Oxford Lane Capital Corp.
Form 497
November 20, 2014

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed pursuant to Rule 497
File No. 333-195652

PRELIMINARY PROSPECTUS SUPPLEMENT, SUBJECT TO COMPLETION, DATED NOVEMBER 20, 2014

PROSPECTUS SUPPLEMENT
(to Prospectus dated June 23, 2014)

$

Oxford Lane Capital Corp.

Preferred Stock
Shares, 8.125% Series 2024
Liquidation Preference $25 per Share

We are a non-diversified, closed-end management investment company that has registered as an investment company under the Investment Company Act of 1940, or the 1940 Act. Our investment objective is to maximize our portfolio s total return. We have initially implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle s exposure to a single credit.

We are offering shares of our 8.125% Series 2024 preferred stock, or the Series 2024 Term Preferred Shares, We pay monthly dividends on the Series 2024 Term Preferred Shares at an annual rate of 8.125% of the $25 liquidation preference per share, or $2.03125 per Series 2024 Term Preferred Share per year, on the last business day of each month. We will pay monthly dividends on the Series 2024 Term Preferred Shares offered pursuant to this prospectus supplement, commencing on December 31, 2014.

We are required to redeem all of the outstanding Series 2024 Term Preferred Shares on June 30, 2024 at a redemption price equal to $25 per share plus an amount equal to accumulated but unpaid dividends, if any, to the date of redemption. We cannot effect any amendment, alteration or repeal of our obligation to redeem all of the Series 2024 Term Preferred Shares on June 30, 2024 without the prior unanimous consent of the holders of Series 2024 Term

Preferred Shares. If we fail to maintain an asset coverage ratio of at least 200% (as described in this prospectus supplement), we will redeem a portion of the outstanding Series 2024 Term Preferred Shares in an amount at least equal to the lesser of (1) the minimum number of shares of Series 2024 Term Preferred Shares necessary to cause us to meet our required asset coverage ratio and (2) the maximum number of Series 2024 Term Preferred Shares that we can redeem out of cash legally available for such redemption. At any time on or after June 30, 2017, at our sole option, we may redeem the Series 2024 Term Preferred Shares at a redemption price per share equal to the sum of the $25 liquidation preference per share plus an amount equal to accumulated but unpaid dividends, if any, on the Series 2024 Term Preferred Shares.

Each holder of our Series 2024 Term Preferred Shares together with the holders of our 8.50% Series 2017 preferred stock, or the Series 2017 Term Preferred Shares, and our 7.50% Series 2023 preferred stock, or the Series 2023 Term Preferred Shares, (and any other preferred stock we may issue in the future) will be entitled to one vote for each share held by such holder on any matter submitted to a vote of our stockholders, and the holders of all of our outstanding preferred stock and common stock will vote together as a single class. The holders of the Series 2024 Term Preferred Shares together with the holders of our Series 2017 Term Preferred Shares and Series 2023 Term Preferred Shares (and any other preferred stock we may issue in the future), voting separately as a class, will elect at least two of our directors and, upon failure to pay dividends for at least two years, will elect a majority of our directors.

The Series 2024 Term Preferred Shares rank pari passu, or equally, in right of payment with our Series 2017 Term Preferred Shares and Series 2023 Term Preferred Shares and all other shares of preferred stock that we may issue in the future, and rank senior in right of payment to all of our common stock.

Our Series 2024 Term Preferred Shares are traded on the NASDAQ Global Select Market under the symbol OXLCN. On November 19, 2014, the last price of our Series 2024 Term Preferred Shares as reported on the NASDAQ Global Select Market was $25.37 per share. Our common stock is traded on the NASDAQ Global Select Market under the symbol OXLC. On November 19, 2014, the last sale price of our common stock as reported on NASDAQ Global Select Market was $16.44 per share. Our Series 2017 Term Preferred Shares are traded on the NASDAQ Global Select Market under the symbol OXLCP. On November 19, 2014, the last sale price of our Series 2017 Term Preferred Shares as reported on NASDAQ Global Select Market was $25.54 per share. Our Series 2023 Term Preferred Shares are traded on the NASDAQ Global Select Market under the symbol OXLCO. On November 19, 2014, the last sale price of our Series 2023 Term Preferred Shares as reported on NASDAQ Global Select Market was $24.40 per share. The Series 2024 Term Preferred Shares are not convertible into our common stock or any other security of our company.

We are required to determine the net asset value per share of our common stock on a quarterly basis. Our net asset value per share of our common stock as of September 30, 2014 was $15.54.

An investment in our preferred stock is subject to risks and involves a heightened risk of total loss of investment. Common shares of closed-end investment companies frequently trade at a discount to their net asset value. In addition, the CLO securities in which we invest are subject to special risks. See Risk Factors beginning on page S-15 of this prospectus supplement and page 17 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our preferred stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Please read this prospectus supplement and the accompanying prospectus before investing in our securities and keep each for future reference. This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor ought to know before investing in our securities. We file annual, semi-annual and quarterly reports, proxy statements and other information with the Securities and Exchange

Commission. This information is available free of charge by contacting us at 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830 or by telephone at (203) 983-5275, or on our website at *http://www.oxfordlanecapital.com*. Information contained on our website is not incorporated by referenced into this prospectus supplement or the accompanying prospectus, and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus. The Securities and Exchange Commission also maintains a website at *http://www.sec.gov* that contains information about us.

	Per Share	Total
Public Offering Price	$	$
Sales Load (Underwriting Discounts and Commissions)	$	$
Proceeds, before expenses, to Oxford Lane Capital Corp.[1]	$	$

(1) Total expenses of the offering payable by us, excluding underwriting discounts and commissions, are estimated to be $185,000. There will be additional items of value paid in connection with this offering that are viewed by the Financial Regulatory Authority, Inc. as underwriting compensation. Payment of this additional underwriting compensation will reduce the proceeds to us, before expenses. See Underwriting.

(2) We have granted the underwriters a 30-day option to purchase up to an additional Series 2024 Term Preferred Shares from us to cover over-allotments, if any. The price of any such option shares will be reduced by the amount of any distributions declared and payable on the shares sold on the initial closing date but not payable on such option shares. If such option is exercised in full, the public offering price, underwriting discounts and commissions and proceeds, before expenses, to us would be $, $ and $, respectively. See Underwriting .

The underwriters expect to deliver the shares on or about , 2014.

Joint Book-Running Managers

Ladenburg Thalmann **Deutsche Bank Securities**

Co-Managers

BB&T Capital Markets **Maxim Group LLC**

Prospectus Supplement dated , 2014.

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ABOUT THIS PROSPECTUS SUPPLEMENT

We have filed with the SEC a registration statement on Form N-2 (File No. 333-195652) utilizing a shelf registration process relating to the securities described in this prospectus supplement, which registration statement was declared effective on June 23, 2014. This document is in two parts. The first part is the prospectus supplement, which describes the terms of this offering of Series 2024 Term Preferred Shares and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from or is additional to the information contained in the accompanying prospectus, you should rely only on the information contained in this prospectus supplement. Please carefully read this prospectus supplement and the accompanying prospectus together with the additional information described under the headings Available Information and Risk Factors included in this prospectus supplement and the accompanying prospectus before investing in the Series 2024 Term Preferred Shares.

Neither we nor the underwriters have authorized any dealer, salesman or other person to give any information or to make any representation other than those contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus supplement and the accompanying prospectus is accurate as of the dates on their respective covers. Our financial condition, results of operations and prospects may have changed since those dates. To the extent required by law, we will amend or supplement the information contained in this prospectus supplement and the accompanying prospectus to reflect any material changes subsequent to the date of this prospectus supplement and the accompanying prospectus and prior to the completion of any offering pursuant to this prospectus supplement and the accompanying prospectus.

The Series 2024 Term Preferred Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

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SUMMARY

The following summary contains basic information about the offering of shares of our preferred stock pursuant to this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all the information that is important to you. For a more complete understanding of the offering of shares of our preferred stock pursuant to this prospectus supplement, we encourage you to read this entire prospectus supplement and the accompanying prospectus, and the documents to which we have referred in this prospectus supplement and the accompanying prospectus. Together, these documents describe the specific terms of the shares of preferred stock we are offering. You should carefully read the sections entitled Risk Factors included in this prospectus supplement and the accompanying prospectus and the section entitled Business and our financial statements included in this prospectus supplement and the accompanying prospectus.

Except where the context requires otherwise, the terms Oxford Lane Capital, the Company, we, us and our refer to Oxford Lane Capital Corp.; Oxford Lane Management and investment adviser refer to Oxford Lane Management, LLC; and BDC Partners refers to BDC Partners, LLC.

Overview

We are a non-diversified closed-end management investment company that has registered as an investment company under the 1940 Act. Our investment objective is to maximize our portfolio s total return.

We have initially implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Substantially all of the CLO vehicles in which we may invest would be deemed to be investment companies under the 1940 Act but for the exceptions set forth in section 3(c)(1) or section 3(c)(7). Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle s exposure to a single credit. A CLO vehicle is formed by raising various classes or tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. The CLO vehicles which we focus on are collateralized primarily by senior secured loans made to companies whose debt is unrated or is rated below investment grade (Senior Loans), and generally have very little or no exposure to real estate, mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. Our investment strategy also includes warehouse facilities, which are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle. We may also invest, on an opportunistic basis, in other corporate credits of a variety of types. We expect that each of our investments will range in size from $5 million to $50 million, although the investment size may vary consistent with the size of our overall portfolio.

Oxford Lane Management manages our investments and its affiliate arranges for the performance of the administrative services necessary for us to operate.

Distributions

In order to qualify as a regulated investment company, or RIC, and to eliminate our liability for corporate-level tax on the income we distribute to our stockholders, we are required, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code, to distribute to our stockholders on an annual basis at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital gains, if any.

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The following table reflects the cash distributions, including dividends, dividends reinvested and returns of capital, if any, per share that we have declared on our common stock to date:

Record Date	Payment Date	Amount[1]
December 17, 2014	December 31, 2014	$0.60
September 16, 2014	September 30, 2014	0.60
June 16, 2014	June 30, 2014	0.60
		1.80
March 17, 2014	March 31, 2014	0.60
March 17, 2014	March 31, 2014	0.10[2]
December 17, 2013	December 31, 2013	0.55
September 16, 2013	September 30, 2013	0.55
June 14, 2013	June 28, 2013	0.55
		2.35
March 15, 2013	March 29, 2013	0.55
December 17, 2012	December 31, 2012	0.55
September 14, 2012	September 28, 2012	0.55
June 15, 2012	June 29, 2012	0.55
		2.20
March 16, 2012	March 30, 2012	0.55
December 16, 2011	December 30, 2011	0.50
September 16, 2011	September 30, 2011	0.50
June 16, 2011	June 30, 2011	0.50
		2.05
		0.25

March 21, 2011	April 1, 2011	0.25

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In June 2007, pursuant to the authority granted by the FFDC Act as amended by DSHEA, the FDA pub
manufacturing practice, or cGMP, regulations that govern the manufacturing, packaging, labeling and h
supplement manufacturers. The cGMP regulations, among other things, impose significant recordkeepi
cGMP requirements are in effect for all manufacturers, and the FDA is conducting inspections of dieta
to these requirements. There remains considerable uncertainty with respect to the FDA's interpretation
implementation in manufacturing facilities. The failure of a manufacturing facility to comply with the c
manufactured in such facility "adulterated", and subjects such products and the manufacturer to a varie

The FDA has also announced its intention to promulgate new cGMPs specific to dietary supplements, t
compliance with the Bioterrorism Act of 2002. We intend to comply with the new cGMPs once they ar
to be finalized shortly, would be more detailed and stringent than the cGMPs that currently apply to die
other things, require dietary supplements to be prepared, packaged, produced and held in compliance w
regulations for drugs. There can be no assurance that, if the FDA adopts cGMP regulations for dietary
with the new regulations without incurring a substantial expense.

In addition, under the Food Safety Modernization Act, or FSMA, which was enacted on January 4, 201
ingredients contained in dietary supplements will be subject to similar or even more burdensome manu
likely increase the costs of dietary ingredients and will subject suppliers of such ingredients to more rig
The FSMA will also require importers of food, including dietary supplements and dietary ingredients, t
ensure that the food they might import meets applicable domestic requirements.

The FDA has broad authority to enforce the provisions of federal law applicable to dietary supplement
warning or notice of violation letter to a company, publicize information about illegal products, detain
the reporting of serious adverse events, require a recall of illegal or unsafe products from the market, a
initiate a seizure action, an injunction action or a criminal prosecution in the U.S. courts. The FSMA ex
of the FDA with respect to the production and importation of food, including dietary supplements. The
include the FDA's ability to order mandatory recalls, administratively detain domestic products, requir
domestic requirements for imported foods associated with safety issues and administratively revoke ma
effectively enjoining manufacturing of dietary ingredients and dietary supplements without judicial pro
supplements may increase or become more restrictive in the future.

Our failure to comply with applicable FDA regulatory requirements could result in, among other things
recalls, product seizures, fines and criminal prosecutions.

Our advertising of dietary supplement products is subject to regulation by the FTC under the FTCA. Se
FTC to prohibit unfair methods of competition and unfair or deceptive acts or practices in or affecting c
provides that the dissemination of any false advertisement for the purpose of inducing, directly or indir
which would include dietary supplements, is an unfair or deceptive act or practice. Additionally, under

advertiser is required to have a "reasonable basis" for all objective product claims before the claims are
claims may also be considered an unfair or deceptive practice. Pursuant to this FTC requirement, we ar
substantiation for all material advertising claims made for our products.

On November 18, 1998, the FTC issued "Dietary Supplements: An Advertising Guide for Industry." T
supplements with guidelines for applying FTC law to dietary supplement advertising and reiterates and
determination. It includes examples of the principles that should be used when interpreting and substan
Although the guide provides additional explanation, it does not substantively change the FTC's existin
have an obligation to ensure that claims are presented truthfully and to verify that such claims are adeq

The FTC has a variety of processes and remedies available to it for enforcement, both administratively
process, cease and desist orders and injunctions. FTC enforcement can result in orders requiring, amon
corrective advertising, consumer redress, divestiture of assets, rescission of contracts and such other re
violation could have a material adverse effect on our business, financial condition and results of operat

As a result of our efforts to comply with applicable statutes and regulations in the United States and els
reformulated, eliminated or relabeled certain of our products and revised certain advertising claims. W
laws, regulations, interpretations or applications, nor can we determine what effect additional governm
orders, when and if promulgated, would have on our business in the future. They could, however, requ
to meet new standards, the recall or discontinuance of certain products not capable of reformulation, ad
documentation of the properties of certain products, expanded or different labeling, and/or scientific su
requirements could have a material adverse effect on our business, financial condition and results of op

Advertising and labeling for dietary supplements and conventional foods are also regulated by state, co
authorities. Some states also permit these laws to be enforced by private attorney generals. These priva
consumers, seek class action certifications, seek class-wide damages, seek class-wide refunds and prod
can be no assurance that state and local authorities will not commence regulatory action, which could r
product advertising claims, or products that can be sold in the future.

Foreign

Our products which we sell or may make plans to sell in foreign countries are also subject to regulatior
international laws that include provisions governing, among other things, the formulation, manufacturi
distribution of dietary supplements and over-the-counter drugs. These regulations may prevent or delay
delay the introduction, or require the reformulation, of certain of our products. Compliance with such f
generally the responsibility of our distributors for those countries. These distributors are independent c
control.

Possible New Legislation or Regulation

Legislation may be introduced which, if passed, would impose substantial new regulatory requirements
although not yet reintroduced in this session of Congress, bills have been repeatedly proposed in past s
subject the dietary ingredient dehydroepiandrosterone, or DHEA, to the requirements of the Controlled
the sale of products containing DHEA. In March 2009, the General Accounting Office, or GAO, issued
recommendations to enhance the FDA's oversight of dietary supplements. The GAO recommended tha
Health and Human Services direct the Commissioner of the FDA to: (1) request authority to require di

themselves as a dietary supplement company and update this information annually, provide a list of all
and a copy of the labels and update this information annually, and report all adverse events related to d
adverse events; (2) issue guidance to clarify when an ingredient is considered a new dietary ingredient,
safety of new dietary ingredients, and appropriate methods for establishing ingredient identity; (3) prov
when products should be marketed as either dietary supplements or conventional foods formulated wit
coordinate with stakeholder groups involved in consumer outreach to identify additional mechanisms f
safety, efficacy, and labeling of dietary supplements, implement these mechanisms, and assess their ef
could lead to increased regulation by the FDA or future legislation concerning dietary supplements.

