

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) October 31, 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

On October 31, 2006, the Company, Terry L. LaCore and Mark D. Woodburn entered into several agreements (collectively, the "Settlement Agreements"), pursuant to which they resolved certain pending disputes among the parties.

I. Background

Messrs. LaCore and Woodburn were officers and directors of the Company from 2001 until October 2005, and then employees of the Company until November 14, 2005. As previously disclosed, the Company terminated the employment of Messrs. LaCore and Woodburn in November 2005 based upon information learned during an investigation conducted by the Company's Audit Committee.

On February 10, 2006, the Company entered into an Escrow Agreement (the "Escrow Agreement") with Messrs. Woodburn and LaCore, the LaCore and Woodburn

Partnership, an affiliate of Woodburn and LaCore, and Krage and Janvey LLP, as escrow agent (the "Escrow Agent"). Pursuant to the Escrow Agreement, (i) the Company issued and deposited with the Escrow Agent stock certificates in the name of the Escrow Agent representing an aggregate of 1,081,066 shares of the Company's common stock (the "Escrowed Shares") and (ii) Woodburn and LaCore deposited with the Agent an aggregate of \$1,206,000 in immediately available funds (the "Cash Deposit"). The Escrowed Shares are the shares of common stock issuable upon the cashless exercise of options issued in 2001 and 2002 to LaCore and the LaCore and Woodburn Partnership for 1,200,000 shares of common stock exercisable at \$1.00 and \$1.10 per share.

The Escrowed Shares were issued to the Escrow Agent upon receipt from the Escrow Agent of an irrevocable proxy (the "Proxy") to the Company to vote the Escrowed Shares on matters presented at meetings of stockholders or written consents executed in lieu thereof. The parties also agreed that the Escrow Agent will hold the Escrowed Shares and the Cash Deposit until it receives (i) joint written instructions from the Company, Woodburn and LaCore, or (ii) a final non-appealable order from a court of competent jurisdiction.

II. The Settlement Agreements

The following is a summary of the principal terms of the Settlement Agreements, copies of which are attached hereto as exhibits:

a. Main Agreement

Each of the Company, LaCore and Woodburn have agreed that:

(i) in connection with certain payments received by LaCore and Woodburn from an independent distributor of the Company, they have agreed to pay an aggregate of \$2.5 million (the "Payment Amount") to the Company by not later than October 31, 2008 (see "Non-Recourse Secured Promissory Note" below);

(ii) the Escrowed Shares shall be reissued to LaCore and Woodburn (or their designees) and such shares (the "Pledged Shares") shall be pledged to the Company as collateral for their obligations under (x) the Non-Recourse Secured Promissory Note and (y) the indemnification agreement (see "Indemnification Agreement" below);

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(iii) the Pledged Shares and other shares of Company capital stock held directly or indirectly by LaCore and/or Woodburn shall be the subject of a voting agreement with the Company (see "Voting Agreement" below);

(iv) the Cash Deposit plus accrued and unpaid interest shall be wired by the Escrow Agent to LaCore concurrent with the signing of the Settlement Agreements;

(v) LaCore shall provide the Company with assistance for up to 10 hours per month with respect to network marketing, compensation plan adjustments and strategic planning assistance during the one-year period ending October 31, 2007;

(vi) Woodburn shall be engaged as a consultant to the Company (see "Consulting Agreement" below);

(vii) each of LaCore and Woodburn shall enter into restricted activity and proprietary rights assignment agreements (see "Restricted Activity Agreements" below);

(viii) the Company shall issue a limited release to each of LaCore and Woodburn (see "Limited Release" below);

(ix) each of LaCore and Woodburn shall issue a general release to the Company (see "General Releases" below);

(x) prior to October 31, 2009, without the prior written consent of the Company, each of LaCore and Woodburn shall not, among other things, acquire (or seek to acquire) Company assets or capital stock, solicit proxies or influence the voting of the Company's capital stock, or attend Company stockholder meetings (unless invited by the Company);

(xi) each of LaCore and Woodburn agree to other restrictive covenants, including participate in any class action or other legal action against the Company or its affiliates, (except with respect to defending claims), making disparaging statements about the Company or its affiliates, or accepting payments from Company distributors; and

(xii) claims for indemnification and advancement by LaCore and Woodburn shall be governed by Delaware law and the Company's certificate of incorporation and by-laws.

b. Non-Recourse Secured Promissory Note

LaCore and Woodburn have executed and delivered a Non-Recourse Secured Promissory Note (the "Note"), pursuant to which they have jointly and severally agreed to pay to the Company the Payment Amount plus interest accrued at the rate of 6% per annum by no later than October 31, 2008. The Pledged Shares have been pledged as the sole collateral to secure LaCore and Woodburn's obligations under the Note and the Indemnification Agreement. At any time, LaCore and Woodburn may elect to repay all or part of the Note by delivering a number of Pledged Shares based upon the Fair Market Value (as defined in the Note) of such shares. The Company may also elect at any time to have all or part of the Note repaid by requiring the surrender of a number of Pledged Shares having a Fair Market Value equal to the repayment amount. In no event shall LaCore and/or Woodburn be obligated to repay an amount due under the Note in excess of the Fair Market Value of the Pledged Shares.

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c. Indemnification Agreement

The Company, LaCore and Woodburn have executed and delivered an Indemnification Agreement, pursuant to which each of LaCore and Woodburn has agreed as to his individual conduct to indemnify and hold harmless the Company and its affiliates for his conduct except for (i) Specified Conduct (as hereinafter defined), and (ii) conduct for which LaCore or Woodburn, as the case may be, is entitled to indemnification from the Company under the Company's certificate of incorporation, by-laws and Delaware law.

d. Voting Agreement

The Company, LaCore and Woodburn have executed and delivered a Voting Agreement, pursuant to which during the 3 year period ending October 31, 2009 each of LaCore and Woodburn has agreed that all shares of Company capital stock beneficially owned by them or shares acquired by them will be, or become, the subject of the Voting Agreement. Pursuant to the Voting Agreement, all of such shares shall be voted by the Company's Board of Directors, or such third party that is reasonably acceptable to each of the Company, LaCore and Woodburn.

e. Consulting Agreement

The Company and Woodburn have executed and delivered a Consulting Agreement, pursuant to which the Company has engaged Woodburn as a consultant for a one-year period. Woodburn is to report directly to the Company's President and Chief Executive Officer and has agreed to assist the Company with general administration, accounting, finance and strategic planning. Woodburn will be paid \$17,000 per month plus reimbursement of bona fide business expenses approved in advance in writing by the Company. If Woodburn is terminated without Cause (as defined in the Consulting Agreement), he will be entitled to continue to receive his monthly retainer fee for the remainder of the term, unless he breaches the terms of his Restricted Activity Agreement or otherwise engages in a Competitive Activity (as defined in the Restricted Activity Agreement). Woodburn is permitted to engage in certain consulting activities for third parties that will not constitute Cause under the Consulting Agreement.

f. Restricted Activity Agreements

Each of LaCore and Woodburn have executed and delivered Restricted Activity and Proprietary Rights Assignment Agreements with the Company, pursuant to which they have each agreed to keep confidential or competitively sensitive information confidential and to disclose and assign to the Company any Work Product (as defined in the agreements). During the one year period ending October 31, 2007, LaCore has agreed not to directly or indirectly (i) recruit or

solicit any company personnel or independent distributors, or (ii) perform any services for any independent distributor of the Company (the "Covenant Not to Interfere"). During the term of his consulting arrangement with the Company through the one year period following the receipt of his last monthly consulting fee or severance payment, Woodburn has also agreed to the Covenant Not to Interfere. In addition, except for Permitted Consulting Arrangements (as hereinafter defined), during the one year period ending on October 31, 2007, Woodburn has agreed not engage in any activity which competes with any substantial aspect or part of the Company's business (or any affiliate thereof). "Permitted Consulting Arrangements" means any consulting or similar arrangement

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or agreement between Woodburn and any third party so long as Woodburn delivers to the Company not less than 10 business days prior to the commencement of service a written notice that describes the terms and conditions of the proposed consulting arrangement.

g. Limited Release

The Company has executed a limited release in favor of LaCore and Woodburn with respect to all charges, claims, causes of action and demands related to their (i) directing, accepting, or permitting payments to or from positions 1001 to 1014 in the Company's distributor tree from January 1, 2001 through the date of the release, (ii) any related party transactions relating or pertaining to LaCore or Woodburn that were previously disclosed in the Company's public filings, and (iii) any disclosures made or omitted, if any, relating or pertaining to any of the foregoing conduct (collectively, the "Specified Conduct").

h. General Releases

LaCore and Woodburn have executed a general release in favor of the Company and its affiliates, including present and former stockholders, officers, directors, shareholders, employees, and representatives with respect to all charges, claims, causes of action and demands of any nature, known or unknown, which LaCore or Woodburn had or may have in the future, except with respect to the Company's obligations under the Settlement Agreements.

Item 1.02 Termination of a Material Definitive Agreement

In connection with the execution of the Settlement Agreements, the Company, LaCore, Woodburn, and the Escrow Agent terminated the Escrow Agreement.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 10.1. Settlement Agreement dated October 31, 2006 among the Company, LaCore and Woodburn.
- 10.2. Non-Recourse Secured Promissory Note dated October 31, 2006 executed by LaCore and Woodburn.
- 10.3. Indemnification Agreement dated October 31, 2006 among the Company, LaCore and Woodburn.
- 10.4. Voting Agreement dated October 31, 2006 among the Company, LaCore and Woodburn.
- 10.5. Consulting Agreement dated October 31, 2006 among the Company and Woodburn.
- 10.6. Restricted Activity Agreement dated October 31, 2006 among the Company and Woodburn;
- 10.7. Restricted Activity Agreement dated October 31, 2006 among the Company and LaCore.
- 10.8. Limited Release dated October 31, 2006 issued by the Company in favor of LaCore and Woodburn.

10.9. General Release dated October 31, 2006 issued by LaCore and Woodburn in favor of the Company and its affiliates.

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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: November 1, 2006

By: /s/ STEPHANIE S. HAYANO

Name: Stephanie S. Hayano
Title: President and Chief Executive
Officer

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AGREEMENT

This Agreement (this "Agreement"), is dated as of October 31, 2006, by and among Terry LaCore ("LaCore"), Mark D. Woodburn ("Woodburn") and Natural Health Trends Corp., a Delaware corporation (the "Company").

