation (the "Company"), and Richard S. Johnson ("Employee") in which the parties agree as follows:

1.0 RECITALS

1.1 Through its subsidiaries, NHTC operates an international direct selling organization (the "Organization") that distributes certain cosmetic, quality of life, and other products through independent distributors worldwide.

1.2 Employee has experience and expertise in the area of advising direct selling organizations in matters such as market development and product expansion in Japan and throughout the world, has substantial knowledge of and experience in the Organization's operations and products, and is willing to continue his employment as President of Natural Health Trends Japan, Inc. and provide additional advise and services to the Company.

1.3 The Company is willing to engage Employee as an employee on the terms and conditions set forth herein.

1.4 Therefore, for good and valuable consideration, including the promises made by each party and the acts taken in accordance therewith, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

2.0 ENGAGEMENT

2.1 The Company hereby engages Employee to act as President of Natural Health Trends Japan, Inc. and render such further advise and services to the Company as may be requested by the Company from time-to-time.

2.2 Employee hereby accepts this employment on the terms and conditions set forth herein.

2.3 This Agreement amends and restates in their entirety and takes the place of all other Employment Agreements between the Company, or any of its subsidiaries, and Employee, effective February 1, 2006.

3.0 TERM

3.1 This Agreement will be effective as of February 1, 2006 (the "Commencement Date"), and, unless modified by mutual written agreement of the parties, shall continue for a term of three years, unless terminated earlier in accordance with this Agreement (the "Term").

3.2 The Company may terminate this Agreement as follows:

3.2.1 Employee shall become insolvent, bankrupt or seek protection from creditors,

3.2.2 Employee commits any dishonest or fraudulent act or is convicted of any crime,

3.2.3 The Company becomes the subject of a governmental or regulatory action seeking any penalty, sanction, or fine against the Company as a result of actions undertaken at least in part by Employee, or

3.2.4 Employee commits any material breach of this Agreement, or

3.2.5 Upon ninety (90) days written notice to Employee of the Company's intent to cancel this Agreement.

3.3 Employee may terminate this Agreement as follows:

3.3.1 The Company shall become insolvent, bankrupt or seek protection from creditors,

3.3.2 The Company or an executive officer of the Company is convicted of any crime,

3.3.3 Employee becomes the subject of a governmental or regulatory action seeking any penalty, sanction, or fine against Employee as a result of actions undertaken at least in part by the Company,

3.3.4 The Company commits any material breach of this Agreement, or

3.3.5 Upon ninety (90) days written notice to the Company of Employee's intent to cancel this Agreement.

3.4 Upon expiration or termination, whichever shall first occur, the Company shall pay for services rendered through the date of expiration or termination.

4.0 COMPENSATION

4.1 In consideration of the services performed by Employee, the Company agrees to pay Employee \$16,000 per quarter, which upon request of Employee will be paid in monthly installments of \$5,333.33.

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4.2 Out-of-pocket expenses incurred by Employee and authorized and approved by the Company in advance in writing shall be reimbursed by Company to Employee.

4.3 Employee shall submit statements to the Company not less frequently than quarterly, and may submit such statements to the Company monthly, for services rendered and out-of-pocket expenses reimbursable under this Agreement. The Company shall pay approved invoices within ten (10) days of its receipt thereof.

4.4 Each year during the term of this Agreement, the Executive shall receive non-qualified stock options exercisable for an aggregate of 8,000 shares of the Company's common stock ("Common Stock") at an exercise price equal to the closing price of the Company's common stock on the date the options are issued, as reported on the OTC Bulletin Board. The Options shall be granted pursuant to the Company's 2002 Stock Plan (the "Plan") and subject to the terms and conditions thereof.

4.5 The option to purchase 15,000 shares of the Common Stock that have already been issued to Employee shall vest on the Commencement Date and are exercisable from and after the Commencement Date through and until 90 days after termination of this Agreement.

5.0 EMPLOYEE'S ACTIVITIES

5.1 Employee shall devote up to 8 days every quarter to the business and affairs of the Company, when, where and as requested by the Company. Travel time, telephone conferences, and time spent preparing for providing services hereunder shall all qualify as time devoted to providing services hereunder.

5.2 If Employee spends more than 8 days in any quarter providing services hereunder, then the Company shall compensate Employee for such extra days at the rate of \$2,000.00 per day.

5.3 Employee will travel to Japan at least once each year to attend and participate in a distributor convention or other event designated by the Company at least 60 days in advance. The Company will provide or reimburse round-trip business-class or equivalent airfare to such event for Employee and Employee's wife, if she attends the event with him. The Company will also provide hotel accommodations at such event for Employee and his wife at a Four Seasons or equivalent hotel.

5.4 Employee will travel to the Company's headquarters in Dallas, Texas, once each quarter if and when requested by the Company with at least 15 days advance notice. The Company will provide or reimburse round-trip business-class or equivalent airfare to such event for Employee, as well as hotel accommodations at a Four Seasons or equivalent hotel.

5.5 Employee shall keep and periodically provide to the Company a record describing the work activities and hours of Employee as the Company shall reasonably request.