We cannot determine what effect additional domestic or international governmental legislation, regula
and if promulgated, would have on our business in the future. New legislation or regulations may requ
to meet new standards, require the recall or discontinuance of certain products not capable of reformul
or require expanded documentation of the properties of certain products, expanded or different labeling

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Employees

We believe that our success will depend significantly on our ability to identify, attract, and retain capab
we had 47 full time employees. Our employees are not represented by any collective bargaining unit, a
employees are good. We have recently completed staffing for the in-house medical and physiology cen

Insurance

We maintain commercial liability, including product liability coverage, and property insurance. Our po
$1.0 million per occurrence, and $2.0 million annual aggregate coverage which includes our main corp
coverage on our main office facility to cover our legal liability, tenant's improvements, business prope
liability insurance with an aggregate cap on retained loss of $5.0 million.

Item 1A. Risk Factors

Set forth below are risks with respect to our Company. Readers should review these risks, together with
report. The risks and uncertainties we have described in this report are not the only ones we face. There
uncertainties that are not presently known to us, or that we presently deem immaterial, that may becom
business. If any of the following risks develop into actual events, our business, financial conditions or r
and adversely affected. See "Forward-Looking Statements" at the beginning of this report for additiona

Risks Related to Our Business and Industry

***Our business and operations are experiencing rapid growth. If we fail to effectively manage our gro
could be harmed.***

We have experienced and expect to continue to experience rapid growth in our operations, which has p
significant demands on our management, and our operational and financial infrastructure. If we do not
fail to attain operational efficiencies we are seeking, timely deliver products to our customers in suffici
products could suffer, which could negatively affect our operating results. To effectively manage this g
additional persons, particularly in sales and marketing, and we will need to continue to improve signifi
management controls and our reporting systems and procedures. These additional employees, systems

require significant capital expenditures and management resources. Failure to implement these propose
our ability to manage our growth and our financial position.

As of the date of this report, management has taken over the shipping of most product, other than drop
152,000 square foot distribution center in Franklin, Tennessee. We have hired a warehouse manager, a
individuals from our Denver, Colorado office to manage shipping. We also hired several local warehou
We believe this efficiency will improve our shipping time and reduce our overall cost of goods sold.

Additionally, the Company has hired six new sales and marketing individuals to continue the expansio
has added four new staff members and our board of directors appointed a new Chief Financial Officer
procedures have been implemented over sales orders and discounting as well as new financial controls
monthly monitoring reports along with dashboard reporting for aiding management in making good de

The Company has appointed a five member Board of Directors, three of which are independent by the
an audit committee, and compensation committee. Regular board meetings are held and task lists are re
of outside counsel to mitigate issues and promote further improvements around internal controls and re
much improved but not yet complete.

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Our failure to respond appropriately to competitive challenges, changing consumer preferences and
significantly harm our customer relationships and product sales.

The nutritional sports supplement industry is characterized by intense competition for product offering
consumer demand. Our failure to predict accurately product trends could negatively impact our produc

Our success with any particular product offering (whether new or existing) depends upon a number of

- deliver products in a timely manner in sufficient volumes;
- accurately anticipate customer needs and forecast accurately to our manufacturers in an expanding bu
- differentiate our product offerings from those of our competitors;
- competitively price our products; and
- develop new products.

Products often have to be promoted heavily in stores or in the media to obtain visibility and consumer
products is difficult and often expensive due to slotting and other promotional charges mandated by re
periods of time to develop consumer awareness, consumer acceptance and sales volume. Accordingly,
maintain sufficient sales volume and as a result may have to be discontinued. In a highly competitive n
retailers open stock-keeping units (sku's) for new products.

Our management has determined that certain disclosure controls and procedures may be ineffective
upon, which could result in material misstatements in our financial statements.

Our management is responsible for establishing and maintaining adequate internal control over our fin
13a-15(f) under the Exchange Act. As of December 31, 2012, our management determined that some c
procedures were ineffective due to weaknesses in our financial closing process.

We intend to implement remedial measures designed to address the ineffectiveness of our disclosure c
several individuals with significant accounting, auditing and financial reporting experience and segreg
reporting among our larger financing and accounting staff, implementing more specific segregation of
historical information more timely, such as monthly budgeting analysis and cash reporting. We have a
procedures to document purchase orders, product discounts and product transition flow as well as anal
remedial measures are insufficient to address the ineffectiveness of our disclosure controls and procedu
significant deficiencies in our internal control are discovered or occur in the future and the ineffective
procedures continues, we may fail to meet our future reporting obligations on a timely basis, our conso

contain material misstatements, we could be required to restate our prior period financial results, our op
be subject to class action litigation, and if we gain a listing on a stock exchange, our common stock cou
failure to address the ineffectiveness of our disclosure controls and procedures could also adversely aff
management evaluations regarding the effectiveness of our internal control over financial reporting and
that are required to be included in our annual report on Form 10-K. Internal control deficiencies and in
procedures could also cause investors to lose confidence in our reported financial information. We can
plan to take in the future will remediate the ineffectiveness of our disclosure controls and procedures o
restatements of financial results will not arise in the future due to a failure to implement and maintain a
reporting or adequate disclosure controls and procedures or circumvention of these controls. In addition
strengthening our controls and procedures, in the future those controls and procedures may not be adeq
or errors or to facilitate the fair presentation of our consolidated financial statements.

If we fail to comply with the rules under the Sarbanes-Oxley Act of 2002 related to disclosure contro material weaknesses and other deficiencies in our internal control and accounting procedures, our s and raising capital could be more difficult.

If we fail to comply with the rules under the Sarbanes-Oxley Act of 2002 related to disclosure controls additional material weaknesses and other deficiencies in our internal control and accounting procedure significantly and raising capital could be more difficult. Moreover, effective internal controls are neces reports and are important to helping prevent financial fraud. If we cannot provide reliable financial rep operating results could be harmed, investors could lose confidence in our reported financial informatio stock could drop significantly. In addition, we cannot be certain that additional material weaknesses or controls will not be discovered in the future.

Our industry is highly competitive, and our failure to compete effectively could adversely affect our future growth.

The nutritional supplement industry is highly competitive with respect to:

· price;
· shelf space and store placement;
· brand and product recognition;
· new product introductions; and
· raw materials.

Most of our competitors are larger more established and possess greater financial, personnel, distributi We face competition in the health food channel from a limited number of large nationally known manu many smaller manufacturers of dietary supplements.

We rely on a limited number of customers for a substantial portion of our sales, and the loss of or m by any of these customers would adversely affect our sales and operating results.

For the year ended December 31, 2012, two of our customers accounted for approximately 45% of our ended December 31, 2012, accounted for 33% of our sales. For the year ended December 31, 2011, tw approximately 55% of our sales and our largest customer represented 41% of our sales. The loss of any reduction in purchases by any major customer, or, any serious financial difficulty of a major customer, our sales and results of operations.

Adverse publicity or consumer perception of our products and any similar products distributed by ot
adversely affect our sales and revenues.

We believe we are highly dependent upon positive consumer perceptions of the safety and quality of o
distributed by other sports nutrition supplement companies. Consumer perception of sports nutrition su
particular can be substantially influenced by scientific research or findings, national media attention an
Adverse publicity from these sources regarding the safety, quality or efficacy of nutritional supplemen
reputation and results of operations. The mere publication of news articles or reports asserting that suc
questioning their efficacy could have a material adverse effect on our business, financial condition and
whether such news articles or reports are scientifically supported or whether the claimed harmful effec
recommended for such products.

We rely on highly skilled personnel and, if we are unable to retain or motivate key personnel, hire q
to grow effectively.

Our performance largely depends on the talents and efforts of highly skilled individuals. Our future suc
to identify, hire, develop, motivate and retain highly skilled personnel for all areas of our organization,
Competition in our industry for qualified employees is intense. In addition, our compensation arrangem
not always be successful in attracting new employees or retaining and motivating our existing employe
effectively depends on our ability to attract new employees and to retain and motivate our existing emp

If we are unable to retain key personnel, our ability to manage our business effectively and continue
impacted.

Our management employees include Brad J. Pyatt, L. Gary Davis, John H. Bluher, Jeremy R. DeLuca
management employees are primarily responsible for our day-to-day operations, and we believe our su
ability to retain them and to continue to attract additional qualified individuals to our management tean
employment agreements with our key management employees. The loss or limitation of the services of
or the inability to attract additional qualified personnel could have a material adverse effect on our bus

Our operating results may fluctuate, which makes our results difficult to predict and could cause ou

Our operating results may fluctuate as a result of a number of factors, many of which may be outside o
our operating results on a period-to-period basis may not be meaningful, and you should not rely on ou
future performance. Our quarterly, year-to-date, and annual expenses as a percentage of our revenues n
historical or projected rates. Our operating results in future quarters may fall below expectations. Each
operating results:

- our ability to deliver products in a timely manner in sufficient volumes;
- our ability to recognize product trends;
- our loss of one or more significant customers;
- the introduction of successful new products by our competitors; and
- adverse media reports on the use or efficacy of nutritional supplements.

Because our business is changing and evolving, our historical operating results may not be useful to yo
results.

The continuing effects of the most recent global economic crisis may impact our business, operating

The global economic crisis that began in 2008 has caused disruptions and extreme volatility in global f
default and bankruptcy, and has impacted levels of consumer spending. These macroeconomic develop
business, operating results, and financial condition. For example, if consumer spending decreases, this

We may be exposed to material product liability claims, which could increase our costs and adversel

As a marketer and distributor of products designed for human consumption, we could be subject to pro
products is alleged to have resulted in injury. Our products consist of vitamins, minerals, herbs and oth
dietary supplements and in most cases are not subject to pre-market regulatory approval in the United S
unknown adverse reactions resulting from human consumption of these ingredients could occur.

We have not had any product liability claims filed against us, but in the future we may be subject to va
among others that our products had inadequate instructions for use, or inadequate warnings concerning
with other substances. The cost of defense can be substantially higher than the cost of settlement even
high cost to defend or settle product liability claims could have a material adverse effect on our busine

Our insurance coverage or third party indemnification rights may not be sufficient to cover our lega
incur in the future.

We maintain insurance, including property, general and product liability, and workers' compensation t
exposures. In the future, insurance coverage may not be available at adequate levels or on adequate ter
on terms that meet our customer's requirements. If insurance coverage is inadequate or unavailable, we
limits or that are not covered, which could increase our costs and adversely affect our operating results

Our intellectual property rights are valuable, and any inability to protect them could reduce the valu

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We have invested significant resources to protect our brands and intellectual property rights. However,
strictly enforce our intellectual property rights, including our trademarks, from infringement. Our failu
rights could diminish the value of our brands and product offerings and harm our business and future g

***We may be subject to intellectual property rights claims, which are costly to defend, could require us
ability to sell some of our products.***

Our industry is characterized by vigorous pursuit and protection of intellectual property rights, which h
litigation for several companies. Third parties may assert claims of misappropriation of trade secrets or
rights against us or against our end customers or partners for which we may be liable.

As our business expands, the number of products and competitors in our markets increases and product
may increase in number and significance. Intellectual property lawsuits are subject to inherent uncertai
technical issues involved, and we cannot be certain that we would be successful in defending ourselves
Further, many potential litigants have the capability to dedicate substantially greater resources than we
property rights and to defend claims that may be brought against them. Furthermore, a successful clain
requires us to pay substantial damages or prevents us from distributing products or performing certain

An increase in product returns could negatively impact our operating results and profitability.

We permit the return of damaged or defective products and accept limited amounts of product returns i
have historically been nominal and within management's expectations and the provisions established, t
experienced in the past. Any significant increase in damaged or defective products or expected returns
our operating results for the period or periods in which such returns materialize.

***We have no manufacturing capacity and anticipate continued reliance on third-party manufacturers
commercialization of our products.***

We do not currently operate manufacturing facilities for production of our products. We lack the resou
our products on a commercial scale. We do not intend to develop facilities for the manufacture of prod
on third-party manufacturers to produce bulk products required to meet our sales needs. We plan to co
manufacturers to manufacture commercial quantities of our products.

Our contract manufacturers' failure to achieve and maintain high manufacturing standards, in accordan
requirements, or the incidence of manufacturing errors, could result in consumer injury or death, produ
withdrawals, delays or failures in product testing or delivery, cost overruns or other problems that coul
manufacturers often encounter difficulties involving production yields, quality control and quality assu
personnel. Our existing manufacturers and any future contract manufacturers may not perform as agree
manufacturing business. In the event of a natural disaster, business failure, strike or other difficulty, we
manufacturer in a timely manner and the production of our products would be interrupted, resulting in
revenues.

A shortage in the supply of key raw materials could increase our costs or adversely affect our sales a

All of our raw materials for our products are obtained from third-party suppliers. Since all of the ingred
used, we have not experienced any shortages or delays in obtaining raw materials. If circumstances cha
materially higher raw material prices or adversely affect our ability to have a product manufactured. Pr
directly affect our profitability if we are not able to pass price increases on to customers. Our inability
materials in a timely manner or a material increase in the price of our raw materials could have a mater
financial condition and results of operations.

Because we are subject to numerous laws and regulations, and we may become involved in litigation
substantial judgments, fines, legal fees and other costs.

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Our industry is highly regulated. The manufacture, labeling and advertising for our products are regula
agencies as well as those of each foreign country to which we distribute. These governmental authoriti
proceedings, which could restrict the permissible scope of our product claims or the ability to manufac
The U.S. Food and Drug Administration, or FDA, regulates our products to ensure that the products ar
to comply with FDA requirements may result in, among other things, injunctions, product withdrawals
criminal prosecutions. Our advertising is subject to regulation by the Federal Trade Commission, or FT
Commission Act. In recent years the FTC has initiated numerous investigations of dietary supplement
companies. Additionally, some states also permit advertising and labeling laws to be enforced by priva
relief for consumers, seek class action certifications, seek class wide damages and product recalls of pr
adverse actions against us by governmental authorities or private litigants could have a material advers
condition and results of operations.

A member of our management team has been involved in a bankruptcy proceeding and other failed
to assertions that we are not able to effectively manage our business, which could have a material ad
investment in our securities.

Our chief executive officer and co-chairman of our board of directors, Brad J. Pyatt, has been involved
failed business ventures. This may expose us to assertions by others that our management team may no
business. To address this risk, our board of directors has devoted significant time and energy to bolster
individuals who have public company experience and financial expertise, as well as adding independen
these efforts, if our business partners and investors do not have confidence in our management team, it
our business and your investment in our company.

Because certain of our stockholders control a significant number of shares of our common stock, th
actions requiring stockholder approval.

As of March 29, 2013, our directors, executive officers, and their respective affiliates, beneficially own
outstanding shares of common stock. Also, two of our executive officers own 51 shares of our Series E
control of the Company. As a result, these stockholders, acting together, would have the ability to cont
our stockholders for approval, including the election of directors and any merger, consolidation or sale
In addition, these stockholders, acting together, would have the ability to control the management and
this concentration of ownership might harm the market price of our common stock by:

- delaying, deferring or preventing a change in corporate control;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control

The conversion reset provision relating to our Series D Preferred Stock could result in difficulty for

Because the conversion price reset provisions relating to our Series D Preferred Stock discussed above
detriment of common stockholders, it may make it more difficult for us to raise any future equity capit
reviewed in light of our existing levels of little capital and significant working capital deficit. As of the
approximately 76% of the preferred stock issued in the Series D offering has been converted to commo

We may, in the future, issue additional shares of common stock, which would reduce investors' perc share value.

Our articles of incorporation, as amended, authorize the issuance of 100,000,000 shares of common sto
stock, of which (i) 5,000,000 shares have been designated as Series A Convertible Preferred Stock, (ii)
Series B Preferred Stock, (iii) 500 shares have been designated as Series C Convertible Preferred Stock
designated as Series D Convertible Preferred Stock. The articles of incorporation authorize our board o
the voting powers, designations, preferences, limitations, restrictions and relative rights of any undesig
future issuance of common stock and preferred stock may result in substantial dilution in the percentag
existing stockholders. We may value any common stock or preferred stock issued in the future on an ar
stock for future services or acquisitions or other corporate actions may have the effect of diluting the va
and might have an adverse effect on any trading market for our common stock.

We may issue additional shares of preferred stock in the future that may adversely impact your right

Our articles of incorporation, as amended, authorize us to issue shares of preferred stock in various seri
Series B Preferred Stock issued and outstanding, which shares have voting control of the Company. Ea
Stock is convertible into 200 shares of our common stock although no shares of this series are outstand
Convertible Preferred Stock is convertible into two shares of our common stock. In addition, our board
determine the relative rights and preferences of our authorized but undesignated preferred stock, as wel
preferred stock, without further stockholder approval. As a result, our board of directors could authoriz
stock that would grant to holders preferred rights to our assets upon liquidation, the right to receive div
holders of our common stock, and the right to the redemption of such preferred stock, together with a p
common stock. To the extent that we do issue such additional shares of preferred stock, your rights as h
impaired thereby, including, without limitation, dilution of your ownership interests in us. In addition,
issued with terms calculated to delay or prevent a change in control or make removal of management m
interest as a holder of common stock.