WHEREAS, the parties hereto desire to settle a dispute among them and to enter into this Agreement and the exhibits attached hereto.

NOW THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Payment Obligation; Disbursement of Escrow Account; Pledged Shares.

(a) Each of LaCore and Woodburn jointly and severally agrees to pay to the Company \$2.5 million (the "Payment Obligation") in connection with certain payments made to LaCore and Woodburn by an independent distributor.

(b) On the date hereof, LaCore, Woodburn and the Company shall cause Krage & Janvey, the escrow agent (the "Escrow Agent") under that certain escrow agreement dated as of February 10, 2006 by and among LaCore, Woodburn, the Company and the Escrow Agent (the "Escrow Agreement"), in accordance with the terms of the Escrow Agreement, to (i) wire the Cash Deposit (as defined in the Escrow Agreement) plus accrued interest thereon to an account designated by LaCore, and (ii) transfer and assign the Escrowed Shares (as defined in the Escrow Agreement) to LaCore and/or Woodburn which shares (the "Pledged Shares") shall be simultaneously deposited with, and pledged to, the Company. In addition, each of LaCore and Woodburn shall deliver to the Company stock powers endorsed in blank with respect to the Pledged Shares.

(c) Each of LaCore and Woodburn hereby pledges, and the Company shall hold, the Pledged Shares (1,081,066 shares of Company common stock) as collateral for LaCore's and Woodburn's obligations (i) under that certain non-recourse secured promissory note, a form of which is attached hereto as Exhibit A (the "Note"), and (ii) under that certain indemnification agreement, a form of which is attached hereto as Exhibit B (the "Indemnification Agreement"). None of the Pledged Shares shall be sold, transferred or conveyed to any third parties prior to the first anniversary of the date hereof and each of LaCore and Woodburn acknowledges that the Company shall impose a "stop transfer" order on such shares with the Company's transfer agent for such period. The Company acknowledges and agrees that it will instruct the transfer agent to remove any such "stop transfer" order on the first anniversary of the date hereof.

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2. Voting Agreement. All shares of Company capital stock held directly or indirectly by LaCore or Woodburn, or any L&W Affiliate (as hereinafter defined), including without limitation, the Pledged Shares, shall be the subject of a voting agreement, a form of which is attached hereto as Exhibit C. Each of LaCore and Woodburn agrees to fully and promptly disclose to the Company in writing the identity of each L&W Affiliate that now or hereafter owns capital stock of the Company and the number and class of such capital stock.

3. Assistance; Consulting Agreement. During the one year period following the date hereof, LaCore shall assist the Company as requested by Company management with respect to network (or multi-level) marketing operations, including without limitation, compensation plan adjustments and strategic planning; provided however, in no event shall LaCore be required to travel or devote more than ten (10) hours per month. Woodburn shall be engaged as a consultant to the Company pursuant to the terms of a consulting agreement between the Company and Woodburn, a form of which is attached hereto as Exhibit D (the "Consulting Agreement").

4. Restrictive Covenants. Each of the parties shall enter into a restricted activity and proprietary rights assignment agreement, the forms of which are attached hereto as Exhibits E-1 and E-2.

5. Releases. The Company shall execute and deliver a limited release in favor of each of LaCore and Woodburn, a form of which is attached hereto as Exhibit F-1. Each of LaCore and Woodburn shall execute and deliver a general release in favor of the Company, a form of which is attached hereto as Exhibit F-2.

6. Standstill. Neither LaCore, Woodburn nor any L&W Affiliate (as hereinafter defined) shall, without the prior written consent of the Company, for a period of three (3) years from the date of this Agreement (the "Standstill Period"), directly or indirectly:

(a) acquire or agree, offer, seek or propose to acquire, or cause to be acquired, ownership (including, but not limited to, beneficial ownership as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of any of the assets or businesses of any Company Affiliates (as hereinafter defined), or any securities of any Company Affiliates or any rights or options to acquire any such ownership from any Person (as hereinafter defined);

(b) make, or in any way participate in, any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Securities and Exchange Commission) to vote or seek to advise or influence in any manner whatsoever any Person (as hereinafter defined) with respect to the voting of any securities of any of the Company Affiliates;

(c) form, join, or in any way participate in a "group" (within the meaning of Section 13d(3) of the Exchange Act) with respect to any voting securities of any of the Company Affiliates;

(d) arrange, or in any way participate in, any financing for the purchase of any voting securities or securities convertible or exchangeable into or exercisable for any voting securities or assets of any of the Company Affiliates;

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(e) otherwise act, whether alone or in concert with others, to seek to propose to any of the Company Affiliates or any of their respective stockholders, any merger, business combination, restructuring, recapitalization or similar transaction to or with any of the Company Affiliates or otherwise act, whether alone or in concert with others, to seek to control, change or influence the management, shareholders, Board of Directors, managers or policies of any of the Company Affiliates, or nominate any Person as a director of any of the Company Affiliates;

(f) attend any shareholder meeting of any Company Affiliates, unless invited by the Company prior to such meeting;

(g) solicit, negotiate with, or provide any information to, any Person with respect to a merger, business combination, exchange offer or liquidation of any of the Company Affiliates or any other acquisition of any of the Company Affiliates, any acquisition of securities of or all or any portion of the assets of any of the Company Affiliates or any other similar transaction;

(h) announce an intention to, or enter into any discussion, negotiations, arrangements or understandings with any third party with respect to, any of the foregoing matters;

(i) disclose any intention, plan or arrangement inconsistent with any of the foregoing provisions;

(j) advise, assist, encourage or participate with any other Person in connection with action inconsistent with any of the foregoing provisions; or

(k) engage in any foregoing matters with any former subsidiary of the Company unless the Company receives written notification not less than ten (10) days prior to commencing any such matter which notice shall fully describe the proposed activities with the former subsidiary.

"Company Affiliates" means the Company and each of its current, and future subsidiaries and affiliates and their respective successors and assigns. "L&W Affiliate" shall mean (i) any Person directly or indirectly, through one or more intermediaries, controlled by LaCore or Woodburn or any family member of LaCore or Woodburn or any trust or other arrangement for the benefit of any family

member of LaCore or Woodburn (a "L&W Controlled Entity"), or (ii) any Person otherwise affiliated with LaCore or Woodburn or any L&W Controlled Entity. "Person" shall mean any natural person, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, government or any agency or political subdivision thereof, or any other legal entity or organization.

7. Additional Restrictions. Except in the course of providing the services required by Section 3 above, neither LaCore, Woodburn nor any L&W Affiliate during the Standstill Period will, directly or indirectly:

(a) form, join, encourage or in any way participate in any class action or other legal action or arbitration (or threaten to initiate any such class action, legal action or arbitration), whether brought directly or derivatively

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by other third parties, against any of the Company Affiliates or any of their respective officers, directors, employees, stockholders, distributors, agents or representatives (collectively, the "Released Parties"); provided however, that LaCore, Woodburn and each L&W Affiliate shall not be restricted in defending any class action or other legal action, proceeding or arbitration initiated against either of them or prosecuting any counterclaims asserted by either of them.

(b) except as required by law, or requested or required by any governmental agency, provide any information whatsoever to any other Person, including, without limitation, any current, future or former distributor, employee, stockholder, director of, or lender to, any of the Company Affiliates or any prospective or existing purchaser of interests in or assets of any of the Company Affiliates concerning the purported integrity, management, employee relations, investments, asset sales, compensation plan, products, allocation of resources, financial condition or any other business practices of, or payments made by, any Released Parties (collectively, "Company Business Practices");

(c) send any correspondence whatsoever to any Released Party or to any family member or known business associate of any Released Party concerning any Company Business Practice;

(d) make, participate in the making of, or encourage any other person to make, any statements, written or oral which (i) is calculated to have the effect or purpose of maligning the integrity, management, products, services, allocation of resources or business practices of any Released Party or (ii) criticize, disparage, or defame the goodwill or reputation of, or which are intended to embarrass or adversely affect the morale of, any Released Party;

(e) visit or attempt to visit the offices of any Company Affiliate or any meeting or conference sponsored by any Company Affiliate or any distributor of any Company Affiliate;

(f) announce an intention to, or enter into any discussion, negotiations, arrangements or understandings with any third party with respect to, any of the foregoing matters;

(g) accept any payment or consideration of any type from any Released Party or Distributor or Potential Distributor, other than pursuant to this Agreement or the Consulting Agreement;

(h) disclose any intention, plan or arrangement inconsistent with the foregoing provisions; or

(i) advise, assist, encourage or participate with any other Person in connection with any action inconsistent with any of the foregoing provisions.

8. No Admission. Neither this Agreement nor the exhibits hereto when executed and delivered (collectively, the "Transaction Documents") nor any action or acts taken in connection therewith shall constitute an admission of liability or wrongdoing by any of the Parties or any other Person.

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9. Consultation With Counsel. The Parties each acknowledge that they have consulted with their respective attorneys before executing this Agreement and that they have entered into and executed each of the Transaction Documents

knowingly, voluntarily and freely of their own volition and with such consultation with counsel as they deemed appropriate.

10. Construction of Agreement. The language of this Agreement and the other Transaction Documents shall be construed as a whole according to its fair meaning and none of the parties hereto shall be deemed to have drafted this Agreement or the other Transaction Documents in any action that may hereafter arise between the parties hereto. If for any reason any provision of this Agreement or any of the other Transaction Documents, or portion thereof, is held unenforceable, that provision, or portion thereof, shall be enforceable to the maximum extent permissible so as to effect the parties' intent, and be deemed to be so modified, and the remainder of this Agreement or the other Transaction Documents, as the case may be, shall continue in full force and effect.

11. No Waiver. No failure or delay on the part of a Released Party or LaCore or Woodburn in exercising any right, power or remedy under this Agreement or the other Transaction Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for under this Agreement or the other Transaction Documents are cumulative and are not exclusive of any remedies that may be available to a Released Party or LaCore or Woodburn at law or in equity. No waiver of or consent to any departure by either a Released Party or LaCore or Woodburn from any provision of this Agreement or any other Transaction Document shall be effective unless signed in writing by the party entitled to the benefit thereof. No amendment, modification or termination of any provision of this Agreement or any other Transaction Document shall be effective unless signed in writing by all parties hereto. Any waiver of any provision of this Agreement or any other Transaction Document, and any consent to any departure from the terms of any provision of this Agreement or any other Transaction Document, shall be effective only in the specific instance and for the specific purpose for which made or given.