6.0 CONFIDENTIALITY

6.1 "Confidential Information" means any and all technical, business, financial or commercial information concerning the Company which is confidential or proprietary or competitively sensitive and which is received from Employee, whether before or after the date hereof, without regard to the form of the disclosure, including without limitation:

6.1.1 Technical Information. All trade secrets, inventions, discoveries, know-how, formulas, formulations, compositions, software, specifications, patents, patent applications, drawing, schematics, processes, process technologies, manufacturing techniques, tests, test results, research and development, and similar non-public technical information;

6.1.2 Business, Financial and Commercial Information. All information concerning the business, financial condition, results of operations, marketing strategies, contracts with representatives, lists of Agents or representatives, contracts with customers and prospective customers, lists of customers and prospective customer representatives, costs, pricing, margins, terms of sales, quantities, product plans, contracts, market information, purchase orders, sources of supply, projections, confidential personnel information, and similar non-public commercial information; and

6.1.3 Recordings. The contents of all notes, analyses, compilations, contracts, records, report studies and extracts in every recordable form, however and whenever arising, containing any Confidential Information.

6.2 Employee agrees that the Confidential Information will be used solely in connection with Employee's services to the Company pursuant to this Agreement and that he or she will hold the Confidential Information in strict confidence and not communicate, disclose, divulge, disseminate, publish or transfer the Confidential Information to any person except as expressly permitted hereby, without the prior written consent of the Company.

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6.3 Employee agrees that all work product prepared by Employee in connection with this Agreement, whether before or after execution of this Agreement, will be subject to protection under federal copyright law, constitutes "work-for-hire" and that all right, title, interest in such work product are owned exclusively by the Company and that Employee has no rights with respect thereto. Employee agrees to furnish all such work product to the Company and execute and deliver to the Company all acknowledgements, assignments, and other documents and take such other action as the Company may deem necessary to vest all right, title, and interest in such work product with the Company.

6.4 Employee agrees that the Company would not have an adequate remedy at law and would be irreparably injured if Employee did not strictly perform his or her obligations in accordance with the provisions of this Agreement. Employee agrees that the Company shall be entitled to an injunction to require compliance herewith. This remedy is in addition to any other right or remedy to which the Company may be entitled at law or in equity and not as a limitation thereof.

7.0 GENERAL PROVISIONS

7.1 The failure or delay by any party in exercising any right, power, or privilege under this Agreement will not operate as a waiver of such right, power, or privilege.

7.2 This Agreement supersedes all prior agreements and understandings between the parties, including agreements and understandings with Lexxus International or any other subsidiary or affiliate of the Company, and constitutes a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement signed by the parties.

7.3 Neither party may assign any of its rights under this Agreement without the prior consent of the other party. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement. No third parties are intended to be beneficiaries hereof.

7.4 This Agreement will be governed by the laws of the State of Texas as if it were to be wholly performed within such State.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written-above.

THE COMPANY:

EMPLOYEE:

NATURAL HEALTH TRENDS CORP.

By: /s/ ROBERT H. HESSE

/s/ Richard S. Johnson

Robert H. Hesse, CEO

Richard S. Johnson

Exhibit 10.2

NATURAL HEALTH TRENDS CORP.
2050 Diplomat Drive
Dallas, TX 75234

March 1, 2006

Robert H. Hesse
c/o Natural Health Trends Corp.
2050 Diplomat Drive
Dallas, TX 75234

Dear Bob:

In connection with your continued employment as the Interim Chief Executive Officer of Natural Health Trends Corp. (the "Company"), we are pleased to offer you the following terms and conditions:

Title: Interim Chief Executive Officer

Duties: Duties and responsibilities customary for a chief executive officer, including without limitation:

- Develop a 2006 financial plan for the Company;
- Manage the Company to achieve the financial plan;
- Support the Company's Search Committee in its recruitment of a permanent CEO;
- Effect a seamless transition to a permanent CEO;
- Develop a corporate culture for all employees and distributors focused on implementing professional conduct and best practices, particularly with respect to legal and regulatory compliance;
- Actively confer with the Company's Board of Directors (the "Board") on all significant operational, financial and strategic issues and be responsive to the Board's reasonable requests and direction;
- Assist the Board in resolving all matters relating to former management and related issues; and
- Maintain positive relations with investors, market makers and analysts, subject to compliance with applicable laws, rules and regulations.

Term: Term of engagement concludes when new CEO commences employment - most likely by July 1, 2006

Base Pay: \$2,000 per day

Retention Bonus: \$300,000, \$150,000 of which will be paid on the date hereof, and \$150,000 shall be paid within 5 days following the last day of the Term, assuming your duties are discharged and transition is effected to the reasonable satisfaction of the Board

Benefits: Travel and entertainment as available to senior executives (in accordance with prior practice) and reasonable reimbursement of rent for Dallas apartment during the Term

We look forward to continuing to work together to make Natural Health a success.

NATURAL HEALTH TRENDS CORP.

By /s/ SIR BRIAN WOLFSON

Name: Sir Brian Wolfson
Title: Chairman of the Board

Agreed to and Accepted:

/s/ ROBERT H. HESSE

Robert H. Hesse

cc: The Board of Directors
Natural Health Trends Corp.