Our common stock is quoted on the OTCBB which may have an unfavorable impact on our stock pr

Our common stock is quoted on the OTCBB. The OTCBB is a significantly more limited market than t
NASDAQ Stock Market. The quotation of our shares on the OTCBB may result in a less liquid market
stockholders to trade shares of our common stock, could depress the trading price of our common stock
impact on our ability to raise capital in the future.

***Nevada corporations laws limit the personal liability of corporate directors and officers and require
circumstances.***

Section 78.138(7) of the Nevada Revised Statutes provides that, subject to certain very limited statutor
incorporation provide for greater individual liability, a director or officer of a Nevada corporation is no
or its stockholders for any damages as a result of any act or failure to act in his or her capacity as a dire
the act or failure to act constituted a breach of his or her fiduciary duties as a director or officer and suc
misconduct, fraud or a knowing violation of law. We have not included in our articles of incorporation
greater liability as contemplated by this statutory provision.

In addition, Section 78.7502(3) of the Nevada Revised Statutes provides that to the extent a director or
been successful on the merits or otherwise in the defense of certain actions, suits or proceedings (which
derivative actions), the corporation shall indemnify such director or officer against expenses (including
incurred by such director or officer in connection therewith.

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Item 2. Properties

Our corporate headquarters is located in Denver, Colorado. This commercial office building is 30,302 s
performance training center, medical laboratory and a 96-seat theatre room. The term of the lease is 65
2015. We currently pay approximately $13,500 in lease payments per month.

We lease an office and distribution warehouse in Boise, Idaho. The warehouse is 6,035 square feet and
currently pay approximately $3,500 per month in rent. The office is 4,776 square feet with a term of tw
currently pay approximately $4,400 per month for this lease.

We lease a 64,000 square foot warehouse facility in Franklin, Tennessee. The term of the lease is throu
approximately $9,450 per month for rent.

Through our Ontario, Canada subsidiary, Canada MusclePharm Enterprises Corp., we lease a 10,000 s
in Hamilton, Ontario, Canada. The term of the lease expires on March 31, 2013. We currently pay 6,65
dollar equivalent of about $6,544) per month for rent.

Item 3. Legal Proceedings

From time to time, we have become involved in various legal proceedings that arise in the ordinary co
proceedings are subject to inherent uncertainties as to timing, outcomes, costs, expenses and time expe
on our behalf. Although there can be no assurance, based on information currently available, we believ
that are pending or threatened against us will not have a material effect on our financial condition. How
matters is neither probable nor reasonably estimable.

The legal proceedings information set forth under "Commitments, Contingencies and Other Matters" i
consolidated financial statements included in this Annual Report on Form 10-K is incorporated herein

Item 4. Mine Safety Disclosures

None.

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purch

The following table shows the reported high and low bid quotations per share for our common stock ba
OTCBB. Our common is quoted on the OTCBB under the symbol “MSLP.OB”. These prices reflect th
common stock that we effected on November 26, 2012.

	High	Low
2012		
Fourth Quarter	$6.21	$3.40
Third Quarter	$17.43	$5.02
Second Quarter	$31.88	$10.20
First Quarter	$31.03	$5.10
2011		
Fourth Quarter	$22.10	$5.95
Third Quarter	$33.15	$11.90
Second Quarter	$68.85	$21.25
First Quarter	$110.50	$30.60

Quotations on the OTCBB reflect bid and ask quotations, may reflect inter-dealer prices, without retail
and may not represent actual transactions.

The Company’s transfer agent is Corporate Stock Transfer, Inc. Their business address is 3200 Cherry
CO 80209.

As of March 29, 2013, there were approximately 420 holders of record of our common stock. This figu
stockholders whose certificates are held in street name by brokers and other nominees. We estimate tha
3,700.

At March 29, 2013 the Company’s issued and diluted shares were as follows:

Shares issued and outstanding at December 31, 2012	2,747,308
Series D Preferred Stock converted to Common Stock through March 29, 2013	2,352,250
Net shares issued through March 29, 2013	1,667,089
Shares issued and outstanding at March 29, 2013	6,776,647
Series D Preferred Stock not yet converted	647,750
Shares awaiting authorization for issuance	307,506
Unvested executive stock awards	86,275
Fully Diluted as of March 29, 2013	7,818,178

Unregistered Sale of Securities

Series D Preferred Stock Issuances

Between January 16, 2013 and February 4, 2013, the Company issued an aggregate of 1,500,000 share
aggregate gross proceeds of approximately $12 million.

Common Stock Issuances

Between October and November 2012 the Company issued 16,908 shares of common stock in accorda
at $106,200.

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In December 2012 the Company issued 50,000 shares of common stock valued at $549,950 for interest

Between February and March 2013 the Company issued 2,352,250 shares of common stock pursuant t
Series D preferred stock.

In March 2013 the Company issued 142,282 shares of common stock pursuant to the ratchet provision
agreements which are valued at $853,692.

In March 2013 the Company issued an aggregate 741,017 shares of common stock pursuant consulting
$6,297,694.

In March 2013 the Company issued an aggregate 43,137 shares of common stock pursuant the vesting

In March, 2013, the Company an aggregate 705,883 shares of common stock through a private placem

Dividend Policy

We have never declared dividends on our common stock, and currently do not plan to declare dividend
foreseeable future. We expect to retain our future earnings, if any, for use in the operation and expansi
foregoing, the payment of cash dividends in the future, if any, will be at the discretion of our board of
factors as earnings levels, capital requirements, our overall financial condition and any other factors de
directors.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read together with our consolidated financial statemen
reflected in the index to the consolidated financial statements in this report. This discussion contains fo
current expectations that involve risks and uncertainties. See "Forward-Looking Statements" for a disc
assumptions associated with these statements. Actual results and the timing of events could differ mate
forward-looking statements as a result of many factors, including those set forth under "Risk Factors" a

amounts and per share amounts in "Management's Discussion and Analysis of Financial Condition and
1-for-850 reverse stock split of our common stock that we effected on November 26, 2012.

Plan of Operation

We develop, market and sell athlete-focused, high quality nutritional supplements primarily to specialt
winning products address active lifestyles including muscle building, weight loss, and maintaining gen
supplement regimen. Our products are available in over 10,500 U.S. retail outlets, including Dick's Sp
and Vitamin World. We also sell our products in over 100 online channels, including bodybuilding.com
vitacost.com. Internationally, our nutritional supplements are sold in approximately 90 countries, and v
a significant part of our sales for the foreseeable future.

Our primary growth strategy is to:

(1) increase our product distribution and sales through increased market penetrations both domestically

(2) increase our margins by focusing on streamlining our operations and seeking operating efficiencies

(3) continue to conduct additional testing of the safety and efficacy of our products and formulate new

(4) increase awareness of our products by increasing our marketing and branding opportunities through
extensions.

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Our core marketing strategy is to brand MusclePharm as the "must have" fitness brand for workout ent
known as The Athletes Company®, run by athletes who create their products for other athletes both pr
that our marketing mix of endorsers, sponsorships and providing sample products for our retail reseller
increase sales.

Results of Operations

Year ended December 31, 2012 compared to the year ended December 31, 2011.

	Year 2012
Sales – net	$67,(
Cost of sales	52,'
Gross profit	14,3
General and administrative expenses	23,(
Loss from operations	(8,7
Other expense	(10.
Net loss	(18.
Net loss per share – basic and diluted	$(13
Weighted average number of common shares outstanding during the period – basic and diluted	1,4

Revenues

Our net revenues increased 290% to approximately $67.1 million for the year ended December 31, 201
million for the year ended December 31, 2011. Sales during the year ended December 31, 2012 increas
product brand. We have focused on an aggressive marketing plan to penetrate the market, as such, sign
advertising and promotions have been experienced. The sales increase was also the result of capital spe
with distributors along with endorsements and sponsorships. The Company's many efforts for growth i
sales and marketing staff, along with adding new products in an effort to continue to expand our custor
in the international markets. International sales are included in the results of operations and increased a
$20.2 million for the year ended December 31, 2012, compared to $4.0 million for the year ended Dec

Overall as a direct result of our aggressive marketing plan, our products are currently being offered in r
internationally, receiving better shelf placement, and receiving recognized awards compared to the pric
exclusive marketing arrangement with the UFC, Ultimate Fighting Championships, which has called o
Choice for the UFC and at the 2012 Bodybuilding.com Supplement Awards, we received three Awards

Year" award, (ii) the "Packaging of the Year" award, and (iii) the "Pre-Workout Supplement of the Ye

Gross Profit

Gross profit for the year ended December 31, 2012 was approximately $14.3 million or 21% of revenu
million or 14% of revenue for the year ended December 31, 2011. The increase was primarily due to th
of sales and favorable terms for manufacturing improvements in product pricing. For the year ended D
allowances as a percentage of sales was 14% compared to the year ended December 31, 2011 which w
streamlining operations will increase our operating efficiencies and will further improve our gross prof

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General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2012 increased to $23.1 million
ended December 31, 2011. Our 290% sales growth necessitated substantial increases in our general an
$2.2 million in advertising and promotions and $2.4 million in sponsorship and endorsements all used
awareness. We expect as we continue to promote our brand and products, these areas and levels of pro
relative to overall efforts to increase product awareness and sales. Salaries and benefits, excluding exe
million; however, these were approximately 5% of sales for 2012 compared to approximately 11% of s

Increases in investment advisory and legal fees of $3.1 million were a result of efforts required to obta
along with two consulting contracts that require us to issue 8.4% of our common stock on an ongoing,

The increase in all other general administrative areas of $4.3 million along with significant items listed
decrease in stock based compensation of approximately $8.6 million.

The following table provides an overview of expense categories and percentage of net revenue:

	2012 ($)	% of Revenue		2011 ($)
Advertising Expense	$8,430,401	12.6	%	$5,241,585
Operating Expense	5,512,197	8.2	%	5,277,500
Professional & R&D Expense	4,524,964	6.7	%	888,695
Salary and Wage Expense	4,596,530	6.9	%	7,179,947
Total G&A Expense	$23,064,092	34.4	%	$18,587,727

Operating Loss

Operating loss for the year ended December 31, 2012 was approximately $8.7 million, compared to ap
ended December 31, 2011.

Interest Expense

Interest expense for the year ended December 31, 2012 was approximately $7.3 million, as compared t
year ended December 31, 2011. The increase in interest expense primarily relates to increased interest
amortization of debt issuance costs of $0.1 million and increased amortization of debt discounts of $2.9
December 31, 2012.

Other Expense

Other expenses for the year ended December 31, 2012 were approximately $10.2 million, compared to
ended December 31, 2011, an increase of 44.7%. The components of our other expense are as follows:

Derivative expense
Change in fair value of derivative liabilities
Loss on settlement of accounts payable, debt and conversion of Series C preferred stock (2012 only)
Interest expense
Foreign currency transaction gain
Licensing income
Other income (expense)

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Net Loss

Net loss for the year ended December 31, 2012 was approximately $19 million, or $(13.00) per share, c
approximately $23.3 million or $(70.30) per share, for the year ended December 31, 2011. Inflation dic
operations for the years ended December 31, 2012 and 2011.

Liquidity and Capital Resources

The following table summarizes total current assets, liabilities and working deficit at December 31, 20

	At December 31, 2012		At December 31, 2011		Increa
Current Assets	$ 4,949,881		$ 4,016,833		$ 933
Current Liabilities	16,520,456		17,710,100		(1,1
Working Deficit	$ (11,570,575	)	$ (13,693,267	)	$ (2,1

Our primary source of operating cash has been from the sale of equity, the issuance of convertible secu
short-term debt as discussed below.

Company's management believes that with increased sales expansion and the opening of the Franklin,
be opportunities to increase sales; however, the Company may need to continue to raise capital in orde
includes buying more inventory and broadening the sales platform. There can be no assurance that such
terms or at all.

On December 4, 2012, we entered into a $1.0 million bridge loan to provide us with short-term financi
we entered into a subscription agreement with six subscribers pursuant to which we issued an aggregat
promissory notes and 50,000 shares of common stock to the subscribers. The promissory notes were re
granted the subscribers "piggy-back" registration rights for the shares of common stock in certain circu

At December 31, 2012, we had cash of $0 and a working capital deficit of approximately $11.6 million
$0.7 million and a working capital deficit of approximately $13.7 million at December 31, 2011. The w
approximately $2.1 million was primarily due to a net decrease in derivative liabilities of approximatel

receivable of approximately $.7 million, offset by an increase in customer deposits of approximately $0
portion of debt of approximately $3.2 million and an increase in accounts payable and accrued liabiliti

Cash used in operating activities was approximately $0.7 million for the year ended December 31, 201
operating activities of approximately $5.8 million for the year ended December 31, 2011. The decrease
approximately $5.1 million was primarily due to a decrease in net loss of approximately $4.3 million, a
deposits of approximately $4.3 million, an increase in depreciation and amortization of approximately
receivable of approximately $1.5 million and an increase in amortization expense of approximately $2.
warrants issued for services of approximately $3.4 million, a decrease in losses related to repayments a
approximately $0.6 million, a decrease in derivative expense and fair value changes of approximately $
inventory, and other assets of approximately $1.2 million.

Cash used in investing activities increased to $965,327 from $831,511 for the year ended December 31
slightly higher spending on fixed assets. Future investments in property and equipment, as well as furth
presence will largely depend on available capital resources.

Cash flows provided by financing activities were approximately $1 million for the year ended Decemb
provided by financing activities of approximately $7.2 million for the year ended December 31, 2011.
decrease was due to primarily to the approximately $5.8 million in repayment of debt and approximate
treasury stock offset by an increase in proceeds from issuance of debt of approximately $0.8 million of
issuance of common stock and warrants of approximately $0.7 million.

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	Year Ended 31, 2012
Cash Flows From Financing Activities:	
Proceeds from issuance of debt	$5,823,950
Repayment of debt	(5,847,57
Debt issuance costs	(234,450
Repurchase of common stock	(460,978
Proceeds from issuance of preferred stock	-
Proceeds from issuance of common stock and warrants – net of recapitalization payment	1,660,760
Cash overdraft	69,370
Net Cash (Used In) Provided By Financing Activities	$1,011,077

Financing

Our primary source of operating cash had been through the sale of equity and debt which included the
promissory notes, some debt had conversion rights to equity and a recent bridge loan in the fourth quar

In the fourth quarter of 2012, the Company filed a Form S-1 registration statement whereby the Compa
that was convertible into two shares of common stock, subject to adjustment. This registration was not
whereby, the Company issued 1.5 million shares of Series D Convertible Preferred Stock in exchange
Company's net proceeds from the offering were approximately $10.8 million after placement agent dis
$1.2 million.

On March 26, 2013, the Company entered into subscription agreements with non-affiliated accredited
shares of common stock pursuant to exemptions from registration under federal and state securities law
sold for $8.50 per share. The gross proceeds to the Company of $6.0 million were reduced by commiss

Company management believes that with increased sales expansion and the opening of the Franklin, T
be opportunities to increase sales; however, the Company may need to continue to raise capital in orde
includes buying more inventory and broadening the sales platform. There can be no assurance that suc
terms or at all

Off-Balance Sheet Arrangements

Other than the operating leases detailed below, as of December 31, 2012, the company did not have an
Company is obligated under an operating lease for the rental of office space and a 152,000 square foot
Tennessee. Future minimum rental commitments with a remaining term in excess of one year as of De
follows:

Years Ending December 31,	
2013	$333,902
2014	436,688
2015	311,209
Total minimum lease payments	$1,081,799

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Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Princi
make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure
the date of the financial statements and the reported amounts of revenues and expenses during the repo

Making estimates requires management to exercise significant judgment. It is at least reasonably possil
condition, situation or set of circumstances that existed at the date of the financial statements, which m
estimate could change in the near term due to one or more future non-conforming events. Accordingly,
significantly from estimates.

Risks and Uncertainties

The company operates in an industry that is subject to rapid change and intense competition. Our comp
risk and uncertainties including financial, operational, technological, regulatory and other risks, includi

Principles of Consolidation

All intercompany accounts and transactions have been eliminated in consolidation.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents trade obligations from customers that are subject to normal trade collec
monthly the collectability of our accounts receivable and considers the need to establish an allowance f
historical collection experience and specific customer information. Accordingly, the actual amounts co

Management performs ongoing evaluations of the company's customers' financial condition and gener
international customers are required to pay for their orders in advance of shipment. Management review
reduces the carrying amount by a valuation allowance that reflects management's best estimate of amo

Allowances, if any, for uncollectible accounts receivable are determined based upon information availa

The company does not charge interest on past due receivables. Receivables are determined to be past d
original invoices. The Company's finance department contacts all past due customers to request payme

Fair Value of Financial Instruments

We measure assets and liabilities at fair value based on an expected exit price as defined by the authori
measurements, which represents the amount that would be received on the sale of an asset or paid to tr
an orderly transaction between market participants. As such, fair value may be based on assumptions t
pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consis
on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a

The following are the hierarchical levels of inputs to measure fair value:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in a

- Level 2: Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quo
liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilit
principally from or corroborated by observable market data by correlation or other means.