12. Severability of Provisions. Any provision of this Agreement or any other Transaction Document that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. Moreover, if any one or more of the provisions contained in this Agreement or any other Transaction Document shall be held to be excessively broad as to duration, activity or subject, such provision shall be construed by limiting and reducing it so as to be enforceable to the maximum extent allowed by applicable law.

13. Non-Assignability. The rights and obligations of LaCore and Woodburn under this Agreement or any other Transaction Document are personal to each of LaCore and Woodburn and may not be assigned or delegated to any other Person; provided, however, that nothing in this Agreement shall preclude LaCore and Woodburn from designating any of his beneficiaries to receive any benefits payable hereunder upon his death, or his executors, administrators or other legal representatives from assigning any rights hereunder to the person or persons entitled thereto.

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14. Notices. Any notice given under this Agreement or the other Transaction Documents shall be in writing and shall be deemed to have been given when delivered by messenger or courier service (against appropriate receipt), or mailed by registered or certified mail (return receipt requested), addressed as follows:

If to the Company Natural Health Trends Corp.
2050 Diplomat Drive
Dallas, TX 75234
Attn: Gary C. Wallace, General Counsel

With a copy to: Brown Rudnick Berlack Israels LLP
Seven Times Square
New York, New York 10036
Attn: Alan N. Forman, Esq.

If to LaCore: Terry L. LaCore
c/o Curran Tomko Tarski LLP
1700 Pacific Avenue, Suite 4545

Dallas, TX 75201
Attn: Edwin J. Tomko

If to Woodburn: Mark D. Woodburn
809 Dominion Drive
Southlake, TX 76092

With a copy to: Haynes and Boone, LLP
901 Main Street, Suite 3100
Dallas, TX 75202
Attn: Chris Kirkpatrick

or at such other address as shall be indicated to the parties hereto in writing.
Notice of change of address shall be effective only upon receipt.

15. Dispute Resolution.

(a) Subject to the provisions of paragraph 15(b), any dispute, controversy or claim arising between the parties relating to this Agreement or the other Transaction Documents, or otherwise with respect to any dealings between LaCore, Woodburn and/or any of the Company Affiliates (whether such dispute arises under any federal, state or local statute or regulation, or at common law), shall be resolved by final and binding arbitration in Dallas, Texas, before a panel consisting of three (3) arbitrators, selected by the American Arbitration Association ("AAA") in accordance with its rules pertaining at the time the dispute arises, within thirty (30) days following delivery of a notice of intention to arbitrate. The hearing shall be held no later than ninety (90) days following the commencement of the arbitration. The award shall be rendered no later than fifteen (15) days following the close of the hearing. At

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the request of either party, all time periods specified in the rules of the AAA shall be accelerated by the arbitrator to the extent necessary to comply with the timetables specified herein. In such arbitration proceedings, the arbitrator shall have the discretion, to be exercised in accordance with applicable law, to allocate among the parties the arbitrator's fees, tribunal and other administrative and litigation costs and, to the prevailing party, attorneys' fees. The award of the arbitrator may be confirmed before and entered as a judgment of any court having jurisdiction over the parties.

(b) The provisions of paragraph 15(a) shall not apply with respect to any application made by any party hereto for injunctive relief under this Agreement.

16. Advancement; Indemnification. Claims by each of LaCore and Woodburn for indemnification and advancement of all costs, expenses (including attorneys' fees), liabilities and losses incurred by them in connection with their activities as officers and directors of the Company or any Company Affiliate shall be governed by Delaware law, including without limitation the Delaware General Corporation Law ("DGCL") and the case law interpreting the DGCL and the Delaware certificate of incorporation and by-laws of the Company. The foregoing provision, however, shall not apply to the advancement of costs or expenses (including attorneys' fees) incurred by LaCore and/or Woodburn prior to the date hereof. Notwithstanding the preceding sentence, the Company has agreed to advance costs and expenses (including attorneys' fees) reasonably and actually incurred by them in connection with the following matters: Civil Action No. 3:04-cv-01039-L, styled Lexxus International, Inc., et al. v. John Loghry, et al., in the United States District Court for the Northern District of Texas and related cases; Case No. 05-04-1586, styled Nature's Sunshine Products, Inc., et al. v. Oscar de la Mora, et al.; and Urena v. Productos Lexxus Internacional Mexico, S.A de C.V. et al., pending in Mexico. Nothing in this paragraph 16 shall diminish, limit or otherwise impair the right of Woodburn or LaCore to seek indemnification and advancement of costs and expenses (including attorneys' fees) incurred after the date hereof (regardless of when the circumstances or events giving rise to such claims may have occurred).

17. Governing Law. This Agreement and all claims arising from or related to this Agreement or the other Transaction Documents shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and to be entirely performed within such State.

18. Headings. The paragraph headings used or contained in this Agreement and the other Transaction Documents are for convenience of reference only and shall not affect the construction of this Agreement or the other Transaction Documents, as the case may be.

19. Entire Agreement. This Agreement and the other Transaction Documents constitutes the entire agreement among the parties with respect to the matters set forth herein, and there are no promises or undertakings with respect thereto relative to the subject matter hereof not expressly set forth or referred to herein or therein. To the extent of any conflict between the terms and conditions of the Transaction Documents and any prior agreement between any of the Company Affiliates and LaCore and/or Woodburn, the terms of the Transaction Documents shall govern and control.

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20. Execution in Counterparts. This Agreement and the other Transaction Documents may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same agreement.

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

/s/ TERRY L. LACORE

Terry L. LaCore

/s/ MARK D. WOODBURN

Mark D. Woodburn

NATURAL HEALTH TRENDS CORP.

By: /s/ STEPHANIE S. HAYANO

Name: Stephanie S. Hayano
Title: President and Chief Executive Officer

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Exhibit Index

Exhibit	Document
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A	Non- Recourse Secured Promissory Note
B	Indemnification Agreement
C	Voting Agreement
D	Consulting Agreement
E-1	Restricted Activity Agreement (Woodburn)
E-2	Restricted Activity Agreement (LaCore)
F-1	Limited Release
F-2	General Release

EXHIBIT 10.2

NON-RECOURSE SECURED PROMISSORY NOTE

\$2,500,000

October 31, 2006
Dallas, Texas

FOR VALUE RECEIVED, Terry L. LaCore and Mark D. Woodburn (each a "Borrower" and collectively, the "Borrowers"), jointly and severally, hereby unconditionally promise to pay to the order of Natural Health Trends Corp., a Delaware corporation, together with its successors and assigns (the "Company"), in lawful currency of the United States of America, at the Company's offices at 2050 Diplomat Drive, Dallas, Texas 75234, the aggregate principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) together with accrued and unpaid interest on the outstanding principal amount by no later than October 31, 2008 (the "Maturity Date").

SECTION 1. Interest. The outstanding principal amount of this Note shall bear interest at the rate of six percent (6%) per annum and be computed based upon a year of 360 days.

SECTION 2. Optional Prepayment; Mandatory Prepayment. (a) At their option, the Borrowers may prepay at any time all or any part of the principal amount of, and accrued and unpaid interest on, this Non-Recourse Secured Promissory Note, without premium or penalty, either (i) in cash, or (ii) by delivering all or part of the Pledged Shares (as hereinafter defined), in accordance with Section 5 below.

(b) At its option, the Company may require, on three (3) days prior written notice to the Borrowers that the Borrowers prepay at any time all or any part of the principal amount of, and accrued and unpaid interest on, this Non-Recourse Secured Promissory Note, without premium or penalty either (at the Borrowers option) (i) in cash, or (ii) by delivering all or part of the Pledged Shares (as hereinafter defined), in accordance with Section 5 below.

SECTION 3. Pledged Collateral. In order to secure the payment and performance in full of all of their obligations under this Non-Recourse Secured Promissory Note, whether existing as of this date or any time thereafter, the Borrowers hereby pledge and assign to the Company, and grant to the Company a continuing security interest in, (i) one million eighty-one thousand sixty-six (1,081,066) shares of the Company's common stock (the "Pledged Shares") and the certificate(s) representing the Pledged Shares, and (ii) and all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange for, any or all of the Pledged Shares (collectively, the "Pledged Collateral").

SECTION 4. Security for Obligations. The pledge and security interest granted pursuant to this Non-Recourse Secured Promissory Note secures the payment of all obligations of the Borrowers under (i) this Non-Recourse Secured Promissory Note and (ii) that certain Indemnification Agreement dated as of the date hereof among the Borrowers and the Company (all such obligations of the Borrowers being herein called the "Obligations"); provided however, that the Pledged Collateral shall not be pledged as a security interest to secure the payment of the Borrowers obligations under the Indemnification Agreement at any time following the first anniversary following the date hereof.

SECTION 5. Payment in Pledged Shares; Non-Recourse.

(a) The Borrowers may elect to repay all or part of the outstanding principal amount and accrued and unpaid interest on this Non-Recourse Secured Promissory Note by surrendering a certain number of Pledged Shares. To surrender Pledged Shares, the Borrowers shall deliver a written notice signed by each Borrower to the Company (a "Surrender Notice") which notice shall set forth the number of Pledged Shares to be surrendered (the "Surrendered Shares") to the Company for cancellation and the Fair Market Value (as set forth in Section 6 below) of such Surrendered Shares.

(b) In the event that the Company disagrees with the calculation of Fair Market Value as set forth in a Surrender Notice, it shall so notify the Borrowers in writing (the "Response Notice") within ten (10) business days following its receipt of a Surrender Notice which Response Notice shall explain the basis for the Company's disagreement with the Fair Market Value calculation

set forth in the Surrender Notice. If the Company fails to deliver a Response Notice within such ten (10) business day period, it shall note in the books and records of the Company that this Non-Recourse Secured Promissory Note shall be reduced by an amount equal to the Fair Market Value of the Surrendered Shares.

(c) The Borrowers shall not be required to repay any amounts due and owing under this Non-Recourse Secured Promissory Note in excess of the Fair Market Value of the Pledged Shares surrendered or foreclosed upon hereunder.

SECTION 6. Fair Market Value. Fair Market Value shall mean, with respect to each Surrender Notice:

(a) If the Company is at the time of such notice a reporting company under the Securities Exchange Act of 1934, as amended, and its shares of common stock are traded on the NASD OTC Bulletin Board, The Nasdaq Stock Market, The American Stock Exchange or The New York Stock Exchange, then the Fair Market Value of each Surrendered Share shall be equal to the average of the closing market prices for 20 consecutive trading days prior to the date of the Surrender Notice. If no sale takes place on any such day on any such exchange, the average of the closing bid and asked prices on such day as so reported shall represent the closing market price for that day.