- Level 3: Unobservable inputs reflecting our assumptions incorporated in valuation techniques used to
assumptions are required to be consistent with market participant assumptions that are reasonably ava

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The following are the major categories of liabilities measured at fair value on a recurring basis as of De
quoted prices in active markets for identical liabilities (Level 1); significant other observable inputs (Le
inputs (Level 3):

	As of December 31,	
	2012	2011
Derivative liabilities (Level 2)	$-	$7,061,238

Revenue Recognition

We record revenue when all of the following have occurred: (1) persuasive evidence of an arrangemen
delivered, (3) the sales price to the customer is fixed or determinable, and (4) collectability is reasonab

Depending on individual customer agreements, sales are recognized either upon shipment of products t
record sales allowances and discounts as a direct reduction of sales.

We have determined that advertising related credits that were granted to customers fell within the guid
Recognition" – Customer Payments and Incentives – Implementation Guidance and Illustrations). The
benefit to the vendor, appropriate treatment requires netting these types of payments against revenues a
expense.

We have an informal seven day right to return products. There were nominal returns at the years ended

Foreign Currency

We began operations in Canada in April 2012. The Canadian Dollar was determined to be the function
transactions related to the day to day operations of the business are exchanged in Canadian Dollars. At
results of the Canadian operation are translated into the United States Dollar, which is the reporting cu
for consolidated company financial results. The revenue and expense items are translated using the ave
and liabilities at the end of period rate. Transactions that have completed the accounting cycle and resu
translation are recorded in realized gain or loss due to foreign currency translation under other income
and comprehensive income. Transactions that have not completed their accounting cycle but appear to

process are recorded as unrealized gain or loss due to translation and held in the equity section on the b
accounting cycle of a transaction is complete and the actual realized gain or loss is recognized.

Beneficial Conversion Feature

For conventional convertible debt where the rate of conversion is below market value, we record a "be
related debt discount.

When we record a BCF, the relative fair value of the BCF would be recorded as a debt discount agains
instrument. The discount would be amortized to interest expense over the life of the debt.

Derivative Liabilities

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion feat
instruments, and measurement of their fair value for accounting purposes. In determining the appropria
option-pricing model. In assessing the convertible debt instruments, management determines if the con
conventional convertible debt and further if there is a beneficial conversion feature requiring measuren
conventional convertible debt, we will continue our evaluation process of these instruments as derivati

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Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, wi
value being recorded in results of operations as an adjustment to fair value of derivatives. In addition, t
instruments such as warrants, are also valued using the Black-Scholes option-pricing model.

Debt Issue Costs and Debt Discount

We may pay debt issue costs, and record debt discounts in connection with raising funds through the is
are amortized over the life of the debt to interest expense. If a conversion of the underlying debt occurs
unamortized amounts is immediately expensed.

Original Issue Discount

For certain convertible debt issued, we provide the debt holder with an original issue discount. The ori
discount and additional paid in capital at an amount not to exceed gross proceeds raised, reducing the f
to interest expense over the life of the debt.

Share-Based Payments

Generally, all forms of share-based payments, including stock option grants, warrants, restricted stock
measured at their fair value on the awards' grant date, based on estimated number of awards that are ul
compensation awards issued to non- employees for services rendered are recorded at either the fair valu
value of the share-based payment, whichever is more readily determinable.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Upda
Achieve Common Fair Value Measurement and Disclosure Requirements in GAAP and International F
ASU 2011-04 includes common requirements for measurement of and disclosure about fair value betw
requires reporting entities to disclose additional information for fair value measurements categorized w
hierarchy. In addition, ASU 2011-04 requires reporting entities to make disclosures about amounts and
Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim
beginning after December 15, 2011. This pronouncement has been implemented in the Company's fina

December 31, 2012 without impact.

Item 8. Consolidated Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Reports of independent registered public accounting firms
Consolidated balance sheets at December 31, 2012 and 2011
Consolidated statements of operations and comprehensive income for the years ended December 31, 20
Consolidated statements of stockholders' equity (deficit) for the years ended December 31, 2012 and 20
Consolidated statements of cash flows for the years ended December 31, 2012 and 2011
Notes to the consolidated financial statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

MusclePharm Corporation

Denver, Colorado

We have audited the accompanying consolidated balance sheet of MusclePharm Corporation and subsi
December 31, 2012, and the related consolidated statements of operations and comprehensive income,
flows for the year then ended. These financial statements are the responsibility of the Company's mana
an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversigh
standards require that we plan and perform the audit to obtain reasonable assurance about whether the
free of material misstatement. The Company is not required to have, nor were we engaged to perform,
financial reporting. Our audit included consideration of internal control over financial reporting as a ba
are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiven
over financial reporting. Accordingly, we express no such opinion. An audit also includes examining,
amounts and disclosures in the consolidated financial statements and assessing the accounting principl
by management, as well as evaluating the overall financial statement presentation. We believe that our
our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the co
MusclePharm Corporation and subsidiary as of December 31, 2012, and the results of their operations
ended in conformity with accounting principles generally accepted in the United States of America.

/s/ EKS&H LLLP

March 29, 2013

Denver, Colorado

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of:

MusclePharm Corporation

We have audited the accompanying consolidated balance sheets of MusclePharm Corporation and Sub
the related consolidated statements of operations, stockholders' deficit and cash flows for the year then
the responsibility of the Company's management. Our responsibility is to express an opinion on these f

We conducted our audits in accordance with the standards of the Public Company Accounting Oversig
standards require that we plan and perform the audit to obtain reasonable assurance about whether the
misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its in
Our audits included consideration of internal control over financial reporting as a basis for designing a
the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Compan
reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evid
disclosures in the financial statements. An audit also includes assessing the accounting principles used
management, as well as evaluating the overall financial statement presentation. We believe that our au
opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fin
Corporation and Subsidiary as of December 31, 2011, and the results of its operations and its cash flow
with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue
Note 2 to the financial statements, the Company has a net loss of $23,280,950 and net cash used in ope
December 31, 2011; and has a working capital deficit of $13,693,267, and a stockholders' deficit of $1
factors raise substantial doubt about the Company's ability to continue as a going concern. Manageme
also described in Note 2.

Berman & Company, P.A.

Boca Raton, Florida

April 13, 2012 except for Note 1 as to which the date is June 28, 2012

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Member Florida Institute of Certified Public Accountants

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MusclePharm Corporation and Subsidiary

Consolidated Balance Sheets

	December 31, 2012		2011
Assets			
Current Assets:			
Cash	$	-	$
Cash – restricted		9,148	
Accounts receivable – net		3,302,344	
Inventory		257,975	
Prepaid giveaways		358,800	
Prepaid stock compensation		44,748	
Prepaid sponsorship fees		6,249	
Deferred equity costs		698,500	
Other		272,117	
Total current assets		4,949,881	
Property and equipment – net		1,356,364	
Debt issue costs – net		335,433	
Other assets		125,049	
Total assets	$	6,766,727	$
Liabilities and Stockholders' Deficit			
Current Liabilities:			
Accounts payable and accrued liabilities	$	11,721,205	$
Customer deposits		336,211	
Debt – net		4,463,040	
Derivative liabilities		-	
Total Current Liabilities		16,520,456	
Long Term Liabilities:			
Debt – net		4,523	
Total Liabilities	$	16,524,979	$
Commitments and contingencies:			
Stockholders' Deficit:			
Preferred stock, $0.001 par value, Series A Convertible Preferred Stock, 5,000,000 shares authorized, none issued and outstanding		-	
		-	

Preferred stock, $0.001 par value, Series B Preferred Stock, 51 shares authorized, 51 shares issued and outstanding				
Preferred stock, $0.001 par value, Series C Convertible Preferred Stock, 500 shares authorized, 190 and 190 issued none and 190 outstanding		-		
Common Stock, $0.001 par value; 100,000,000 shares authorized, 2,778,404 and 712,860 issued and 2,747,308 and 712,860 outstanding		2,778		
Treasury Stock, at cost; 31,096 and zero shares		(460,978	)	
Additional paid-in capital		54,817,341		
Accumulated deficit		(64,109,476	)	
Accumulated other comprehensive loss		(7,917	)	
Total Stockholders' Deficit		(9,758,252	)	
Total Liabilities and Stockholders' Deficit	$	6,766,727		$

The accompanying notes are an integral part of these consolidated financial statements.

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MusclePharm Corporation and Subsidiary

Consolidated Statements of Operations and Comprehensive Income

Sales - net
Cost of sales
Gross profit
General and administrative expenses
Loss from operations
Other expense
Derivative expense
Change in fair value of derivative liabilities
Loss on settlement of accounts payable, debt and conversion of Series C preferred stock (2012 only)
Interest expense
Foreign currency transaction gain
Licensing income
Other income (expense)
Total other expense

Net loss

Net loss available to common stockholders
Net loss
Series C Preferred Stock dividend
Net loss available to common stockholders
Net income (loss) per share available to common stockholders – basic and diluted
Weighted average number of common shares outstanding during the period – basic and diluted

Other comprehensive income
Net change in Foreign currency translation
Total other comprehensive income (loss)
Total comprehensive income (loss)

The accompanying notes are an integral part of these consolidated financial statements.

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MusclePharm Corporation and Subsidiary

Consolidated Statement of Stockholders' Deficit

Years ended December 31, 2012 and 2011

	Series A Convertible Preferred Stock		**Series B Preferred Stock**		**Series C Convertible Preferred Stock**		Common Stock		**Additional Paid- in Capital**	Treasury Stock
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	in Capital	Stock
Balance - December 31, 2010	-	$-	-	$-	-	$-	139,585	$140	$20,130,631	$-
Issuance of common and preferred stock:										
Conversion of convertible debt	-	-	-	-	-	-	298,897	299	4,268,558	-
Conversion of secured/unsecured debt	-	-	-	-	-	-	47,386	47	857,905	-
Cash	-	-	-	-	-	-	96,471	96	874,904	-
Cash	-	-	-	-	100	-	-	-	100,000	-
Services - third parties	-	-	-	-	-	-	54,731	55	1,199,789	-
Services - third parties	-	-	-	-	90	-	-	-	90,000	-
Services - third parties - future services	-	-	-	-	-	-	4,706	5	214,245	-
Extension of debt maturity date	-	-	-	-	-	-	11,030	11	161,239	-
Settlement of accounts payable	-	-	-	-	-	-	64,172	64	3,646,655	-
Cancellation of shares	-	-	-	-	-	-	(4,118)	(4)	4	-
Share based payments - related parties	-	-	51	-	-	-	-	-	-	-
Dividends on Series C Convertible Preferred Stock - related parties	-	-	-	-	-	-	-	-	-	-
Reclassification of derivative liability to additional paid in capital	-	-	-	-	-	-	-	-	640,826	-
Net loss	-	-	-	-	-	-	-	-	-	-
Balance - December 31, 2011	-	-	51	-	190	-	712,860	713	32,184,756	-

Issuance of common and preferred stock:										
Conversion of preferred shares	-	-	-	-	(190)	-	22,353	22	614,962	-
Conversion of secured/unsecured debt	-	-	-	-	-	-	290,961	290	1,420,132	-
Cash	-	-	-	-	-	-	199,422	199	1,660,561	-
Interest	-	-	-	-	-	-	58,945	58	334,040	-
Services - third parties	-	-	-	-	-	-	113,740	113	1,107,605	-
Executive/board compensation	-	-	-	-	-	-	431,034	431	4,686,083	-
Warrant conversions/settlements	-	-	-	-	-	-	853,082	853	7,294,914	-
Forbearance of agreement terms	-	-	-	-	-	-	95,528	95	1,239,939	-
Treasury shares purchased	-	-	-	-	-	-	(31,096)			(460,978
Additional shares from roundup of split shares	-	-	-	-	-	-	479	4	(4)	-
Employee stock awards	-	-	-	-	-	-	-	-	149,966	-
Reclassification of derivative liability to additional paid in capital	-	-	-	-	-	-	-	-	4,124,387	-
Translation gain/loss	-	-	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	-
Balance - December 31, 2012	-	$-	51	$-	-	$-	2,747,308	$2,778	$54,817,341	$(460,978

The accompanying notes are an integral part of these consolidated financial statements.

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MusclePharm Corporation and Subsidiary

Consolidated Statements of Cash Flows

Cash Flows From Operating Activities:
Net loss
Adjustments to reconcile net loss to net cash used in operating activities:
Depreciation
Bad debt
Warrants issued for services – third parties
Stock issued for services – third parties
Stock issued to extend maturity date of debt
Amortization of prepaid stock compensation and athlete endorsement stock payments
Amortization of debt discount
Amortization of debt issue costs
Amortization of deferred compensation
Loss on settlement of accounts payable
Additional consideration given for early debt retirement
Loss on conversion of debt
Loss on conversion of preferred shares
Loss on conversion of warrants
Loss on repayment of debt
Derivative expense
Executive compensation
Change in fair value of derivative liabilities
Changes in operating assets and liabilities:
(Increase) decrease in:
Restricted cash balance
Accounts receivable
Prepaid and other
Deferred equity costs
Inventory and prepaid giveaways
Other
Increase (decrease) in:
Accounts payable and accrued liabilities
Customer deposits
Net Cash Used In Operating Activities

Cash Flows From Investing Activities:
Purchase of property and equipment
Purchase of other assets
Net Cash Used In Investing Activities

Cash Flows From Financing Activities:

Proceeds from issuance of debt
Debt issuance costs
Repayment of debt
Repurchase of common stock (treasury stock)
Proceeds from issuance of preferred stock
Proceeds from issuance of common stock and warrants – net of recapitalization payment
Cash overdraft
Net Cash Provided by Financing Activities

Effects of foreign currency translation:
Foreign currency translation loss
Net (decrease) increase in cash
Cash at beginning of period
Cash at end of period

Supplemental disclosures of cash flow information:
Cash paid for interest

Supplemental disclosure of non-cash investing and financing activities:
Stock issued for future services - third parties
Non cash increase in accounts payable related to future services to be paid for with common stock
Warrants issued in conjunction with debt issue costs
Debt discount recorded on convertible and unsecured debt accounted for as a derivative liability
Stock issued to settle accounts payable and accrued interest – third parties
Conversion of convertible debt and accrued interest for common stock
Stock issued for interest
Stock issued to settle accrued executive compensation
Stock issued for board member compensation
Reclassification of derivative liability to additional paid in capital and warrant settlements (2012 only)
Stock issued to acquire equipment
Auto acquired through financing
Dividends on Series C Preferred Stock – related parties
Stock issued to settle contracts
Stock issued to settle accrued liabilities

The accompanying notes are an integral part of these consolidated financial statements.

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Note 1: Nature of Operations and Basis of Presentation

Nature of Operations

MusclePharm Corporation and consolidated subsidiary (the "Company", "we", "our", or "MP") was in
2006, under the name Tone in Twenty, for the purpose of engaging in the business of providing person
techniques. The Company is headquartered in Denver, Colorado.

MusclePharm currently manufactures and markets a wide-ranging variety of high-quality sports nutriti

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accountin
United States of America ("GAAP") and the rules and regulations of the United States Securities and E

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of MusclePharm Corporation and its wholly
Canada Enterprises Corp("MusclePharm Canada"). MusclePharm Canada began operations in April of
transactions between Musclepharm Corporation and MusclePharm Canada have been eliminated upon

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estim
reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date o
reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possi
condition, situation or set of circumstances that existed at the date of the financial statements, which m
estimate could change in the near term due to one or more future non-conforming events. Accordingly,
significantly from estimates.

Risks and Uncertainties

The Company operates in an industry that is subject to rapid change and intense competition. The Com
significant risk and uncertainties including financial, operational, technological, regulatory and other ri
business failure.

Management's Plans with Respect to Liquidity and Capital Resources

The Company's management believes that with increased sales expansion and the opening of the Fran
will be opportunities to increase sales; however, the Company may need to continue to raise capital in
includes buying more inventory and broadening the sales platform. There can be no assurance that suc
terms or at all. See Note 12 for subsequent events related to the Company's capital raising efforts.

MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three mon
to be cash equivalents. At December 31, 2012 and 2011, the Company had no cash equivalents.

The Company minimizes its credit risk associated with cash by periodically evaluating the credit qualit
The balance at times may exceed federally insured limits. At December 31, 2012, there were no balan
limit. At December 31, 2011, there was one account that had a balance that exceeded the federally insu

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents trade obligations from customers that are subject to normal trade collec
sent directly to the Company's third party manufacturer and netted with any outstanding liabilities to th
manufacturer totaled $4,224,562 and $2,100,214 at December 31, 2012 and 2011, respectively, and are
accrued liabilities. The Company periodically evaluates the collectability of its accounts receivable and
allowance for doubtful accounts based upon historical collection experience and specific customer info
amounts could vary from the recorded allowances. There is also a review of customer discounts at the p
discounts earned but not yet received by quarter end.

The Company does not charge interest on past due receivables. Receivables are determined to be past d
original invoices. Accounts receivable consisted of the following at December 31, 2012 and 2011:

	As of December 31, 2012	As of December 31, 2011
Accounts receivable	$ 4,416,193	$ 2,766,776
Less: allowance for discounts	(1,088,720)	-
Less: allowance for doubtful accounts	(25,129)	(197,684)
Accounts receivable – net	$ 3,302,344	$ 2,569,092

At December 31, 2012 and 2011, the Company had the following concentrations of accounts receivabl

Customer	2012		2011	
A	24	%	36	%
B	20	%	7	%
C	6	%	12	%
D	1	%	10	%

Inventory

Inventory is valued at the lower of cost or market value. Product-related inventories are primarily main

Prepaid Giveaways

Prepaid giveaways represents non-inventory sample items which are given away to aid in promotion of

Prepaid Sponsorship Fees

Prepaid sponsorship fees represents fees paid in connection with future advertising to be received.

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Prepaid Stock Compensation

Prepaid stock compensation represents amounts paid with stock in connection with future contractual b
amortizes these contractual benefits over the life of the contracts using the straight-line method.

Property and Equipment

Property and equipment are stated at cost and depreciated to their estimated residual value over their es
retired or otherwise disposed of, the assets and related accumulated depreciation are relieved from the a
losses are included in operating income in the statements of operations. Repairs and maintenance costs
is provided using the straight-line method for all property and equipment.

Deferred Equity Costs

Costs associated with equity offerings are initially classified as deferred equity costs until moneys are r
Upon receipt of funds, the Company nets any deferred equity costs against the gross proceeds recorded

Website Development Costs

Costs incurred in the planning stage of a website are expensed, while costs incurred in the developmen
over the estimated useful life of the asset.

Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances,
technological obsolescence, indicate that the carrying amount of the long-lived asset may not be recove
Company compares the carrying amount of the asset to the undiscounted expected future cash flows re
indicates that impairment is present, the amount of the impairment is calculated as the difference betwe
over the fair value of the asset. If a readily determinable market price does not exist, fair value is estim
flows attributable to the asset. During the years ended December 31, 2012 and 2011, the Company reco

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price which repres
on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction betwe
value may be based on assumptions that market participants would use in pricing an asset or liability. T
measurements establishes a consistent framework for measuring fair value on either a recurring or non
valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in a

- Level 2: Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quo
liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilit
principally from or corroborated by observable market data by correlation or other means.

MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

- Level 3: Unobservable inputs reflecting the Company's assumptions incorporated in valuation techniq assumptions are required to be consistent with market participant assumptions that are reasonably ava

The following are the major categories of liabilities measured at fair value on a recurring basis as of De quoted prices in active markets for identical liabilities (Level 1); significant other observable inputs (Le inputs (Level 3):

	As of December 31, 2012	2011
Derivative liabilities (Level 2)	$-	$7,061,238

The Company's financial instruments consisted primarily of accounts receivable, accounts payable, acc debt approximates fair value based upon current borrowing rates available to the Company for debt wit amounts of the Company's financial instruments generally approximated their fair values as of Decemb to the short-term nature of these instruments.

Revenue Recognition

The Company records revenue when all of the following have occurred: (1) persuasive evidence of an been shipped or delivered, (3) the sales price to the customer is fixed or determinable, and (4) collectab

Depending on individual customer agreements, sales are recognized either upon shipment of products t of our largest domestic customers (See customer "B" below under concentrations), which represents 12 year ended December 31, 2012 and 2011, revenue is recognized upon delivery.

The Company has determined that advertising related credits that were granted to customers fell within ("*Revenue Recognition" – Customer Payments and Incentives – Implementation Guidance and Illustra*

evidence of benefit to the vendor, appropriate treatment requires netting these types of payments again
advertising expense.

The Company records store support, giveaways, sales allowances and discounts as a direct reduction o
incentive rebates to certain customers based on contractually agreed percentages once certain threshol
incentive rebates are recorded as a direct reduction to sales.

Sales for the years ended December 31, 2012 and 2011 are as follows:

	Year Ended December 31,	
	2012	2011
Sales	$77,768,138	$21,197,518
Discounts	(10,712,923)	(3,984,882)
Sales – Net	$67,055,215	$17,212,636

The Company has an informal 7-day right of return for products. There were nominal returns for the ye
2011.

For the years ended December 31, 2012 and 2011, the Company had the following concentrations of re

CONCENTRATIONS	Year Ended December 31,	
Customer	2012	2011
A	33 %	41 %
B	12 %	14 %

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Licensing Income and Royalty Revenue

On May 5, 2011, the Company granted an exclusive indefinite license to a third party for $250,000. Th
design and sell the Company's existing apparel line. The licensee is obligated to pay the Company a 10
the end of each fiscal year. To date, no royalty revenue has been earned.

Cost of Sales

Cost of sales represents costs directly related to the production, manufacturing and freight of the Comp

Shipping and Handling

Domestic products sold are shipped directly to the customer from the manufacturer. Costs associated to
sales. For Canadian sales, the product is shipped from our Canadian warehouse to our customers and th
are recorded as shipping in cost of sales.

Advertising

The Company expenses advertising costs when incurred.

Advertising expense for the years ended December 31, 2012 and 2011, are as follows:

	Year Ended December 31,	
	2012	2011
Advertising	$8,430,401	$5,241,585

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities a
consequences attributable to differences between the financial statement carrying amounts of existing a
tax bases, operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured
apply to taxable income in the years in which those temporary differences are expected to be recovered
assets and liabilities of a change in tax rates is recognized in income in the period that includes the ena
adoption of Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Un*
FASB ASC Subtopic 740-10, *Income Taxes — Overall)*, the Company recognizes the effect of income
more likely than not to be sustained. Recognized income tax positions are measured at the largest amou
realized. Changes in recognition or measurement are reflected in the period in which the change in judg

The Company records interest and penalties related to unrecognized tax benefits in income tax expense
the years ended December 31, 2012 and 2011.

Beneficial Conversion Feature

For conventional convertible debt where the rate of conversion is below market value, the Company re
("BCF") and related debt discount.

When the Company records a BCF, the relative fair value of the BCF is recorded as a debt discount ag
debt instrument. The discount is amortized to interest expense over the life of the debt.

MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Significant Customers

In the years ended December 31, 2012 and 2011, the Company has relied on two customers for a subst
45% and 55% of total sales, respectively. MusclePharm's sales for the years ended December 31, 2012
33% and 41%, respectively and to GNC 2012 and 2011 were 12% and 14%, respectively.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consists of the Company's Trade Payables as well as amounts
liability payments that relate to the current accounting period. Management reviews these estimates pe
reasonableness and fair presentation.

Debt

The Company defines short term debt as any debt payment due less than one year from the date of the
defined as any debt payment due more than one year from the date of the financial statements. Refer to
liabilities.

Derivative Liabilities

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion feat
instruments, and measurement of their fair value. In determining the appropriate fair value, the Compa
option-pricing model. In assessing the convertible debt instruments, management determines if the con
conventional convertible debt and further if there is a beneficial conversion feature requiring measuren
conventional convertible debt, the Company continues its evaluation process of these instruments as de

Once derivative liabilities are determined, they are adjusted to reflect fair value at the end of each repo
in the fair value is recorded in results of operations as an adjustment to fair value of derivatives. In add
derivative instruments such as warrants, are also valued using the Black-Scholes option-pricing model.
exist any remaining fair value is reclassified to additional paid in capital.

Deferred Equity Costs

The Company may pay costs related to the underwriting and offering of equity securities. These costs a
capital raised and recorded in equity when the share issuances are recorded. Until the shares are record
costs will be held on the balance sheet as a deferred asset.

Debt Issue Costs and Debt Discount

The Company may pay debt issue costs, and record debt discounts in connection with raising funds thr
These costs are amortized over the life of the debt to interest expense. If a conversion of the underlying
the unamortized amounts is immediately expensed.

Original Issue Discount

For certain convertible debt issued, the Company provides the debt holder with an original issue discou
recorded to debt discount and additional paid-in capital at an amount not to exceed gross proceeds rais
debt, and is amortized to interest expense over the life of the debt.

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Share-Based Payments

Generally, all forms of share-based payments, including stock option grants, warrants and restricted sto
are measured at their fair value on the awards' grant date, based on estimated number of awards that ar
Share-based compensation awards issued to non- employees for services rendered are recorded at eithe
or the fair value of the share-based payment, whichever is more readily determinable.

Earnings (Loss) Per Share

Net earnings (loss) per share is computed by dividing net income (loss) less preferred dividends for the
number of common stock outstanding during each period. Diluted earnings (loss) per share is compute
preferred dividends for the period by the weighted average number of common stock, common stock e
securities outstanding during each period.

Since the Company reflected a net loss for the years ended December 31, 2012 and 2011, respectively,
stock equivalents, if exercisable, would have been anti-dilutive. A separate computation of diluted earn

The Company has the following common stock equivalents as of December 31, 2012 and 2011, respec

	As of 31, 2012
Stock options (exercise price – $425/share)	1,84
Warrants (exercise price – $12.75 - $1,275/share)	89
Convertible Series C Preferred Stock (conversion price $8.50/share)	-
Convertible debt (conversion price – $1.70- $17/share)	-
Total common stock equivalents	1,93

In the above table, some of the outstanding instruments from 2011 contain ratchet provisions that woul
at the balance sheet date. As a result, common stock equivalents could change.

Foreign Currency

MusclePharm began operations in Canada in April 2012. The Canadian Dollar was determined to be th
the transactions related to the day to day operations of the business are exchanged in Canadian Dollars
results of the Canadian operation are translated into the U.S. Dollar, which is the reporting currency, an
consolidated company financial results. The revenue and expense items are translated using the averag
liabilities at the end of period rate. Transactions that have completed the accounting cycle and resulted
are recorded in realized gain or loss due to foreign currency translation under other income expense on
have not completed their accounting cycle but appear to have gain or loss due to the translation process
due to translation and held in the equity section on the balance sheet until such date the accounting cyc
actual realized gain or loss is recognized.

Reclassification

The Company has reclassified certain prior period amounts in the net cash used in operating activities s
conform to the current period presentation. These reclassifications were for presentation purposes had n
activities for the periods presented.

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU"
Common Fair Value Measurement and Disclosure Requirements in GAAP and IFRS". ASU 2011-04 i
measurement of and disclosure about fair value between GAAP and the International Financial Reporti
requires reporting entities to disclose additional information for fair value measurements categorized w
hierarchy. In addition, ASU 2011-04 requires reporting entities to make disclosures about amounts and
Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim
beginning after December 15, 2011. This pronouncement has been implemented in the Company's fina
December 31, 2012 without impact.

Note 3: Property and Equipment

Property and equipment consisted of the following at December 31, 2012 and 2011:

	2012	2011	Estimated Useful Life
Furniture, fixtures and gym equipment	$1,323,998	$781,786	3 years
Leasehold improvements	563,204	244,770	From 42 to 64 months
Vehicles	100,584	37,068	5 years
Displays	32,057	32,057	5 years
Website	11,462	11,462	3 years
Total	2,031,305	1,107,143	
Less: Accumulated depreciation and amortization	(674,941)	(199,621)	
	$1,356,364	$907,522	

Note 4: Debt

At December 31, 2012 and 2011, debt consists of the following:

	2012	2011
Convertible debt - secured	$-	$1,749,764
Less: debt discount	-	(1,395,707)
Convertible debt - net	-	354,057
Auto loan - secured	15,380	26,236
Unsecured debt	4,452,183	2,380,315
Less: debt discount	-	(1,171,626)
Unsecured debt - net	4,452,183	1,208,689
Total debt	4,467,563	1,588,982
Less: current portion	(4,463,040)	(1,281,742)
Long term debt	$4,523	$307,240

Debt in default of $64,600 and $505,600 at December 31, 2012 and 2011, respectively, is included as a

Future annual principal payments for the above debt is as follows:

Years Ending December 31,	
2013	$4,463,040
2014	4,523
Total annual principal payments	$4,467,563

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Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Convertible Debt – Secured – Derivative Liabilities

During years ended December 31, 2012 and 2011, the Company issued convertible debt totaling $519,
convertible debt includes the following terms:

		Y 20 A Pr
Interest Rate		8
Default interest rate		(
Maturity		J (
Conversion terms 1	Lesser of (1) a fifty percent (50%) discount to the two lowest closing bid prices of the five days trading days immediately preceding the date of conversion or (ii) twenty one dollars and twenty five cents ($21.25) per share	$-
Conversion terms 2	200% - The "market price" will be equal to the average of (i) the average of the closing price of Company's common stock during the 10 trading days immediately preceding the date hereof and (ii) the average of the 10 trading days immediately subsequent to the date hereof.	-
Conversion terms 3	200% of face. Average of the trading price 10 trading days immediately preceding the closing of the transaction	-
Conversion terms 4	200% of face. Fixed conversion price of $17.00	-
Conversion terms 5	300% of face. Fixed conversion price of $17.00	-
Conversion terms 6	35% of the three lowest trading prices for previous 10 trading days	
Conversion terms 7	45% of the three lowest trading prices for previous 10 trading days	-
Conversion terms 8	50% of average closing prices for 10 preceding trading days	-
Conversion terms 9	50% of lowest trade price for the last 20 trading days	-
Conversion terms 10	50% of the 3 lowest trades for previous 20 trading days	-
Conversion terms 11	50% of the lowest closing price for previous 5 trading days	-
Conversion terms 12	60% multiplied by the average of the lowest 3 trading prices for common stock during the ten trading days prior to the conversion date	-
Conversion terms 13	62% of lowest trade price for the last 7 trading days	1
Conversion terms 14		1

	65% of the lowest trade price in the 30 trading days previous to the conversion	
Conversion terms 15	65% of the three lowest trading price for previous 30 trading days	-
Conversion terms 16	70% of lowest average trading price for 30 trading days	-
Conversion terms 17	No fixed conversion option	-
Conversion terms 18	35% multiplied by the average of the lowest three (3) trading prices (as defined below) for the common stock during the ten (10) trading day period ending on the latest complete trading day prior to the conversion date.	4
Conversion terms 19	Fixed conversion price of $25.50	-
		$5

The debt holders are entitled, at their option, to convert all or part of the principal and accrued interest stock at the conversion prices and terms discussed above. The Company classifies embedded conversio liability due to management's assessment that the Company may not have sufficient authorized numbe net-share settle or due to the existence of a ratchet due to an anti-dilution provision. See Note 5 regardi

MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

During the year ended December 31, 2012, the Company converted debt and accrued interest, totaling
common stock. The resulting loss on conversion of $351,021 is included in the $4,447,732 loss on sett
shown in the consolidated statement of operations. During the year ended December 31, 2011, the Com
interest, totaling $5,126,809 into 346,282 shares of common stock resulting in a loss on conversion of

During the year ended December 31, 2012, $14,000 of convertible notes matured without conversion.
were reclassified as unsecured debt. Derivative liabilities associated with these notes were eliminated g
conversion option. During the year ended December 31, 2011, $585,000 of convertible notes matured
demand loans and were reclassified as unsecured debt. Derivative liabilities associated with these notes
of the embedded conversion option.