(b) If Section 6(a) above is not applicable, then the Fair Market Value of each Surrendered Share will be the fair value as determined in good faith by the Company's Board of Directors.

SECTION 7. Further Assurances. The Borrowers agree that at any time and from time to time, the Borrowers will promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary, or that the Company may reasonably request, in order to perfect and preserve any security interest granted or purported to be granted hereby or to enable the Company to exercise and enforce its rights and remedies hereunder with respect to any Pledged Collateral.

SECTION 8. Transfers and Other Liens. Each of the Borrowers agrees that he will not (i) sell, pledge or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral or any interest therein without first receiving written consent for such sale, disposition, or grant from the Company, (ii) create or permit to exist any lien, security interest, or other charge or encumbrance upon or with respect to any of the Pledged Collateral, except for the security interest under this Non-Recourse Secured Promissory Note, or (iii) enter into any voting agreement or other voting arrangement or grant any proxy, with respect to the Pledged Collateral, except as contemplated by that certain Voting Agreement dated as of the date hereof among the Borrowers and the Company.

SECTION 9. Default, Acceleration. If any of the following events shall occur (each, a "Default"): (i) the Borrowers shall fail to make any payment due hereunder when due; or (ii) the Borrowers shall breach in any material respect any of the covenants herein or in the other Transaction Documents (and such breach is not cured within ten (10) days following written notice thereof); or (iii) the Borrowers shall file a petition or enter into any voluntary case under any bankruptcy or similar law; or (iv) there is commenced against the Borrowers an involuntary case or other similar proceeding under any bankruptcy or similar law which remains undismissed for a period of sixty (60) days, then and in any such event, upon written notice to the Borrowers from the Company, the principal amount hereof, together with accrued interest thereon and all other amounts due hereunder, shall become immediately due and payable without any further demand, presentment, protest, notice of protest, dishonor, notice of dishonor or notice of any other kind, all of which are hereby expressly waived by the Borrowers.

SECTION 10. Remedies upon Default. (a) Upon a Default, the Company shall have the right, at its option, to exercise all rights, powers, privileges and preferences pertaining to the Pledged Collateral and to cause all such Pledged Collateral to be registered in the Company's name, or in the name of its nominee. To effectuate the provisions hereof, the Borrowers hereby irrevocably appoints and constitutes any officer of the Company as Borrower's true and lawful attorney to complete and fill in the stock power delivered in connection with the Pledged Shares, to take such further action as the Company may deem necessary to exercise, as a stockholder, all of the rights, title and position of a stockholder in the Company. Each of the Borrowers further agree that any transfer of the Pledged Collateral under the provisions of this paragraph and the exercise by the Company of the rights of a stockholder shall not be deemed a

sale or disposition under the provisions of Article 9 of the Uniform Commercial Code nor an acceptance of such Pledged Collateral in satisfaction of the Obligations or any portion thereof.

(b) Each Borrower jointly and severally agree to pay all costs and expenses incurred by the Company, including all reasonable attorneys' fees, for (i) the collection of this Non-Recourse Secured Promissory Note and the indebtedness evidenced hereby, and (ii) the enforcement of the Company's rights hereunder or under any other instrument creating and collateral security or guaranty now or hereafter given to secure the obligation evidenced by this Non-Recourse Secured Promissory Note.

(c) Each and every party liable hereon (whether as maker, endorser, guarantor, surety or otherwise) hereby: (i) waives presentment, demand, protest, suretyship defenses and defenses in the nature thereof; (ii) waives any defenses based upon and specifically assents to any and all extensions and postponements

of the time for payment, changes in terms and conditions and all other indulgences and forbearances which may be granted by the holder to any party now or hereafter liable hereunder; (iii) agrees to any substitution, exchange, release, surrender or other delivery of any collateral now or hereafter held hereunder and to the addition or release of any other party or person primarily or secondarily liable; and (iv) agrees to be bound by all of the terms contained in this Note and in any and all other instruments now or hereafter executed, evidencing or governing all or any proportion of any collateral for this Note. Every party to this Non-Recourse Secured Promissory Note and each such instrument agrees that the obligations of all such parties shall be joint and several.

SECTION 11 Amendments. No amendment or waiver of any provision of this Non-Recourse Secured Promissory Note nor consent to any departure by the Borrowers herefrom shall in any event be effective unless the same shall be in writing and signed by the Company, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 12 Addresses for Notices. All notices and other communications provided for hereunder shall be in writing and shall be given by mail, if to the Borrowers, to them at the address indicated on the signature page hereof, and if to the Company, addressed to it at 2050 Diplomat Drive, Dallas, Texas 75234, Attn: General Counsel, or, as to either party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 13. All such notices and other communications shall be effective three (3) business days after being deposited in the mails, postage prepaid, addressed as aforesaid.

SECTION 13 Continuing Security Interest; Transfer of Note. Subject to the provisions of Section 4 above, this Non-Recourse Secured Promissory Note shall create a continuing security interest in the Pledged Collateral and shall remain in full force and effect until payment in full of the Obligations. The rights and obligations of the Company and the Borrowers hereunder may not be assigned without the prior written consent of the Company and any purported assignment shall be null and void.

SECTION 14. Governing Law; Terms. This Non-Recourse Secured Promissory Note shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law.

IN WITNESS WHEREOF, the Borrowers have executed this instrument on the date first above written.

/s/ TERRY L. LACORE

Terry L. LaCore
c/o Curran Tomko Tarski LLP
1700 Pacific Avenue, Suite 4545
Dallas, Texas 75201
Attn: Edwin J. Tomko

/s/ MARK D. WOODBURN

Mark D. Woodburn
809 Dominion Drive
Southlake, Texas 76092

With a copy to:

Haynes and Boone, LLP
901 Main Street, Suite 3100
Dallas, Texas 75202
Attn: Chris Kirkpatrick

INDEMNIFICATION AGREEMENT

This Indemnification Agreement is effective as of the 31st day of October, 2006 by and among Natural Health Trends Corp., a Delaware corporation (the "Company"), and Terry L. LaCore ("LaCore") and Mark D. Woodburn ("Woodburn", collectively with LaCore, the "Indemnifying Parties").

R E C I T A L S

WHEREAS, in order to induce the Company to enter into that certain agreement dated as of the date hereof among the Company and the Indemnifying Parties (the "October 2006 Agreement"), the Indemnifying Parties agree to provide for the indemnification of the Indemnified Parties (as hereinafter defined) to the extent provided hereunder.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the Indemnifying Parties and the Company hereby agree as set forth below:

1. Definitions. In addition to the definitions in the recitals or the body of this Agreement, as used herein, the following terms shall have the following definitions:

(a) References to "Indemnified Parties" (or to an "Indemnified Party") shall include the Company, its subsidiaries and affiliates, and each of their respective officers and directors.

(b) "Indemnified Conduct" means all conduct or other activities of an Indemnifying Party, except for (i) the Specified Conduct (as defined in that certain Limited Release dated the date hereof executed by the Indemnifying Parties in favor of the Company and certain other releasees) and (ii) conduct for which such Indemnifying Party is entitled to indemnification from the Company under the Company's certificate of incorporation, by-laws, the Delaware General Corporation Law ("DGCL") and the case law interpreting the DGCL.

2. Indemnification. Each of the Indemnifying Parties agrees as to his individual conduct to indemnify and hold harmless each Indemnified Party from and against any and all losses, claims, damages, liabilities reasonably and actually incurred by the Company as a result of the Indemnified Conduct.

3. Notice of Claims. If notice of any action, claim, proceeding or investigation is received by an Indemnified Party in respect of which indemnity may be sought against the Indemnifying Parties hereunder, such Indemnified Party will promptly notify the Indemnifying Parties in writing of the commencement thereof. However, the omission to so notify any Indemnifying Parties will not relieve such Indemnifying Parties from any liability to such Indemnified Party hereunder, except to the extent that such Indemnifying Parties is actually and materially prejudiced by such failure.

4. Assumption of Defense. The Indemnifying Parties will have the right to assume the defense of any action, claim, proceeding or investigation and to retain counsel of its choice to represent the Indemnified Parties

(provided such counsel is reasonably satisfactory to the Indemnified Parties). Any counsel retained by the Indemnifying Parties to represent the Indemnified Parties will, to the fullest extent consistent with its professional responsibilities, cooperate with any separate counsel designated by the Indemnified Parties. The reasonable fees and expenses of such counsel retained by the Indemnifying Parties will be paid by the Indemnifying Parties. In the event any Indemnifying Parties assumes the defense of any such action, claim, proceeding or investigation an Indemnified Party may, notwithstanding such assumption by such Indemnifying Parties of such defense, retain one separate counsel on behalf of all Indemnified Parties the cost of which shall be borne by the Indemnifying Parties if (i) the Indemnifying Parties have failed to provide counsel reasonably satisfactory to such Indemnified Party in a timely manner or diligently prosecute such defense, (ii) the Indemnified Parties reasonably determine that representation of such Indemnified Party would present it with a conflict of interest or (iii) any Indemnified Party based upon advice of

reputable counsel reasonably determines that there may be legal defenses to it which are materially different from or in addition to those available to such Indemnifying Parties which have not been asserted on behalf of such Indemnified Party by counsel selected by the Indemnifying Parties. No Indemnifying Parties shall in the defense of any action, claim, proceeding or investigation consent to entry of any judgment or enter into any settlement which (i) does not include as an unconditional term thereof the giving by the claimant or plaintiff to Indemnified Party of a release from all liability in respect of all claims arising therefrom or (ii) requires the performance of any act (other than the payment of moneys that are paid in full by the Indemnifying Parties) or the agreement not to perform any act by any Indemnified Party, in each case except with the written consent of the Indemnified Party, which consent shall not be unreasonably withheld.

5. Contribution. If for any reason (other than as a result of the willful misconduct or negligence of an Indemnified Party) the foregoing indemnity is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless, then in lieu of indemnifying such Indemnified Party, the Indemnifying Parties shall, in accordance with applicable law, contribute to the amount paid or payable by such Indemnified Party as a result of such claims, liabilities, losses, damages, or reasonably and actually incurred expenses.