(A) Convertible Debt

Convertible debt consisted of the following activity and terms:

Balance - December 31, 2010	$605,000
Borrowings during the year ended December 31, 2011	4,652,90
Reclassifications from convertible notes to unsecured demand notes	(585,000
Conversion of debt to into 298,897 shares of common stock with a valuation of $4,268,857 ($2.72 - $85.85/share)	(2,923,1
Balance - December 31, 2011	1,749,76
Borrowings during the year ended December 31, 2012	519,950
Conversion of debt into 246,744 shares of common stock with a valuation of $950,739 ($2.98 - $8.08/share)	(759,095
Repayment of convertible debt	(2,518,3
Interest and accrued interest (Included in total repayment)	15,632
Loss on repayment (Included in total repayment)	1,006,09
Expiration of conversion option	(14,000
Balance – December 31, 2012	$-

(B) Secured Debt

Secured debt consisted of the following activity and terms:

Secured Debt balance as of December 31, 2010

Conversion of debt to into 8,824 shares of common stock with a valuation of $437,500 ($49.30 - $50.15/share)
Balance as of December 31, 2011
Borrowings during the year ended December 31, 2012
Secured Debt balance as of December 31, 2012

(C) Unsecured Debt

Unsecured debt consisted of the following activity and terms:

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Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Unsecured Debt balance as of December 31, 2010	$ 78
Borrowings during the year ended December 31, 2011	1,
Reclassifications from convertible notes to unsecured demand notes	58
Conversion of debt to into 38,562 shares of common stock with a valuation of $420,452 ($8.50 - $42.50/share)	(1
Repayments	(7
Balance – December 31, 2011	2,
Borrowings during the year ended December 31, 2012	5,
Conversion of debt into 44,208 shares of common stock with a valuation of $469,683 ($8.08 - $13.60/share)	(1
Repayments	(3
Convertible debt added upon expiration of option	14
Balance adjustments	11
Interest and accrued interest (Included in total repayment)	31
Loss on repayment (Included in total repayment)	19
Balance – December 31, 2012	$ 4,

(D) Vehicle Loan

Vehicle loan account consisted of the following activity and terms:

		Inter Rate
Balance - December 31, 2010	$ -	
Non-Cash fixed asset additions during the year ended December 31, 2011	32,568	6.9
Repayments	(6,332)	
Balance - December 31, 2011	26,236	6.9
Repayments	(10,856)	

Balance – December 31, 2012	$15,380

(E) Debt Issue Costs

During the years ended December 31, 2012 and 2011, the Company paid debt issue costs totaling $662

For the year ended December 31, 2012, the Company issued 22,633 warrants as cost associated with a
liability value of $427,759 was recorded as debt issue costs and derivative liability.

The following is a summary of the Company's debt issue costs for the years ended December 31, 2012

	2012	2011
Debt issuance costs	$851,923	$305,283
Accumulated amortization of debt issuance costs	(516,490)	(237,095)
Debt issuance costs – net	$335,433	$68,188

During the years ended December 31, 2012 and 2011, the Company amortized $394,964 and $229,499

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Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

(F) Debt Discount

During the years ended December 31, 2012 and 2011, the Company recorded debt discounts totaling $

The debt discounts recorded in 2012 and 2011 pertain to convertible debt and warrants that contain em
required to be bifurcated and reported at fair value.

The Company amortized $6,122,006 and $3,237,219 to interest expense in the years ended December 3

Debt discount – December 31, 2010	$5,804,552
Amortization of debt discount – year ended December 31, 2011	(3,237,219)
Debt discount – December 31, 2011	2,567,333
Additional debt discount – year ended December 31, 2012	3,554,673
Amortization of debt discount – year ended December 31, 2012	(6,122,006)
Debt discount – December 31, 2012	$-

Note 5: Derivative Liabilities

The Company identified conversion features embedded within convertible debt, warrants and Series C
and (see Notes 4 and 8). The Company has determined that the features associated with the embedded
for at fair value as a derivative liability as the Company could not determine if a sufficient number of s
transactions.

The fair value of the conversion feature is summarized as follows:

Derivative liability - December 31, 2010
Fair value at the commitment date for convertible instruments

Fair value at the commitment date for warrants issued
Fair value at the commitment date for Series A, Preferred Stock issued
Fair value mark to market adjustment for convertible instruments
Fair value mark to market adjustment for warrants
Fair value mark to market adjustment for Series A, Preferred Stock issued
Reclassification to additional paid in capital for financial instruments that ceased to be a derivative liab
Derivative liability - December 31, 2011
Fair value at the commitment date for debt instruments
Fair value at the commitment date for warrants issued
Fair value mark to market adjustment for debt instruments
Fair value mark to market adjustment for warrants
Fair value mark to market adjustment for Series C Preferred Stock issued
Reclassification to additional paid-in capital for financial instruments conversions and maturities
Warrant settlements
Derivative liability – December 31, 2012

The Company recorded the debt discount to the extent of the gross proceeds raised, and expensed imm
derivative as it exceeded the gross proceeds of the note. The Company recorded a derivative expense o
years ended December 31, 2012 and 2011, respectively.

The fair value at the commitment and re-measurement dates for the Company’s derivative liabilities w
management assumptions as of December 31, 2012:

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

	Commitment Date		Re-measurement Da
Expected dividends	0	%	N/A
Expected volatility	228% -251	%	N/A
Expected term:	6 months – 4 years		N/A
Risk free interest rate	0.09% - 0.72	%	N/A

The fair value at the commitment and re-measurement dates for the Company's derivative liabilities w
management assumptions as of December 31, 2011:

	Commitment Date		Re-measurement Dat
Expected dividends	0	%	0
Expected volatility	150% -226	%	150% -226
Expected term:	0.02 – 5 years		0.02 – 5 years
Risk free interest rate	0.06% - 2.76	%	0.09% - 0.31

Note 6: Restricted Stock Units

In November 2012, the Company granted the COO, John H. Bluher, 70,589 restricted stock units throu
Each restricted stock unit represents a contingent right to receive one share of the Company's common
award at the grant date was $245,400 and will be amortized over the vesting periods such that each tra
fully amortized at the date of vesting. The restricted stock units will vest in tranche of 23,529 on Janua
shares on January 1, 2014 and December 1, 2014. As of December 31, 2012, no restricted stock units
portion of this award is $163,600.

In November 2012, the Company granted the CFO, L. Gary Davis, 58,824 restricted stock units throug
Each restricted stock unit represents a contingent right to receive one share of the Company's common
award at the grant date was $204,500 and will be amortized over the vesting periods such that each tra
fully amortized at the date of vesting. The restricted stock units will vest in three tranches of 19,608 s
December 1, 2014. As of December 31, 2012, no restricted stock units have vested and the unamortiz

Note 7: Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and co
taxes relate to differences between the basis of assets and liabilities for financial and income tax report
deductible when the assets or liabilities are recovered or settled.

At December 31, 2012, the Company has a net operating loss carry-forward of approximately $23,940,
income expiring through 2032. Utilization of future net operating losses may be limited due to potentia
of the Internal Revenue Code of 1986, as amended (the “Code”).

The valuation allowance at December 31, 2011 was approximately $8,570,000. The net change in valu
December 31, 2012 was an increase of approximately $5,087,000. In assessing the realizability of defe
whether it is more likely than not that some portion or all of the deferred income tax assets will not be
deferred income tax assets is dependent upon the generation of future taxable income during the period
become deductible. Management considers the scheduled reversal of deferred income tax liabilities, pr
planning strategies in making this assessment. Based on consideration of these items, management has
exists relative to the realization of the deferred income tax asset balances to warrant the application of
December 31, 2012.

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

The effects of temporary differences that gave rise to significant portions of deferred tax assets at Dece
approximately as follows:

	December 31, 2012		Dec
Net operating loss carry forward	$ 8,871,000		$ 6,
Amortization of debt discount and debt issue costs	3,732,000		1,
Stock options and warrants	971,000		97
Depreciation	74,000		-
Bad debt	9,000		73
Valuation allowance	(13,657,000	)	(8
Net deferred tax asset	$ -		$ -

There was no income tax expense for the years ended December 31, 2012 and 2011, due to the Compa

The Company's tax expense differs from the "expected" tax expense for the years ended December 31
the federal corporate tax rate of 34% to loss before taxes and 4.63% for Colorado State Corporate Taxe
are approximately as follows:

	December 31, 2012		Decemb
Federal tax benefit at statutory rate	$ (6,493,000	)	$ (7,916
State tax benefit – net of federal tax effect	(418,000	)	(501,0
Derivative expense	1,499,000		1,625,
Change in fair value of derivative liability	(2,006,000	)	(1,755
Loss on settlement of accounts payable	1,495,000		1,313,
Non-deductible stock compensation	791,000		1,091,
Other non-deductible expenses	46,000		68,000
Change in valuation allowance	5,086,000		6,075,
Income tax benefit	$ -		$ -

Note 8: Stockholders' deficit

The Company has four separate series of authorized preferred stock:

On November 26, 2012, the Company (i) effected a 1-for-850 reverse stock split of our common stock.
the number of authorized shares of our common stock from 2.36 billion shares to 2.8 million shares of
articles of incorporation to increase the number of authorized shares of common stock (post reverse sto
effective November 27, 2012. All share and per share amounts in this document have been changed to

(A) Series A Convertible Preferred Stock

The shares of Series A have the following provisions:

- Non-voting,
- No rights to dividends,
- No liquidation value,
- Convertible into 200 shares of commo

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

(B) Series B Preferred Stock (Related Parties)

In August 2011, the Company issued an aggregate 51 shares of Series B Preferred Stock to two of its o
accounted for the share issuance at par value as there was no future economic value that could be assoc

The shares of Series B have the following provisions:

- Voting rights entitling the holders to an aggregate 51% voting control;
- Initially no rights to dividends;
- Stated value of $0.001 per share;
- Liquidation rights entitle the receipt of net assets on a pro-rata basis; and
- Non-convertible.

(C) Series C Convertible Preferred Stock

In October 2011, the Company issued 190 shares of Series C Convertible Preferred Stock, having a fai
issued, 100 shares were issued for $100,000 ($1,000 /share). The remaining 90 shares were issued for s
$90,000 ($1,000 /share), based upon the stated value per share. In March 2012, all 190 shares were con
conversion price of $0.0085 per share and a loss of $614,984.

The shares of Series C have the following provisions:

- Stated Value - $1,000 per share;
- Non-voting;
- Liquidation rights entitle an amount equal to the stated value, plus any accrued and unpaid dividends;
- As long as any Series C, convertible preferred stock is outstanding, the Company is prohibited from e
without the majority consent of the holders of Series C Convertible Preferred Stock authorization; and
- Convertible at the higher of (a) $8.50 or (b) such price that is a 50% discount to market using the aver
days preceding conversion.

Due to the existence of an option to convert at a variable amount, the Company treated this series of pr
due to the potential for settlement in a variable quantity of shares. Additionally, the Company compute
liability at the commitment date and remeasurement date, which was $293 and $175, respectively, usin
This transaction is analogous to a dividend with a direct charge to retained earnings.

(D) Series D Convertible Preferred Stock

In January 2013 the Board of Directors authorized 1,600,000 shares of Series D convertible preferred s

The shares of Series D have the following provisions:

- Voting rights based on number of common shares of conversion option;
- Initially no rights to dividends;
- Liquidation rights entitle the receipt of net assets on a pro-rata basis; and
- Convertible into 2 shares of common stock, subject to adjustment.

Subsequent to year end, the Company issued 1,500,000 shares of Series D preferred stock. Refer to No

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

(E) Common Stock

During the year ended December 31, 2012, the Company issued the following common stock:

Transaction Type	Quantity	Valuation ($)
Conversion of convertible debt	246,753	950,739
Conversion of unsecured/secured debt	44,208	469,683
Forbearance of agreement terms	95,528	1,240,032
Cash and warrants	199,422	1,660,760
Executive compensation [1]	431,034	4,686,514
Stock issued for future services	113,740	1,107,719
Conversion of Series C Preferred Stock to common stock	22,353	614,984
Warrant Conversions/Settlements	853,082	7,295,768
Stock issued in lieu of interest	58,945	334,099
Additional shares due to roundup provision of certificates upon reverse split	561	-
Total	2,065,626	18,360,29

(1) Represents common stock issued for prior year 2011 accrued compensation of $4,667,764 sett

During the year ended December 31, 2011, the Company issued the following common stock:

Transaction Type	Quantity	Valuation ($)	Range of Value per Share ($)
Conversion of convertible debt	298,897	4,268,857	2.55-85.00
Conversion of unsecured/secured debt	47,386	857,952	42.50-51.00
Settlement of accounts payable and accrued expenses [4]	64,172	3,646,719	25.50-102.00
Extension of debt maturity date	11,030	161,250	14.45-17.00
Services – rendered	54,731	1,199,844	0.00-977.50
Cash and warrants	96,471	875,000	25.50

Services – prepaid stock compensation[2]	4,706	214,250	42.50-68.00
Cancelled shares [3]	(4,118)	-	25.50
Total	573,275	11,223,872	0.00-977.50

The fair value of all stock issuances above is based upon the quoted closing trading price on the date o
issued for cash, which is based on the cash received.

(1) Settlement of Warrants to Purchase Common Stock

In September 2012, the Company began the settlement of all outstanding valued warrant contracts in a
fluctuations due to these instruments. The Company issued 512,631 shares of common stock to several
conversions of warrants to purchase an aggregate of 723,746 shares of common stock in September an
pursuant to conversions of a warrant to purchase 4,902 shares of common stock in December 2012. Re
not have any valued warrant contracts outstanding at December 31, 2012.

(2) Prepaid Stock Compensation

The following represents the allocation of prepaid stock compensation as of December 31, 2012 and 2

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Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Prepaid stock compensation – December 31, 2010
Prepaid stock compensation additions during the year ended December 31, 2011
Non cash increase in accounts payable related to future services to be paid for with common stock
Amortization of prepaid stock compensation
Prepaid stock compensation – December 31, 2011
Prepaid stock compensation additions during the year ended December 31, 2012
Amortization of prepaid stock compensation
Prepaid stock compensation – December 31, 2012

The following represents the allocation of prepaid stock compensation at December 31, 2012:

Prepaid expense that will be amortized in 2013	$44,748

(3) Cancelled Shares

The Company cancelled 4,118 shares during the year ended December 31, 2011, valued at par ($0.001
issuance of these shares due to non-performance by a consultant. These shares were originally issued i
for services rendered.

(4) Settlement of Accounts Payable and Accrued Expenses and Loss on Settlement

The Company settled $1,523,590 in accounts payable and recorded a loss on settlement of $2,123,129.

Loss on settlement of accounts payable and accrued expenses	$2,123,129
Loss on settlement of debt (Note 4)	1,739,329
Total loss on settlement	$3,862,458

(F) Stock Options

On February 1, 2010, the Company's board of directors and shareholders approved the 2010 Stock Ince
Plan allows the Company to grant incentive stock options, non-qualified stock options, restricted stock
appreciation rights to key employees, directors consultants, advisors and service providers of the Comp
option granted in the form of an incentive stock option will be intended to comply with the

requirements of Section 422 of the Code. Only stock options granted to employees qualify for incentiv
stock option shall be granted after February 1, 2020, which is 10 years from the date the 2010 Plan was
be exercised in whole or in installments, which may be cumulative. Shares of common stock purchased
must be paid for in full at the time of the exercise in cash or such other consideration determined by th
may include tendering shares of common stock or surrendering of a stock award, or a combination of n

The 2010 Plan is administered by the Compensation Committee. The Compensation Committee has fu
limitations set forth in the 2010 Plan to make all decisions and determinations regarding the selection o
awards; establishing the terms and conditions relating to each award; adopting rules, regulations and gu
Plan. The Compensation Committee will determine the appropriate mix of stock options and stock awa
objectives of the 2010 Plan. The 2010 Plan may be amended by the Board or the compensation commi
stockholders, but no such amendments may increase the number of shares issuable under the 2010 Plan
awards without the consent of the holders thereof. The total number of shares that may be issued shall
in the event of certain recapitalizations, reorganizations and similar transactions.

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

On April 2, 2010, the Company issued 3,255 stock options, having a fair value of $630,990, which was
options vested immediately. These stock options expire on April 2, 2015.

The Company applied fair value accounting for all share based payments awards. The fair value of eac
date of grant using the Black-Scholes option-pricing model. The Black-Scholes assumptions used whe
ended December 31, 2010 are as follows:

Exercise price	$425	
Expected dividends	0	%
Expected volatility	74.8	%
Risk fee interest rate	1.4	%
Expected life of option	5 years	
Expected forfeiture	0	%

The following is a summary of the Company's stock option activity:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contrac Life
Balance – December 31, 2010	3,255	$ 425.00	4.25 years
Granted	-	-	
Exercised	-	-	
Forfeited/Cancelled	(1,353)	$ 425.00	
Balance – December 31, 2011	1,902	$ 425.00	3.25 years
Granted	-		
Exercised	-		
Forfeited/Cancelled	(55)	$ 425.00	
Balance – December 31, 2012 – outstanding	1,847	$ 425.00	2.5 years
Balance – December 31, 2012 – exercisable	1,847	$ 425.00	2.5 years
Outstanding options held by related parties – 2012	1,847		
Exercisable options held by related parties – 2012	1,847		
Outstanding options held by related parties – 2011	1,177		

Exercisable options held by related parties – 2011 1,177

(F) Stock Warrants

All warrants issued during years ended December 31, 2012 and 2011 were accounted for as derivative

During the year ended December 31, 2012, the Company entered into convertible note and unsecured r
agreements, the Company issued warrants to purchase 500,721 shares of common stock. Each warrant
expire July 13, 2014 – October 16, 2014, with exercise prices ranging from $10.20 - $12.75. All warran
treated as derivative liabilities. All warrants issued during the year ended December 31, 2012, were con

During 2011, the Company entered into convertible and unsecured note agreements. As part of these ag
warrants to purchase 191,045 shares of common stock. Each warrant vests six month after issuance and
with exercise prices ranging from $12.75 - $51.00.