6. Survival. The indemnity, contribution and reasonably and actually incurred expense reimbursement obligations set forth herein (i) shall be in addition to any liability any Indemnifying Parties may have to any Indemnified Party at common law or otherwise, and (ii) shall remain operative and in full force and effect for a period of three (3) years following the date hereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Indemnification Agreement to be duly executed as of the day and year first above written.

NATURAL HEALTH TRENDS CORP.

By: /s/ STEPHANIE S. HAYANO

Stephanie S. Hayano
President and Chief Executive Officer

TERRY L. LACORE

/s/ TERRY L. LACORE

MARK D. WOODBURN

/s/ MARK D. WOODBURN

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EXHIBIT 10.4

VOTING AGREEMENT

THIS VOTING AGREEMENT (this "Agreement"), dated as of October 31, 2006, is made by and among Natural Health Trends Corp., a Delaware corporation (the "Company"), Terry L. LaCore ("LaCore") and Mark D. Woodburn ("Woodburn"). Capitalized terms used but not defined herein have the meanings ascribed to them in the October 2006 Agreement (as defined below).

WHEREAS, concurrently herewith, the Company has entered into an agreement of even date herewith (as the same may be amended from time to time, the "October 2006 Agreement") providing for, the execution and delivery of this Agreement; and

WHEREAS, each of LaCore and Woodburn, as of the date of this Agreement, is the record owner and the "beneficial owner" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of the number of outstanding shares of Company capital stock set forth opposite his name as "Shares" on Schedule A attached hereto, and each of LaCore and Woodburn wishes to enter into this Agreement with respect to all of such Shares and any additional shares of capital stock of the Company that LaCore and Woodburn hereafter acquires the right to vote, whether through contract, purchase, exercise of an option or otherwise after the date of this Agreement ("Additional Shares"); and

WHEREAS, in order to induce the Company to enter into the October 2006 Agreement, LaCore and Woodburn have agreed to enter into this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

VOTING AGREEMENT; IRREVOCABLE GRANT OF PROXY

Section 1.1. Voting Agreement. During the term of this Agreement, each of LaCore and Woodburn hereby agrees to vote, and to cause each L&W Affiliate to vote, all the Shares and any Additional Shares on all matters presented to, or considered by, Company stockholders, as recommended by the Company's Board of Directors, or such third party that is reasonably acceptable to each the parties to this Agreement.

Section 1.2. Irrevocable Proxy. Each of LaCore and Woodburn hereby revokes any and all previous proxies granted with respect to his Shares and/or Additional Shares. Each of LaCore and Woodburn hereby grants a proxy appointing the Company's Board of Directors (or such third party that is reasonably acceptable to each of the parties to this Agreement) as his or its attorney-in-fact and proxy, with full power of substitution, for and in his or its name, to vote his or its Shares and/or Additional Shares. Simultaneously with the execution and delivery of this Agreement, each of LaCore and Woodburn is delivering, and is causing each L&W Affiliate to deliver, to the Company a proxy in the Form of Annex A hereto. The proxy granted by each of LaCore and Woodburn pursuant to this Section 1.2 is irrevocable to the extent permitted by

Annex A

Delaware law, is coupled with an interest and is granted in consideration of the Company's entering into this Agreement, the October 2006 Agreement and the other Transaction Documents. The proxy granted by each of LaCore and Woodburn shall terminate on the third (3rd) anniversary of the date hereof (the "Termination Date").

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF LACORE AND WOODBURN

Each of LaCore and Woodburn severally represents and warrants to the Company that:

Section 2.1. Valid Title. He is the lawful record and

beneficial owner of his Shares, free and clear of any lien, charge, encumbrance or claim of whatever nature (other than the pledge of such Shares pursuant to that certain Non-Recourse Secured Promissory Note dated as of the date hereof issued to the Company in the aggregate principal amount of \$2,500,000). None of the Shares is subject to any voting trust or other agreement or arrangement with respect to the voting of such Shares.

Section 2.2. Non-Contravention. The execution, delivery and performance by each of LaCore and Woodburn of this Agreement and the consummation of the transactions contemplated hereby (i) have been duly authorized by all necessary action, and no other actions on his part are necessary to authorize the Agreement or to consummate the transactions contemplated hereby, and (ii) does not and will not (A) violate, contravene or constitute a default under, (B) give rise to a right of termination, cancellation or acceleration of any right or obligation of each of LaCore and Woodburn under, any statute, rule or regulation applicable to each of LaCore and Woodburn or injunction, order or decree binding on him or (C) result in the imposition of any lien on any Shares or Additional Shares.

Section 2.3. Binding Effect. This Agreement has been duly executed and delivered by each of LaCore and Woodburn and is the valid and binding agreement of each of LaCore and Woodburn, enforceable against each of them in accordance with its terms, except: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; and (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. If this Agreement is being executed in a representative or fiduciary capacity, the person signing this Agreement has full power and authority to enter into and perform this Agreement.

Section 2.4. Shares. As of the date hereof, (i) each of LaCore and Woodburn is the legal and beneficial owner of the number of Shares set forth opposite his or its name on Schedule A hereto, which Shares represent the only shares of capital stock of the Company legally or beneficially owned by each of them, and (ii) except as set forth on Schedule A, neither LaCore nor Woodburn owns options or warrants to purchase or other rights to subscribe for or otherwise acquire any securities of the Company.

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Annex A

Section 2.5. Accuracy of Representations. The representations and warranties contained in this Agreement are accurate in all respects as of the date of this Agreement, will be accurate in all respects at all times through the Termination Date.

ARTICLE III

COVENANTS OF LACORE AND WOODBURN

Each of LaCore and Woodburn hereby covenants and agrees that:

Section 3.1. No Proxies for, or Encumbrances on Shares or Additional Shares. Except as provided in this Agreement, each of LaCore and Woodburn shall not, during the term of this Agreement, without the prior written consent of the Company, directly or indirectly, (i) grant any proxies or enter into any voting trust or other agreement or arrangement with respect to the voting of any Shares or Additional Shares to any person other than the Company, or (ii) take any other action that would in any way restrict, limit or interfere with the performance of his obligations hereunder or the transactions contemplated hereby.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Further Assurances. Each of LaCore and Woodburn will, at the request of the Company, execute and deliver or cause to be executed and delivered all further documents and instruments and use their respective reasonable best efforts to secure such consents and take all such further action reasonably necessary for the purpose of carrying out and furthering the intent

of this Agreement.

Section 4.2. Specific Performance. The parties hereto agree and each of LaCore and Woodburn expressly acknowledges that the Company may be irreparably damaged if for any reason either LaCore and Woodburn fails to perform any of its obligations under this Agreement, and that the Company would not have any adequate remedy at law for money damages in such event. Accordingly, each of LaCore and Woodburn agrees that in the case of the failure of his to perform, the Company shall be entitled to specific performance and injunctive and other equitable relief to enforce the performance of this Agreement, and further agrees that any such specific performance and injunctive and/or other equitable relief, in addition to remedies at law or damages, is the appropriate remedy for any such failure to perform, and further agrees that each of LaCore and Woodburn will not seek, and agrees to waive any requirement for, the securing or posting of a bond in connection with the Company's seeking or obtaining such equitable relief. This provision is without prejudice to any other rights that the Company may have against each of LaCore and Woodburn for any failure to perform its obligations under this Agreement.

Section 4.3. Term of Agreement. The term of this Agreement shall commence on the date hereof, and such term, this Agreement and the proxy(ies) granted in and pursuant to Section 1.2 hereof shall terminate at the close of business on the Termination Date. Upon such termination, no party shall

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Annex A

have any further obligations or liabilities hereunder; provided, that such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination.

IN WITNESS WHEREOF, the parties hereto have caused this Voting Agreement to be duly executed as of the day and year first above written.

NATURAL HEALTH TRENDS CORP.

By: /s/ STEPHANIE S. HAYANO

Name: Stephanie S. Hayano
Title: President and Chief Executive
Officer
Address: 2050 Diplomat Drive
Dallas, TX 75234

/s/ TERRY L. LACORE

Terry L. LaCore
c/o Curran Tomko Tarski LLP
1700 Pacific Avenue, Suite 4545
Dallas, Texas 75201
Attn: Edwin J. Tomko

/s/ MARK D. WOODBURN

Mark D. Woodburn
809 Dominion Drive
Southlake, Texas 76092

With copy to:
Haynes and Boone, LLP
901 Main Street, Suite 3100
Dallas, Texas 75202
Attn: Chris Kirkpatrick

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Annex A

Schedule A

Name	Number of Shares of Common Stock
Terry L. LaCore	[540,533] + 244,998
Mark D. Woodburn	540,533

Annex A

Irrevocable Proxy

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, a registered holder of shares of common stock, par value \$.001 per share (the "Common Stock"), of NATURAL HEALTH TRENDS CORP., a Delaware corporation (the "Company"), hereby makes, constitutes and appoints the Board of Directors of the Company as the true and lawful proxy, agent and attorney-in-fact of the undersigned, in the name, place and stead of the undersigned, to attend any and all meetings of stockholders of the Company, whether annual or special, and any adjournment or adjournments thereof, and to vote all shares of Common Stock registered in the name of the undersigned on any matters, proposals and questions that may be lawfully presented and considered at any such meeting and at any adjournment or adjournments thereof, and to execute and deliver any written consent of stockholders in lieu of any such meeting in respect of any such matters, proposals and questions, as fully and with the same number of votes in respect of the above described shares of Common Stock, and with the same effect, as the undersigned could do if personally present at any such meeting, or at any adjournment or adjournments thereof, or if executing and delivering any such written consent.

The undersigned hereby ratifies all that said proxy, agent and attorney-in-fact, or its substitute or substitutes, may or shall lawfully do in voting at any such meeting, or at such written consent, in respect of all matters, proposals and questions that may properly come before the stockholders of the Company for considerations and action.

This Proxy is irrevocable, is coupled with an interest in the above described shares of Common Stock and shall survive the incapacity, dissolution or bankruptcy of the undersigned; provided however, that his Proxy shall automatically terminate and be revoked as of the close of business on the third anniversary of the date hereof.

Any proxy or proxies heretofore given by the undersigned with respect to the above described shares of Common Stock are hereby revoked.

IN WITNESS WHEREOF, the undersigned has executed this Proxy as of this 31st day of October, 2006.

By /s/ TERRY L. LACORE

Name: Terry L. LaCore

By /s/ MARK D. WOODBURN

Name: Mark D. Woodburn

EXHIBIT 10.5

October 31, 2006

Mr. Mark D. Woodburn
809 Dominion Drive
Southlake, Texas 76092

Re: Consulting Terms

Dear Mark:

We are pleased to set forth the terms and conditions of your engagement with Natural Health Trends Corp. (the "Company"). We look forward to your assistance towards the execution of our business plan.

Consulting

Subject to the terms of this Agreement, commencing on October 31, 2006 (the "Commencement Date"), you will be engaged as a consultant to the Company for a one (1) year period (the "Consulting Term"). You will report directly to the Company's Chief Executive Officer and will assist the Company with respect to general administration, accounting, finance and strategic planning.

Fees; Expenses

During the Consulting Term, you will be paid a monthly fee of \$17,000 per month and you will be responsible for payment of all taxes and social security payments. You will also be reimbursed for bona fide business related expenses incurred by you approved in advance in writing by the Company's Chief Executive Officer. You will be paid on the 1st day of each month and payment will be made to MDW Capital, Inc., 809 Dominion Drive, Southlake, Texas 76092.

Termination; Payments

You will be entitled to Subsequent Payments (as hereinafter defined) only if the Company terminates your engagement without Cause (as hereinafter defined). However, in order to receive any Subsequent Payments you must execute and deliver to the Company a full general release of all claims against the Company and its affiliates in form and substance satisfactory to the Company. During the Severance Period (as hereinafter defined), if you elect to engage in a Competitive Activity (as defined in that certain Restricted Activity and Proprietary Rights Assignment Agreement dated as of the date hereof between the Company and you (the "Restricted Activity Agreement")), you shall notify the Company not less than five (5) business days prior to the commencement by you of any Competitive Activity.

As used herein, the term (a) "Subsequent Payments" shall mean the continuation of the payment of your monthly fee through the remainder of the Consulting Term (the "Severance Period"), or until such earlier date on which you (i) breach the terms and conditions of that certain agreement dated the date hereof among the Company, Terry LaCore and you, or any of the other Transaction Documents (as defined therein) (each, a "Severance Payment Termination Event), or (ii) the date on which you engage in any Competitive Activity, other than pursuant to a Permitted Consulting Arrangement (as defined in the Restricted Activity Agreement); and (b) "Cause" shall include, without limitation, the following (if such "Cause" is not cured within ten (10) days following written notice thereof): (i) failure or neglect by you to perform the duties described herein or otherwise assigned to you by the Company's Chief Executive Officer; (ii) your failure to obey orders given by the Company or your supervisors; (iii) your misconduct in connection with the performance of any of your duties, including, without limitation, misappropriation of funds or property of the Company, securing or attempting to secure personally any profit in connection with any transaction entered into on behalf of the Company, misrepresentation to the Company, or any violation of law or regulations on Company premises or to which the Company is subject; (iv) your commission of an act involving moral turpitude, dishonesty, theft or unethical business conduct, or conduct which impairs or injures the reputation of, or harms, the Company; (v) your disloyalty, including without limitation, aiding a competitor or accepting payment from Company suppliers, distributors, employees, or agents; (vi) your failure to devote your best efforts to the Company's business and affairs; (vii)

except in connection with your providing consulting services pursuant to a Permitted Consulting Arrangement, your failure to work primarily for the Company; (viii) your failure to fully cooperate in any investigation by the Company; (ix) your breach of this Agreement or Company rules; (x) any other act of misconduct by you that could reasonably be expected to have a material adverse effect on the Company, its business, prospects or reputation; (xi) your abuse of alcohol or other drugs or controlled substances; or (xii) your resignation.

Restricted Activity and Confidentiality Agreement

Simultaneously herewith, you will enter into the Restricted Activity Agreement.

Consulting

For all purposes, you shall be deemed to be an independent contractor, and not an employee, agent or partner of, or joint venturer with, the Company. Accordingly, you shall not be entitled to any rights or benefits to which any employee of the Company or any of its affiliates may be entitled. The Company shall not withhold any amounts on account of any withholding or employment taxes from any payments to you under this Agreement, and it shall be your sole responsibility to report and pay all applicable income taxes on all such payments. Further, you will not be entitled to bind the Company in any manner, manage the business or affairs of the Company, or serve as the Company's agent or representative. Either you or the Company may terminate the relationship at any time upon written notice to the other party. You may not assign this Agreement without the prior written consent of the Company.

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Please indicate your acceptance and agreement with the terms of this letter by signing below in the space provided and by signing the Restricted Activity and Proprietary Rights Assignment Agreement.

Sincerely,

NATURAL HEALTH TRENDS CORP.

By: /s/ STEPHANIE S. HAYANO

Name: Stephanie S. Hayano
Title: Chief Executive Officer and
President

Agreed to and Accepted:

/s/ MARK D. WOODBURN

Mark D. Woodburn

October 31, 2006

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NATURAL HEALTH TRENDS CORP.

RESTRICTED ACTIVITY AND PROPRIETARY RIGHTS

ASSIGNMENT AGREEMENT

Consultant's Name: Mark D. Woodburn ("Woodburn")

Date: October 31, 2006

In consideration of Woodburn's engagement by Natural Health Trends Corp. (including their subsidiaries, successors and assigns, the "Company") and in consideration for and as a condition to the transactions contemplated by that certain Agreement dated as of the date hereof by and between the Company, Terry L. LaCore and Woodburn, Woodburn hereby agrees with the Company as follows:

1. Confidential Information. Woodburn may have received or may receive and otherwise be exposed to confidential or competitively sensitive information of the Company, or of a third party with which the Company has a business relationship, relating to the Company's or such third party's current or prospective business, research and development activities, products, technology, strategy, organization and/or finances (collectively, "Confidential Information"). Such Confidential Information, which may be disclosed orally or in writing, shall include, without limitation, Technology (as defined in Section 2(a)), Work Product (as defined in Section 2(a)), plans, strategies, negotiations, customer or prospect identities, market analyses, projections, forecasts, cost and performance data, sales data, financial statements, price lists, pre-release information regarding the Company's products, personnel lists and data, and all documents and other materials (including any notes, drawings, reports, manuals, notebooks, summaries, extracts or analyses), whether in written or electronic form, that disclose or embody such Confidential Information.

Confidential Information shall not include information that is now, or hereafter becomes, through no act or failure to act on Woodburn's part, generally known to the public; information that was rightfully in Woodburn's possession without confidentiality restriction prior to the Company's disclosure to Woodburn; information that was rightfully obtained by Woodburn from a third party who has the right, without obligation to the Company, to transfer or disclose such information; or information which Woodburn is required to disclose pursuant to judicial order, provided that in the latter case Woodburn shall promptly notify the Company and take reasonable steps to assist the Company in protecting the Company's rights prior to disclosure. At all times, both during Woodburn's relationship with the Company and after the termination thereof, Woodburn will keep all Confidential Information in strict confidence; will not use Confidential Information except for the purpose of providing services to the Company; and will not divulge, publish, disclose or communicate Confidential Information, in whole or in part, to any third party. Woodburn further agrees that Woodburn will not allow any unauthorized person access to Confidential Information, either before or after the termination of this Agreement, and will take all action reasonably necessary and satisfactory to the Company to protect the confidentiality of Confidential Information. Woodburn agrees not to reproduce or copy by any means Confidential Information, except as reasonably required to accomplish the purposes of this Agreement, and further agrees not to remove any proprietary rights legend from such Confidential Information or copies thereof made in accordance with this Agreement. Upon termination of

Woodburn's services for any reason, or upon demand by the Company at any time, Woodburn's right to use Confidential Information shall immediately terminate, and Woodburn shall return promptly to the Company, or destroy, at the Company's option, all tangible and electronic materials that disclose or embody Confidential Information.

2. Assignment of Work Product.

(a) For purposes of this Agreement: "Technology" shall mean all ideas, concepts, inventions, discoveries,

developments, creations, methods, techniques, processes, machines, products, devices, compositions of matter, improvements, modifications, designs, systems, specifications, schematics, formulas, mask works, works of authorship, software, algorithms, data and know-how, whether or not patentable or copyrightable, and all related notes, drawings, reports, manuals, notebooks, summaries, memoranda and other documentation; "Intellectual Property Rights" shall mean all worldwide intellectual property rights including, without limitation, all rights relating to the protection of inventions, including patents, patent applications and certificates of invention; all rights associated with works of authorship, including copyrights and moral rights; all rights relating to the protection of trade secrets and confidential information; all rights related to the protection of trademarks, logos and service marks; any rights analogous to those set forth herein, and all other proprietary rights related to intangible property; and "Work Product" shall mean any and all Technology made, conceived, designed, created, discovered, invented or reduced to practice by Woodburn during the term of this Agreement that (i) results from Woodburn's performance of services for the Company, (ii) is related to the business of the Company or (iii) is based upon the use of Confidential Information.

- (b) Woodburn agrees to promptly disclose to the Company in writing all Work Product upon the development, conception or creation thereof by Woodburn, as well as, at any time, upon the request of the Company.
- (c) Woodburn agrees that all Work Product shall be the sole and exclusive property of the Company, and does hereby irrevocably and unconditionally transfer and assign to the Company, its successors and assigns, all right, title and interest it may have or acquire in or to any Work Product, including all Intellectual Property Rights therein. Woodburn further agrees that any and all works of authorship created, authored or developed by Woodburn hereunder shall be deemed to be "works made for hire" within the meaning of the United States copyright law and, as such, all rights therein including copyright shall belong solely and exclusively to the Company from the time of their creation. To the extent any such work of authorship may not be deemed to be a work made for hire, Woodburn agrees to, and does hereby, irrevocably and unconditionally transfer and assign to the Company all right, title, and interest including copyright in and to such work.
- (d) Upon request by the Company, Woodburn agrees to execute and deliver all such documents, certificates, assignments and other writings, and take such other

actions, as may be necessary or desirable to vest in the Company ownership in all Work Product as provided in this Section 2, including, but not limited to, the execution and delivery of all applications for securing all United States and foreign patents, copyrights and other intellectual property rights relating to Work Product. The Company shall reimburse Woodburn for any reasonable expenses incurred by Woodburn at the Company's request to secure title or legal protection on the Company's behalf for any such Work Product. In the event that the Company is unable to secure Woodburn's signature to any document, or if Woodburn otherwise fails to take any action deemed

necessary by the Company to protect or maintain the Company's ownership of Work Product and Intellectual Property Rights therein, then the Company may, and Woodburn hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Woodburn's agent and attorney-in-fact to act on and in Woodburn's behalf and stead to, execute and file any such applications and perform all other lawfully permitted acts to perfect Woodburn's assignment and transfer of ownership rights to the Company with the same legal force and effect as if executed, filed and performed by Woodburn.