During 2011, the Company issued 141,412 warrants for services performed. The warrants have a vestin
after issuance and expire February 28, 2014 – April 15, 2016, with exercise prices ranging from $1.70
$1,989,982, calculated using the below black-scholes assumptions, was expensed as compensation with
liabilities, since the Company applied the provisions of ASC No. 815, pertaining to the potential settlem

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

A summary of warrant activity for the Company for the years ended December 31, 2012 and 2011 is as

	Number of Warrants		Weighted Average Exercise Price
Balance at December 31, 2010	883		1,275
Granted	332,457		17.00
Exercised	-		-
Balance at December 31, 2011	333,340		20.33
Granted	500,721		10.20
Exercised	(37,648	)	7.57
Converted	(796,324	)	10.20
Balance at December 31, 2012	89		1,275.00

Warrants Outstanding				Warrants Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	In
$1,275	89	2.79	$ 1,275	89	$ 1,275	

(G) Treasury Stock

During the year ended December 31, 2012, the Company repurchased 31,096 shares of its common sto
average of $14.82 per share. The Company recorded the value of its common stock held in treasury at
retired these shares, and they remain available for re-issuance. The Company has a stock repurchase pl
indefinitely.

Note 9: Commitments, Contingencies and Other Matters

(A) Operating Lease

The Company has various non-cancelable leases with terms expiring through 2015.

Future minimum annual lease payments for the above leases are approximately as follows:

Years Ended December 31,	
2013	$333,902
2014	436,688
2015	311,209
Total minimum lease payments	$1,081,799

Rent expense for the years ended December 31, 2012 and 2011, was $337,584 and $154,155, respectiv

(B) Factoring Agreement

In April 2010, the Company entered into a factoring agreement and sold its accounts receivable. Durin
proceedings with the factor, as a result of the Company's customers not remitting funds directly to the
Company no longer factored its accounts receivable.

MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

A settlement, of $96,783, was reached. During 2010, the Company repaid $25,000, leaving a balance c
Company paid $10,000.

On February 28, 2011, the remaining $65,930, inclusive of fees and interest, was settled with the issuar
having a fair value of $131,206 ($51.00/share), based upon the quoted closing trading price. The Comp
accounts payable $65,330.

(C) Legal Matters

From time to time, the Company is or may become involved in various legal proceedings that arise in t
otherwise. Legal proceedings are subject to inherent uncertainties as to timing, outcomes, costs, expens
Company's management and others on behalf of the Company. Although there can be no assurance, ba
the Company's management believes that the outcome of legal proceedings that are pending or threate
material effect on the Company's financial condition. However, the outcome of any of these matters is
estimable.

The Company was party to the following legal matters as of December 31, 2011:

- Plaintiff alleged the Company use of Creatine Nitrate in product infringed on a patent held by the Plai
2012 for a nominal amount.
- Plaintiff alleges the Company's use of the tagline "Train like an unchained beast" infringes on their m
Company settled this claim in 2012 for no consideration and agreed to modify its tagline.
- Plaintiff had filed notices of intent to commence litigation on over 200 sports nutrition and dietary sup
Canada, including the Company. Plaintiff alleged violations of California's Proposition 65. The Comp
and merely an attempt by a commercial plaintiff to pressure settlements. The Company had recorded a
of December 31, 2011 and subsequently settled this claim for $52,000 in 2012.
- Beginning in October 2009, the Company engaged in various business dealings regarding the manufac
with Fit Foods Manufacturing, Ltd. and Fit Foods Distribution, Inc. Jointly, "Fit Foods"). MusclePhar
involved in a business dispute regarding their respective obligations and filed claims against each othe
their dispute on December 22, 2010. The Company issued 16,456 shares of common stock having a fa

based upon the quoted closing trading price which settled outstanding accounts payable of $333,666, r
$343,314 All settlement payments have been made and the case was dismissed on July 1, 2011.

As of December 31, 2012, the Company is a party defendant in the following legal proceeding, which t
merit; and (b) intends to defend vigorously:

- William Bossung and Bishop Equity Partners LLC v. MusclePharm Corporation, Clark County, Neva
January 17, 2012. Plaintiff alleges that additional monetary payments are due in respect of a settlemen
- *The Tawnsaura Group, LLC v MusclePharm Corporation, Case No: 8:12-cv-01476-*
Court for the Central District of California. Date instituted: September 12, 2012. Pl
MusclePharm's use of Citrulline Malate in its products. To date, Plainitiff has filed a
of dietary supplements and sports nutrition products. MusclePharm is part of a joint d
without merit due to the existence of prior art.

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

As of December 31, 2012, the Company is a party plaintiff in the following legal matter:

- MusclePharm Corporation v. Swole Sports Nutrition, LLC, United States District Court for the Southe March 15, 2012. The Company filed this action for trademark infringement after the Defendant starte supplement named "Turbo Shred". The Company has sold "Shred Matrix" since April 2, 2008, and th granted registration by the USPTO on September 21, 2010.

(D) Payroll Taxes

As of December 31, 2012 and 2011, accounts payable and accrued expenses included approximately $ pertaining to accrued payroll taxes. The taxes represent employee withholdings that have yet to be rem

(E) Product Liability

As a manufacturer of nutritional supplements and other consumer products that are ingested by consum currently subject to various product liability claims. Although the effects of these claims to date have n current and future product liability claims could have a material adverse effect on our business or finan cash flows. The Company currently maintains product liability insurance with a deductible/retention of cap on retained loss of $5,000,000. At December 31, 2012, the Company had not recorded any accrual

(F) Sponsorship and Endorsement Contract Liabilities

The Company has various non-cancelable endorsement and sponsorship agreements with terms expirin outstanding payments as of December 31, 2012.

(G) Other Liabilities

Subsequent to December 31, 2012, the Company determined that it may have potential liabilities relate
returns required by governmental authorities. Management has developed a plan to address these matt
significant adverse impact on its financial position or results of operations.

Note 10: Defined Contribution Plan

The Company has a 401(k) defined contribution plan, in which all eligible employees may participate.
Matching contributions are based upon the amount of the employees' contributions. Beginning January
additional discretionary 401(k) plan matching contribution to eligible employees. During years ended I
Company's matching contribution were $42,800 and $0, respectively.

Note 11: Restricted Cash

A restricted cash fund was established in compliance with the unsecured debt agreements. At Decembe
a balance of $9,148. This fund is used to pay principal and interest for the unsecured debt agreements v
$3,387,586 as of December 31, 2012. Ten percent of all cash receipts from operations are put into this
agreements.

MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

Note 12: Subsequent Events

Share Issuances

Series D Preferred Stock Offering

On January 16, 2013, the Company entered into a placement agency agreement (the "Placement Agenc
(the "Placement Agent") pursuant to which the Placement Agent agreed to use its best efforts to arrang
1,500,000 shares of Series D Convertible Preferred Stock (the "Preferred Shares") in a registered direc

The Preferred Shares offered pursuant to the Offering were registered under a registration statement on
333-184625), which the Securities and Exchange Commission declared effective on January 16, 2013.

Between January 16, 2013 and February 4, 2013, the Company entered into separate subscription agree
connection with the Offering, pursuant to which the Company sold an aggregate of 1,500,000 shares of
proceeds of approximately $12 million. Pursuant to the Certificate of Designation of the Series D Conv
Nevada Secretary of State on January 11, 2013 (the "Certificate of Designation"), each share of Prefer
common stock, subject to adjustment.

As of the date of this report, 1,176,125 Series D shares have been converted into 2,352,250 shares of th
323,875 shares of Series D preferred stock remain outstanding.

Common Stock Issuances

In March 2013 the Company issued 142,282 shares of common stock pursuant to the ratchet provisions
agreement which are valued at $853,692.

In March 2013 the Company issued an aggregate 741,017 shares of common stock pursuant consulting
$6,297,694.

In March 2013 the Company issued an aggregate 43,137 shares of common stock pursuant the vesting

Private Placement of Common Stock

On March 26, 2013, the Company entered into subscription agreements with non-affiliated accredited i
shares of common stock pursuant to exemptions from registration under federal and state securities law
sold for $8.50 per share. The gross proceeds to the Company of $6.0 million were reduced by commiss

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MusclePharm Corporation and Subsidiary

Notes to Consolidated Financial Statements

(December 31, 2012 and 2011)

An unaudited pro-forma balance sheet showing the effect of these capital raises is shown below:

	December 31, 2012	Total Adjustment (unaudited)	Pro Forma (unaudited)
Assets			
Assets:			
Cash	$ -	$ 6,296,669	$ 6,296,669
Current assets	4,949,881	-	4,949,881
Non-current assets	1,816,846	-	1,816,846
Total assets	$ 6,766,727	$ 6,296,669	$ 13,063,396
Liabilities and Stockholders' Deficit			
Liabilities:			
Current liabilities	$ 16,520,456	$ (8,238,165)	$ 8,282,291
Non-current liabilities	4,523	-	4,523
Total Liabilities	$ 16,524,979	$ (8,238,165)	$ 8,286,814
Stockholders' Deficit:			
Series A, Convertible Preferred Stock	-	-	-
Series B, Preferred Stock	-	-	-
Series C, Convertible Preferred Stock	-	-	-
Series D, Convertible Preferred Stock	-	324	324
Common Stock	2,778	2,972	5,750
Treasury Stock, at cost	(460,978)	-	(460,978)
Additional paid-in capital	54,817,341	16,698,755	71,516,096
Accumulated deficit	(64,109,476)	(2,167,217)	(66,276,693)
Accumulated other comprehensive income	(7,917)	-	(7,917)
Total Stockholders' Deficit	(9,758,252)	14,534,834	4,776,582
Total Liabilities and Stockholders' Deficit	$ 6,766,727	$ 6,296,669	$ 13,063,396

At March 29, 2013 the Company's issued and diluted shares were as follows:

Shares issued and outstanding at December 31, 2012	2,747,308
Series D Preferred Stock converted to Common Stock through March 29, 2013	2,352,250
Net shares issued through March 29, 2013	1,667,089
Shares issued and outstanding at March 29, 2013	6,776,647

Series D Preferred Stock not yet converted	647,750
Shares awaiting authorization for issuance	307,506
Unvested executive stock awards	86,275
Fully Diluted as of March 29, 2013	7,818,178

Repurchase of Shares of Common Stock Pursuant to Settlement Agreement

On January 31, 2013, the Company entered into a settlement agreement with an investor regarding a di
of common stock. Pursuant to the settlement agreement, the Company repurchased 18,824 shares of co

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosur

Changes in Registrant's Certifying Accountant

On September 14, 2012, following a competitive process undertaken by our audit committee in accord
committee approved the appointment of EKS&H LLLP, effective September 14, 2012, as our indepen
for the fiscal year ended December 31, 2012. On September 14, 2012, EKS&H LLLP accepted the eng

During our fiscal year ended December 31, 2011, and the subsequent interim period prior to the engag
did not consult EKS&H LLLP regarding (1) the application of accounting principles to a specific com
the type of audit opinion that might be rendered on our financial statements, or (3) any matter that was
such term is described in Item 304(a)(1)(iv) of Regulation S-K) or a "reportable event" with Berman &
described in Item 304(a)(1)(v) of Regulation S-K).

On September 18, 2012, our audit committee approved the dismissal of Berman & Company, P.A. as o
accounting firm.

Berman & Company, P.A.'s report on the financial statements for the fiscal years ended December 31,
opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or a
report contained a modification to the effect that there was substantial doubt as to the Company's abili
the fiscal years ended December 31, 2011 and 2010, and through September 18, 2012, there were no "
in Item 304(a)(1)(iv) of Regulation S-K) with Berman & Company, P.A. on any matter of accounting
statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfa
would have caused it to make reference thereto in their reports on the consolidated financial statement

During the fiscal years ended December 31, 2010 and 2011 and through September 18, 2012, there we
defined in Item 304(a)(1)(v) of Regulation S-K).

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

In accordance with Rule 13a-15(b) of the Exchange Act, our Chief Executive Officer, Chief Financial
management evaluated the effectiveness of the design and operation of our disclosure controls and pro
under the Exchange Act) as of December 31, 2012. Based upon their evaluation of these disclosure co
Executive Officer and Chief Financial Officer concluded that some disclosure controls and procedures
2012, in ensuring that information required to be disclosed by us in the reports that we file or submit u
processed, summarized and reported within the time periods specified in the rules and forms of the SE
required to be disclosed by us in such reports is accumulated and communicated to our management, i
principal financial officers to allow timely discussion regarding required disclosure.

(b) Management's Report on Internal Control over Financial Reporting

The management of MusclePharm Corporation and its subsidiary is responsible for establishing and m
over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange A
reporting is designed to provide reasonable assurance regarding the reliability of financial reporting an
of external purposes in accordance with generally accepted accounting principles. Because of the inher
financial reporting, misstatements may not be prevented or detected on a timely basis. Also, projection
the internal control over financial reporting to future periods are subject to the risk that the controls ma
changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate

Our management assessed the effectiveness of our internal control over financial reporting as of Decer
Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the
assessment, our management determined that some of our disclosure controls and procedures were ine
financial closing process.

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(c) Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as such term is defined in
Securities Exchange Act) during the year ended December 31, 2012, that have materially affected, or a
our internal control over financial.

Item 9B. Other Information

Not applicable

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers of the Registrant

The following table sets forth certain information as of March 29, 2013, regarding our directors and na

Name	Age	Position
Brad J. Pyatt	32	Co-Chairman of the Board, Chief Executive Officer and President
L. Gary Davis	59	Chief Financial Officer
John H. Bluher	55	Co-Chairman of the Board and Executive Vice President – Chief Operating (
Jeremy R. DeLuca	34	Executive Vice President – Chief Marketing Officer
Cory J. Gregory	34	Executive Vice President
Michael J. Doron	51	Director
James J. Greenwell	53	Director
Donald W. Prosser	63	Director

Brad J. Pyatt has served as our Chief Executive Officer and Director since February 18, 2010 and as c
to our acquisition of Muscle Pharm, LLC, Mr. Pyatt was President and Chief Executive Officer of Mus
April 2008. His background includes seven years of experience as a professional athlete, and more thar
nutrition arena. Mr. Pyatt played in National Football League for the Indianapolis Colts during the 200
for the Miami Dolphins during the 2006 NFL season. Mr. Pyatt played in the Arena Football League fo
and 2008 AFL seasons. Mr. Pyatt attended the University of Kentucky from 1999 to 2002, where he st
well the University of Northern Colorado, from 2002 to 2003. Mr. Pyatt filed for protection under Cha
2008. He received a discharge relating to the matter in 2009.

L. Gary Davis has served as our Chief Financial Officer since July 2012. From January, 2010 prior to
certified public accountant for various clients, specializing in mergers and acquisitions, and has extensi
traded companies. From November, 2004 to January, 2010, Mr. Davis served as Executive Vice Presid
Bodybuilding.com, a sports, fitness and nutritional supplement on-line retail store. He previously was V
Officer of U.S. Ecology Corporation, and was previously a director of finance of Fortune 500 Compan
Vice-President of Finance within Micron Technology. Mr. Davis has a Bachelor’s Degree in Accounti
worked towards a Master’s Degree in Finance from Rochester Institute of Technology. He is a licensed
states.

John H. Bluher has served as our Executive Vice President – Chief Operating Officer since Septembe
of directors since July 2012. From February 2011 to August 2012, he served on the board of directors o
August 2010 to September 2011, he was managing director of AFH Holdings & Advisory LLC, a busi
December 2009 to August 2010, Mr. Bluher assisted in raising capital, marketing and co-managed Coa
LLC, a private equity portfolio focused on oil and gas investments. From February 2010 to August 201
banker and special financial advisor to the AARP Mutual Fund Board of Trustees in a platform divesti
2009, Mr. Bluher served as managing director and general counsel at Lehman Brothers, Inc.'s investme
also served as global chief legal and compliance officer and managing director of Neuberger Berman d
June 2007, Mr. Bluher served as general counsel and director of risk and Janus Capital, Inc. From June
as executive vice president, general counsel and corporate secretary and director of risk management o
2001 to May 2002, Mr. Bluher served as senior vice president and global chief compliance officer for I
1997 to January 2001, Mr. Bluher served as general counsel and chief compliance officer of Sun Amer
1997, Mr. Bluher served as Senior Vice President, Regional and Divisional Counsel at Prudential Secu
Bluher was senior counsel for the Division of Enforcement at the Securities and Exchange Commission
Science and a J.D. degree from the University of Wyoming and holds FINRA Series 7, Series 24 and S
boards of ICI Mutual Insurance Company, the NASDAQ Chairman's Advisory Board, Cherry Hills Fo
Communications, Inc., and the University of Wyoming Foundation Board, and College of Law Adviso

Jeremy R. DeLuca has been our Senior Vice President and Chief Marketing Officer (former President
November 2010. Prior to joining the Company, from April 1999 to November 2010, Mr. DeLuca serve
Bodybuilding.com, an online sports nutrition and supplements company, which he co-founded in 1999
involved in all aspects of Bodybuilding.com's business, with a focus on marketing, sales, and e-comme
included managing vendor relations, marketing strategies, sales promotions, store content and store sit
tenure, Bodybuilding.com experienced significant growth, achieving annual sales of over $200 million
was fined $600,000 by the FDA in connection with a plea agreement on six misdemeanor counts relati
allegations that Bodybuilding.com misbranded five dietary supplements. In connection with the plea, I
of probation.