- (e) For purposes of this Section 2(e), "Background Technology" shall mean Technology owned by or licensed to Woodburn as of the Effective Date of this Agreement or developed or otherwise obtained by Woodburn following the Effective Date hereof independently of the performance of services hereunder by Woodburn. The Company acquires no rights in the Background Technology, except as specifically provided in this Agreement and, as between the parties, Woodburn retains all rights therein. Woodburn hereby grants to Company a royalty-free, worldwide, non-exclusive, perpetual, sublicensable and irrevocable right and license to use, for all purposes in Company's business, Background Technology that has been disclosed by Woodburn to Company or that is embodied within or related to the use, operation or improvement of Work Product created by Woodburn in connection with Woodburn's performance of services for the Company.

3. Representation. Woodburn hereby represents to the Company that the Work Product Woodburn creates under this Agreement will be original, and that Woodburn's performance of services under this agreement and the Company's use of Woodburn's Work Product will not breach any agreement Woodburn has with any third party or the intellectual property rights or other rights of any third party.

4. Return of Materials. All documents, records, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to Woodburn by the Company or are produced by Woodburn in connection with Woodburn's services will be and remain the sole property of the Company. Woodburn will return to the Company all such materials and property as and when requested by the Company. In any event, Woodburn will return all such materials and property immediately upon termination of Woodburn's services for any reason. Woodburn will not retain any such material or property or any copies thereof upon such termination.

5. Covenants. (a) Covenant not to Compete. Except for Permitted Consulting Arrangements (as hereinafter defined), during the Consulting Period

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(as hereinafter defined), Woodburn shall not, directly or indirectly, whether as a sole practitioner, owner, partner, shareholder, investor, employee, employer, or venturer, (i) own, manage, assist, advise, invest in or acquire any economic stake or interest in any Person (as hereinafter defined) involved in a Competitive Activity (as hereinafter defined), (ii) derive economic benefit from or with respect to any Competitive Activity, or (iii) otherwise engage or participate in any manner whatsoever in any Competitive Activity; provided, however, this Section 4(a) shall not restrict Woodburn from owning less than 3% of the publicly traded debt or equity securities issued by a corporation or other entity. Woodburn shall be deemed to have derived economic benefit in violation of this Section 5(a) if, among other things, any of his compensation or income is in any way related to any Competitive Activity conducted by any Person. Further, during the Consulting Period, Woodburn shall not directly or indirectly advance, cooperate in or help or aid any Competitor (as hereinafter defined) in the conduct of any Competitive Activity. As used herein: (A) "Company Affiliates" means the Company and each of its current, former and future subsidiaries and affiliates and their respective successors and assigns; (B) "Competitive Activity" means any activity conducted in any country which

competes with any substantial aspect or part of any Company Affiliate business whether as a proprietor, partner, shareholder, owner, member, employer, employee, independent contractor, venturer or otherwise; (C) "Competitor" means any Person which at any time during the Consulting Period engages in any Competitive Activity; (D) "Consulting Notice" shall mean a written notice to the Company describing all of the terms and conditions of a proposed Permitted Consulting Arrangement, including without limitation: (i) the name of each Person (including the names of the officers, directors, principal stockholders and controlling persons thereof) seeking to engage Woodburn; (ii) the proposed commencement and termination dates of such consulting arrangement; (iii) a detailed description of the services to be provided by Woodburn, and (iv) a description of all compensation and other benefits to be realized by Woodburn directly or indirectly from such consulting engagement; (E) "Consulting Period" means the period commencing on the date hereof and ending on the first anniversary of the date hereof; (F) "Initial Period" means the period commencing on the date hereof and ending one (1) year following the most recent date on which the Company has paid Woodburn a monthly fee or a Subsequent Payment (as defined in that certain consulting engagement letter dated the date hereof between the Company and Woodburn (the "Engagement Letter")) pursuant to the Engagement Letter, whichever is more recent; (G) "Permitted Consulting Arrangements" shall mean any consulting or similar arrangement or agreement between Woodburn and any Person, including a Competitor, so long as Woodburn delivers to the Company not less than ten (10) business days prior to the commencement of services to such Person a Consulting Notice; (H) "Person" shall mean any natural person, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, government or any agency or political subdivision thereof, or any other legal entity or organization.

(b) Covenant not to Interfere. During the Initial Period, Woodburn shall not, directly or indirectly, (i) recruit, solicit or otherwise assists, induce or influence any Personnel (as hereinafter defined) of any Company Affiliate to discontinue, reduce the extent of, discourage the development of or otherwise harm such Personnel's relationship or commitment to such Company Affiliate, (ii) solicit, induce or attempt to induce any Distributor or Potential Distributor to terminate, diminish, or materially alter his or her relationship with a Company Affiliate; or (iii) solicit, perform or attempt to perform any services for a Distributor or Potential Distributor, except in accordance with this Agreement or the Consulting Agreement. "Company Affiliates" means the Company and each of its current and future subsidiaries and affiliates and their respective successors and assigns. "Distributor or Potential Distributor" is any Person who or which, at any time during the Initial Period, (i) directly or indirectly, worked with any Company Affiliate as an independent distributor, or (ii) considered working with any Company Affiliate as an independent distributor.

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"Personnel" means any and all employees, contractors, agents, consultants or other Persons rendering services to any Company Affiliates for compensation in any form, whether employed by or independent of any Company Affiliates.

6. Acknowledgments. Woodburn acknowledges and agrees that the restrictions set forth in this Agreement are intended to protect the Company's interest in Confidential Information and its commercial relationships and goodwill (with its Customers, Distributors, vendors, directors and consultants), and are reasonable and appropriate for these purposes.

7. Disclosure of Agreement. Woodburn will disclose the existence and terms of this Agreement to any prospective employer, partner, co-venturer, investor or lender prior to entering into an employment, partnership or other business relationship with such person or entity.

8. Third-Party Agreements and Rights. Woodburn hereby confirms that Woodburn is not bound by the terms of any agreement with any previous employer or other party which restricts in any way Woodburn's use or disclosure of information or Woodburn's engagement in any business, prior to its acceptance by the Company. Woodburn represents to the Company that Woodburn's execution of this Agreement, Woodburn's engagement by the Company and the performance of Woodburn's proposed duties for the Company will not violate any obligations Woodburn may have to any such previous employer or other party. In Woodburn's work for the Company, Woodburn will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and Woodburn will not bring to the premises of the Company any

NATURAL HEALTH TRENDS CORP.

RESTRICTED ACTIVITY AND PROPRIETARY RIGHTS

ASSIGNMENT AGREEMENT

Consultant's Name: Terry L. LaCore ("LaCore")

Date: October 31, 2006

In consideration of LaCore's engagement by Natural Health Trends Corp. (including their subsidiaries, successors and assigns, the "Company") and in consideration for and as a condition to the transactions contemplated by that certain Agreement dated as of the date hereof by and between the Company, Mark D. Woodburn and LaCore, LaCore hereby agrees with the Company as follows:

1. Confidential Information. LaCore may have received or may receive and otherwise be exposed to confidential or competitively sensitive information of the Company, or of a third party with which the Company has a business relationship, relating to the Company's or such third party's current or prospective business, research and development activities, products, technology, strategy, organization and/or finances (collectively, "Confidential Information"). Such Confidential Information, which may be disclosed orally or in writing, shall include, without limitation, Technology (as defined in Section 2(a)), Work Product (as defined in Section 2(a)), plans, strategies, negotiations, customer or prospect identities, market analyses, projections, forecasts, cost and performance data, sales data, financial statements, price lists, pre-release information regarding the Company's products, personnel lists and data, and all documents and other materials (including any notes, drawings, reports, manuals, notebooks, summaries, extracts or analyses), whether in written or electronic form, that disclose or embody such Confidential Information.

Confidential Information shall not include information that is now, or hereafter becomes, through no act or failure to act on LaCore's part, generally known to the public; information that was rightfully in LaCore's possession without confidentiality restriction prior to the Company's disclosure to LaCore; information that was rightfully obtained by LaCore from a third party who has the right, without obligation to the Company, to transfer or disclose such information; or information which LaCore is required to disclose pursuant to judicial order, provided that in the latter case LaCore shall promptly notify the Company and take reasonable steps to assist the Company in protecting the Company's rights prior to disclosure. At all times, both during LaCore's relationship with the Company and after the termination thereof, LaCore will keep all Confidential Information in strict confidence; will not use Confidential Information except for the purpose of providing services to the Company; and will not divulge, publish, disclose or communicate Confidential Information, in whole or in part, to any third party. LaCore further agrees that LaCore will not allow any unauthorized person access to Confidential Information, either before or after the termination of this Agreement, and will take all action reasonably necessary and satisfactory to the Company to protect the confidentiality of Confidential Information. LaCore agrees not to reproduce or copy by any means Confidential Information, except as reasonably required to accomplish the purposes of this Agreement, and further agrees not to remove any proprietary rights legend from such Confidential Information or copies thereof made in accordance with this Agreement. Upon termination of LaCore's services for any reason, or upon demand by the Company at any time, LaCore's right to use Confidential Information shall immediately terminate, and LaCore shall return promptly to the Company, or destroy, at the Company's option, all tangible and electronic materials that disclose or embody Confidential Information.

2. Assignment of Work Product.

(a) For purposes of this Agreement: "Technology" shall mean all ideas, concepts, inventions, discoveries, developments, creations, methods, techniques, processes, machines, products, devices, compositions of matter, improvements, modifications, designs,

systems, specifications, schematics, formulas, mask works, works of authorship, software, algorithms, data and know-how, whether or not patentable or copyrightable, and all related notes, drawings, reports, manuals, notebooks, summaries, memoranda and other documentation; "Intellectual Property Rights" shall mean all worldwide intellectual property rights including, without limitation, all rights relating to the protection of inventions, including patents, patent applications and certificates of invention; all rights associated with works of authorship, including copyrights and moral rights; all rights relating to the protection of trade secrets and confidential information; all rights related to the protection of trademarks, logos and service marks; any rights analogous to those set forth herein, and all other proprietary rights related to intangible property; and "Work Product" shall mean any and all Technology made, conceived, designed, created, discovered, invented or reduced to practice by LaCore during the term of this Agreement that (i) results from LaCore's performance of services for the Company, (ii) is related to the business of the Company or (iii) is based upon the use of Confidential Information.

- (b) LaCore agrees to promptly disclose to the Company in writing all Work Product upon the development, conception or creation thereof by LaCore, as well as, at any time, upon the request of the Company.
- (c) LaCore agrees that all Work Product shall be the sole and exclusive property of the Company, and does hereby irrevocably and unconditionally transfer and assign to the Company, its successors and assigns, all right, title and interest it may have or acquire in or to any Work Product, including all Intellectual Property Rights therein. LaCore further agrees that any and all works of authorship created, authored or developed by LaCore hereunder shall be deemed to be "works made for hire" within the meaning of the United States copyright law and, as such, all rights therein including copyright shall belong solely and exclusively to the Company from the time of their creation. To the extent any such work of authorship may not be deemed to be a work made for hire, LaCore agrees to, and does hereby, irrevocably and unconditionally transfer and assign to the Company all right, title, and interest including copyright in and to such work.
- (d) Upon request by the Company, LaCore agrees to execute and deliver all such documents, certificates, assignments and other writings, and take such other actions, as may be necessary or desirable to vest in the Company ownership in all Work Product as provided in this Section 2, including, but not limited to, the

execution and delivery of all applications for securing all United States and foreign patents, copyrights and other intellectual property rights relating to Work Product. The Company shall reimburse LaCore for any reasonable expenses incurred by LaCore at the Company's request to secure title or legal protection on the Company's behalf for any such Work Product. In the event that the Company is unable to secure LaCore's signature to any document, or if LaCore otherwise fails to take any action deemed necessary by the Company to protect or maintain the Company's ownership of Work Product and Intellectual Property Rights therein, then the Company may, and

LaCore hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as LaCore's agent and attorney-in-fact to act on and in LaCore's behalf and stead to, execute and file any such applications and perform all other lawfully permitted acts to perfect LaCore's assignment and transfer of ownership rights to the Company with the same legal force and effect as if executed, filed and performed by LaCore.

- (e) For purposes of this Section 2(e), "Background Technology" shall mean Technology owned by or licensed to LaCore as of the Effective Date of this Agreement or developed or otherwise obtained by LaCore following the Effective Date hereof independently of the performance of services hereunder by LaCore. The Company acquires no rights in the Background Technology, except as specifically provided in this Agreement and, as between the parties, LaCore retains all rights therein. LaCore hereby grants to Company a royalty-free, worldwide, non-exclusive, perpetual, sublicensable and irrevocable right and license to use, for all purposes in Company's business, Background Technology that has been disclosed by LaCore to Company or that is embodied within or related to the use, operation or improvement of Work Product created by LaCore in connection with LaCore's performance of services for the Company.

3. Representation. LaCore hereby represents to the Company that the Work Product LaCore creates under this Agreement will be original, and that LaCore's performance of services under this agreement and the Company's use of LaCore's Work Product will not breach any agreement LaCore has with any third party or the intellectual property rights or other rights of any third party.

4. Return of Materials. All documents, records, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to LaCore by the Company or are produced by LaCore in connection with LaCore's services will be and remain the sole property of the Company. LaCore will return to the Company all such materials and property as and when requested by the Company. In any event, LaCore will return all such materials and property immediately upon termination of LaCore's services for any reason. LaCore will not retain any such material or property or any copies thereof upon such termination.

5. Covenant Not to Interfere. During the term of this Agreement, LaCore shall not, directly or indirectly, (i) recruit, solicit or otherwise assist, induce or influence any Personnel (as hereinafter defined) of any Company Affiliate to discontinue, reduce the extent of, discourage the development of or otherwise harm such Personnel's relationship or commitment to such Company Affiliate, (ii) solicit, induce or attempt to induce any Distributor or Potential Distributor to terminate, diminish, or materially alter

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his or her relationship with a Company Affiliate; or (iii) solicit, perform or attempt to perform any services for a Distributor or Potential Distributor, except in accordance with this Agreement. "Company Affiliates" means the Company and each of its current and future subsidiaries and affiliates and their respective successors and assigns. "Distributor or Potential Distributor" is any Person who or which, at any time during the Initial Period, (i) directly or indirectly, worked with any Company Affiliate as an independent distributor, or (ii) considered working with any Company Affiliate as an independent distributor. "Personnel" means any and all employees, contractors, agents, consultants or other Persons rendering services to any Company Affiliates for compensation in any form, whether employed by or independent of any Company Affiliates.

6. Acknowledgments. LaCore acknowledges and agrees that the restrictions set forth in this Agreement are intended to protect the Company's interest in Confidential Information and its commercial relationships and goodwill (with its Customers, Distributors, vendors, directors and consultants),

LIMITED RELEASE

TO ALL WHOM THESE PRESENTS SHALL COME OR MAY CONCERN:

Natural Health Trends Corp. (the "Company") for and in consideration of (i) Ten Dollars (\$10.00) and other good and valuable consideration in hand paid by each of Terry L. LaCore and Mark D. Woodburn (the "Releasees"), the receipt and sufficiency which consideration is hereby acknowledged, does for itself and its successors and assigns, hereby now and forever, voluntarily, knowingly and willingly release and discharge the Releasees, and each of his heirs, executors, administrators, successors and assigns (collectively, the "Released Parties") from any and all charges, complaints, claims, promises, agreements, controversies, causes of action and demands related to the Specified Conduct (as hereinafter defined) which against them the Company and its successors or assigns ever had, now have or hereafter can, shall or may have by reason of any matter, cause or thing whatsoever arising from the beginning of time to the time the Company executes this Release other than as provided in the penultimate paragraph of this Release. The Company shall not seek any action or proceeding that may be commenced on the Company's behalf directly or indirectly relating to the Specified Conduct. "Specified Conduct" means (i) directing, accepting, or permitting payments to or for the benefit of a Releasee or Releasee's affiliate from position 1001 to 1014 located in the NHT Global (formerly Lexxus International) distributor tree during the period commencing on January 1, 2001 through the date of this Release; (ii) any and all related party transactions relating or pertaining to Releasees and previously disclosed in the Company's public filings as of the date hereof; or (iii) any disclosures made or omitted to be made, if any, relating or pertaining to any of the foregoing.

It is understood and agreed by the Company that the Releasees would not have entered into that certain agreement among the Releasees and the Company dated the date hereof and the exhibits thereto (the "October 2006 Agreement") unless the Company executed this Release and delivered same to the Releasees, and nothing herein shall be deemed to constitute an admission of wrongdoing by the Releasees or any of the Released Parties.

The Company has been advised to consult with an attorney of the Company's choice prior to signing this Release. The Releasees understands and agrees that the Company has the right and has been given the opportunity to review this Release with an attorney of the Company's choice should the Company so desire. The Company also agrees that it has entered into this Release freely and voluntarily.

Notwithstanding the foregoing provisions of this Release, this Release shall not apply to, and the Company expressly reserves any claims arising solely under the Transaction Documents (as defined in the October 2006 Agreement).

F-2-1

In the event that any one or more of the provisions of this Release shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of the Release shall not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in this Release shall be held to be excessively broad as to duration, activity or subject, such provisions shall be construed by limiting and reducing them so as to be enforceable to the maximum extent allowed by applicable law.

Signed as of this 31st day of October, 2006.

NATURAL HEALTH TRENDS CORP.

By /s/ STEPHANIE S. HAYANO

Name: Stephanie S. Hayano
Title: President and Chief Executive Officer

EXHIBIT 10.9

GENERAL RELEASE

TO ALL WHOM THESE PRESENTS SHALL COME OR MAY CONCERN:

Each of Terry LaCore and Mark D. Woodburn (the "Releasors") for and in consideration of (i) Ten Dollars (\$10.00) and other good and valuable consideration in hand paid by NATURAL HEALTH TRENDS CORP. (the "Company"), the receipt and sufficiency which consideration is hereby acknowledged, does for himself and his heirs, executors, administrators, successors and assigns, hereby now and forever, voluntarily, knowingly and willingly release and discharge the Company, and each of its subsidiaries and affiliates, together with their respective present and former stockholders, officers, directors, shareholders, employees, representatives and agents, and each of their predecessors, heirs, executors, administrators, successors and assigns (collectively, the "Released Parties") from any and all charges, complaints, claims, promises, agreements, controversies, causes of action and demands of any nature whatsoever, known or unknown, suspected or unsuspected, which against them, jointly or severally, Releasors or Releasors' heirs, executors, administrators, successors or assigns ever had, now have or hereafter can, shall or may have by reason of any matter, cause or thing whatsoever arising from the beginning of time to the time Releasor executes this Release other than as provided in the penultimate paragraph of this Release. The foregoing release includes, but is not limited to, any rights or claims relating in any way to Releasor's business relationships with any of the Released Parties, any federal, state or local law, regulation, ordinance or common law, or under any policy, agreement, understanding or promise, written or oral, formal or informal, between any Released Parties and Releasors. Releasors shall not seek or be entitled to any recovery, in any action or proceeding that may be commenced on Releasors' behalf in any way arising out of or relating to the matters released under this Release.

It is understood and agreed by Releasors that the Company would not have entered into that certain agreement among Releasors and the Company dated the date hereof and the exhibits thereto (the "October 2006 Agreement") unless Releasors executed this Release and delivered same to the Company, and nothing herein shall be deemed to constitute an admission of wrongdoing by the Company or any of the Released Parties, each of which denies having committed or in any way being responsible for any wrongful conduct with respect to Releasors.

Each of the Releasors has been advised to consult with an attorney of Releasors' choice prior to signing this Release. Releasors understands and agrees that each of the Releasors has the right and has been given the opportunity to review this Release with an attorney of Releasors' choice should Releasors so desire. Each of the Releasors also agrees that each of the Releasors has entered into this Release freely and voluntarily.

Notwithstanding the foregoing provisions of this Release, this Release shall not apply to, and each of the Releasors expressly reserves any claims arising solely under the Transaction Documents (as defined in the October 2006 Agreement).

F-2-1

In the event that any one or more of the provisions of this Release shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of the Release shall not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in this Release shall be held to be excessively broad as to duration, activity or subject, such provisions shall be construed by limiting and reducing them so as to be enforceable to the maximum extent allowed by applicable law.

Signed as of this 31st day of October, 2006.

/s/ TERRY L. LACORE

Terry L. LaCore

/s/ MARK D. WOODBURN

Mark D. Woodburn

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