Cory J. Gregory has served as an executive officer of Muscle Pharm, LLC, since its inception in 2008
(formerly Senior President) since May 2010. Prior to joining us, Mr. Gregory served as President, man
Personal Training LLC, or T3, from April 2009 until November 2011. T3 was a personal training servi
clients using seven trainers over a ten-year period. During the same period, Mr. Gregory served as Pres
Federation, a federation founded by Mr. Gregory in 2004 which hosted 14 bodybuilding competitions
Agile Enterprises, a nutritional supplement company from January 2006 through January 2008. In 200
School Gym, located in Pataskala, Ohio, which he continues to own at present day.

Michael J. Doron has served as a director since November 5, 2012. He has been the Managing Direct
January 2009, and Evolution Capital Partners, LLC since October 2009. From January 2007 to Decem
Officer and director of Toyshare, Inc. From February 2006 to January 2007, Mr. Doron served as Chie
Officer of Frontgate Sundance Alliance. From September 2005 to January 2007, he served as Vice Pre
the West. Mr. Doron earned a BA from the University of Maryland and a Masters of Science from Am

James J. Greenwell has served as a director since October 15, 2012. Since 2000, he has been the Chie
Inc., a speech recognition application software company. He has also served as the Datria Systems' Ch
he served as a technology executive in a number of private and public companies .He has served on the
Foundation since September 2010. He was a founding member of Friends of Denver Fire and served o
Mr. Greenwell served on the Board of the Denver Chapter of the American Heart Association from 20
the board in 2007. He also served on the Board of Trustees of the Bonfils Blood Center Foundation fro
earned a BS from the College of Business at Michigan State University and an MBA degree from Sain

Donald W. Prosser has served as a director on our board of directors since July 2012 and has been the
Industries, Inc. since January 2011 and a director of Arête since September, 2003. Arête is a voluntary
Exchange Act of 1934. Mr. Prosser owns a certified public accounting firm, Donald W. Prosser, P.C.,
accounting and has represented a number of private and public companies serving in the capacity of ac
directors, and as chief financial officer. From 1997 to 1999, Mr. Prosser served as Chief Financial Offi
International, Inc., a public company publishing high school athletic information and providing athleti
2000, he served as Chief Financial Officer and Director for Anything Internet, Inc. and from 2000 to 20
and Director for its successor, Inform Worldwide Holdings, Inc., a publicly traded company. From No

Prosser served as CFO of VCG Holding Corp., a public company. From July 2008 through August 200
Officer of Iptimize, Inc., a provider of broadband and data services that filed a petition under federal ba
also has served on the board of directors of Veracity Management Global, Inc., a publicly traded comp
has been a certified public accountant since 1975. Mr. Prosser attended the University of Colorado fro
College of Colorado from 1972 to 1975, where he earned a Bachelor's Degree in Accounting and Hist
Accounting – Income Taxation (1975).

Advisory Board

We have established an Advisory Board currently consisting of nine members, which serves to advise formulations, product ideas, marketing and related matters. Members of the Advisory Board do not me management team consults with one or more members of the Advisory Board as needed, from time to telephone conference calls.

Following is a brief description of the background of our advisory board members:

***Dr. Eric Serrano* – Chief Formulator Medical Advisor.** Dr. Serrano has been practicing medicine in considered one of the leading sports nutrition doctors in the country. His clients include a wide array o MLB, in addition to many elite amateur athletes. Dr. Serrano was a professor of family practice medic was awarded Professor of The Year and Preceptor of The Year. Dr. Serrano currently lectures across t groups and health and fitness conferences on the topics of sports nutrition, performance enhancement, formulated numerous nutritional supplements for some of the leading nutritional companies on the ma for some of the leading U.S. health and fitness magazines, including *Muscle & Fitness*. Dr. Serrano ha each of our products. Dr. Serrano received his B.A. from Kansas State University in Biology, his M.A. Exercise Physiology, and his M.D. from the University of Kansas Medical School.

***Dr. Mauro Di Pasquale* – Director of Product Development and Research.** Dr. Di Pasquale brings university teaching and learning, combined with leadership gained from medical directorships of impo Pasquale has written over a dozen books on athletic performance, focusing mainly on diet and supplem *Anabolic Diet* and *The Metabolic Diet*. He has received an Honors M.D., Honors B.Sc. (majoring in ge both from the University of Toronto. He has also published 1,000 articles in magazines such as *Muscle*

***Dr. Roscoe M. Moore, Jr.* – Chief Scientific Director.** A Former U.S. Assistant Surgeon General, Dr. Department of Health and Human Services (HHS) and was for the last 12 years of his career there the development support within the Office of the Secretary, HHS, with primary emphasis on Continental A countries of the world. He was the principal liaison person between the HHS and Ministries of Health development of infrastructure and technical support for the delivery of preventive and curative health received his undergraduate and Doctor of Veterinary Medicine degrees from Tuskegee Institute; his M Epidemiology from the University of Michigan; and his Doctor of Philosophy degree in Epidemiology was awarded the Doctor of Science degree (Honoris Causa) in recognition of his distinguished public Dr. Moore was a career officer within the Commissioned Corps of the United States Public Health Ser National Institutes of Health and rising to the rank of Assistant United States Surgeon General (Rear A Office of the Secretary, HHS. He was selected as Chief Veterinary Medical Officer, USPHS, by Surge

Dr. Phillip Frost **– Member of MusclePharm Scientific Advisory Board.** Dr. Frost has served as the
Inc. since on March 27, 2007. Dr. Frost was named the Chairman of the Board of Teva Pharmaceutical
(NYSE:TEVA) in March 2010 and had previously been Vice Chairman since January 2006 when Teva
Dr. Frost had served as Chairman of the Board of Directors and Chief Executive Officer of IVAX Corp
of the Department of Dermatology at Mt. Sinai Medical Center of Greater Miami, Miami Beach, Florid
Chairman of the Board of Directors of Key Pharmaceuticals, Inc. from 1972 until the acquisition of Ke
Corporation in 1986. Dr. Frost was named Chairman of the Board of Ladenburg Thalmann Financial S
investment banking, asset management, and securities brokerage firm providing services through its pr
Thalmann & Co. Inc., in July 2006 and has been a director of Ladenburg Thalmann from 2001 until 20
serves as Chairman of the board of directors of PROLOR Biotech, Inc. (NYSE Amex: PBTH), a devel
company. He serves as a member of the Board of Trustees of the University of Miami and as a Trustee
Institute, the Miami Jewish Home for the Aged, and the Mount Sinai Medical Center. Dr. Frost is also
Amex:ROX), a developer and marketer of premium brand spirits. Dr. Frost previously served as a dire
Northrop Grumman Corp., Ideation Acquisition Corp., Protalix Bio Therapeutics, Inc., and SafeStitch
Co-Vice-Chairman of the American Stock Exchange (now NYSE Amex).

Dr. Frost has successfully founded several pharmaceutical companies and overseen the development a
pharmaceutical products. This combined with his experience as a physician and chairman and/or chief
pharmaceutical companies has given him insight into virtually every facet of the pharmaceutical busin
commercialization process. He is a demonstrated leader with keen business understanding and is uniqu
Company through its transition from a development stage company into a successful, multinational bi
company.

Dr. Richard Ogden (CSCS) **– Medical Advisor.** Dr. Odgen's career in clinical research and developm
Ph.D. from Cambridge University, his career started with postdoctoral research studying ribonucleic a
Following that, he undertook independent research, funded by the National Science Foundation. In 19
Inc. as one of its founding scientists. Following Agouron's merger with Pfizer, he served as a Senior D
the Agouron/Pfizer commercial and corporate organizations. In 2006, Dr. Ogden, co-founded RORR I
education company with clients in the U.S. and Europe. In addition to publication in numerous medica
relating to AIDS therapy.

Dr. Michael R. Stevens **– Director of Therapeutic Nutrition.** Dr. Stevens has over 20 years of well-
and pharmaceutical industry. Dr. Stevens spent 17 years at Bristol-Myers Squibb, where he held positi
areas of Market Research (Oncology and HIV), Marketing (Oncology), and Medical Affairs (HIV). In
Executive Council for the Forum for Collaborative HIV Research — a public-private partnership facil
HIV clinical research and working to translate research results into patient care. He has also served on
Adult AIDS Clinical Trials Group (ACTG). Michael received his B.S. Pharmacy and Doctor of Pharm

Dr. Ron Sekura **– Director of Therapeutic Research.** Dr. Sekura is the former Chief of the Pharmac
the Division of AIDS at The National Institute of Allergy and Infectious Diseases (NIAID) of the Nati
a former Research Chemist at The National Institutes of Child Health and Human Development (NICH
Biologics Evaluation and Research (CBER). He received his Bachelor of Science and Master of Scien
Pennsylvania State University and his PhD at Cornell University. Dr. Sekura is the author of over 60 s

Mariel Selbovitz **– Director of Global Therapeutics Product Procurement Development.** Ms. Selb
and received her Master's in Public Health at the Johns Hopkins University Bloomberg School of Hea
Specialist at Positive Health Project and Syringe Exchange Program Coordinator at the Foundation for
Diseases and is a partner in BioEquity Partners. Selbovitz is a member of the Cornell AIDS Clinical T
and AIDS Treatment Advocacy Coalition.

James Sapirstein, R.Ph., MBA **– Strategic Advisor.** Mr. Sapirstein has been the Chief Executive Off
He was the President and Chief Executive Officer of Tobira Therapeutics, Inc., or Tobira, from August
Tobira in October 2006. Prior to Tobira, Mr. Sapirstein worked at Paramount BioCapital from May 20
creation group. Mr. Sapirstein was the Executive Vice President of the Metabolic and Endocrinology

2005. Mr. Sapirstein was the Director of Global Marketing at Gilead Sciences from July 2000 through
for the global launch of Viread®. He was the head of the international infectious disease marketing tea
Squibb from August 1996 to July 2000. Mr. Sapirstein was with Hoffmann-LaRoche from October 19
variety of capacities ranging from marketing and sales positions to international posts. Prior to workin
Eli Lilly and Company in a sales capacity from June 1984 to October 1987. Mr. Sapirstein earned his
the Ernest Mario School of Pharmacy at Rutgers University and an MBA from Farleigh Dickinson Un

Michael Kim, D.O. **– Executive Director of Medicine, Research and Education.** Dr. Kim has been
Research and Education since August 2011. He oversees our research. He analyzes formulations, rese
performance protocols. He also advises our athlete endorsers regarding nutrient, diet and supplementa
from University of California – Davis, and a Doctor of Osteopathy degree from Touro University.

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Corporate Governance

Director Independence

Each director and named executive officer is obligated to disclose, on an annual basis, any transactions
subsidiaries in which a director or executive officer, or any member of his or her immediate family, ha
Following completion of these disclosures, our board of directors make a determination as to the indep
current standards for "independence" that satisfy both the criteria for the NASDAQ Stock Market and

As of November 5, 2012, our board of directors conducted an annual review and affirmatively determi
Prosser are "independent" as that term is defined in the NASDAQ listing standards.

Committees and Meetings of the Board

During 2012, our board of directors held nine meetings. Each director attended at least 75% of the mee
director served) of the Board and the committees on which such director served in 2012.

In addition, the board acts from time to time by unanimous written consent in lieu of holding a meeting
several actions by unanimous written consent. Members of our board are encouraged to attend our ann

The following table sets forth the three standing committees of our board and the members of each co
held by our board and the committees during 2012:

Director	**Board**	**Audit Committee**	**Compensation Committee**	**Nominating and**
Brad J. Pyatt	Co-Chair			
John H. Bluher	Co-Chair			
Michael J. Doron	X	X	X	Chair
James J. Greenwell	X	X	Chair	X
Donald W. Prosser	X	Chair*	X	X
Cory J. Gregory [1]	X			
Mark E. Groussman [2]	X	X	X	X
Gordon G. Burr [3]	X	X	X	X

Meetings in 2012:	9	2	3	1

* Audit Committee Financial Expert.

(1) Mr. Gregory resigned from the board of directors on July 19, 2012.
(2) Mr. Groussman resigned from the board of directors on October 18, 2012.
(3) Mr. Burr resigned from the board of directors on November 5, 2012

To assist it in carrying out its duties, the board has delegated certain authority to an Audit Committee, a
Nominating and Corporate Governance Committee as the functions of each are described below.

Audit Committee

Messrs. Doron, Greenwell and Prosser serve on our Audit Committee. Our Audit Committee's main fu
financial reporting processes, internal systems of control, independent auditor relationships and the auc
Audit Committee's responsibilities include:

· selecting, hiring, and compensating our independent auditors;

· evaluating the qualifications, independence and performance of our independent auditors;

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- overseeing and monitoring the integrity of our financial statements and our compliance with they relate to financial statements or accounting matters;

- approving the audit and non-audit services to be performed by our independent auditor;

- reviewing with the independent auditor the design, implementation, adequacy and effectiveness of our accounting policies; and

- preparing the report that the SEC requires in our annual proxy statement.

The board of directors has adopted an Audit Committee Charter. The Audit Committee members meet requirements, and the board has further determined that Mr. Prosser (i) is an "audit committee financia Item 407(d) of Regulation S-K promulgated by the SEC and (ii) also meets NASDAQ's financial soph

Compensation Committee

Messrs. Doron, Greenwell and Prosser serve on the Compensation Committee. Our Compensation Cor our board of directors in discharging its responsibilities relating to the compensation of outside directo other executive officers, as well as administering any stock incentive plans we may adopt. The Compe include the following:

- reviewing and recommending to our board of directors the compensation of our Chief Executive Offic outside directors;

- conducting a performance review of our Chief Executive Officer;

- reviewing our compensation policies; and

- if required, preparing the report of the Compensation Committee for inclusion in our annual proxy sta

The board of directors has adopted a Compensation Committee Charter.

The Compensation Committee's policy is to offer our executive officers competitive compensation pac
retain highly qualified individuals and to motivate and reward these individuals in an appropriate fashi
of our Company and our stockholders.

Compensation Committee Risk Assessment**.** We have assessed our compensation programs and conclu
not create risks that are reasonably likely to have a material adverse effect on us.

Nominating and Corporate Governance Committee

Messrs. Doron, Greenwell and Prosser serve on our Nominating and Corporate Governance Committe
Governance Committee's responsibilities include:

- identify qualified individuals to serve as members of the Company's board of directors;
- review the qualifications and performance of incumbent directors;
- review and consider candidates who may be suggested by any director or executive officer or by any s
- review considerations relating to board composition, including size of the board, term and age limits, a
board;
- review periodically the management succession plan of;

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· review and recommend corporate governance policies; and

· monitor, oversee and review compliance with the Company's code of ethics.

The board of directors has adopted a Nominating and Corporate Governance Committee Charter.

Corporate Governance Materials

The full text of the charters of our Audit, Nominating and Corporate Governance, and Compensation C
and Code of Ethics can be found at www.musclepharm.com. Copies of these documents also may be o

Board of Directors Diversity

The board does not have a formal diversity policy. The board considers candidates that will make the b
talents, skills, diversity and expertise.

Code of Ethics

Our board of directors has adopted a Code of Ethics ("Code of Ethics"), which provides general statem
standards that we expect our directors, officers and employees to adhere to while acting on our behalf.
provides that:

· We will comply with all laws, rules and regulations;
· Our directors, officers, and employees are to avoid conflicts of interest and are prohibited from compe
exploiting our corporate opportunities;
· Our directors, officers, and employees are to protect our assets and maintain our confidentiality;
· We are committed to promoting values of integrity and fair dealing; and
· We are committed to accurately maintaining our accounting records under generally accepted account
periodic reports and tax returns.

Our Code of Ethics also contains procedures for employees to report, anonymously or otherwise, viola

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, requires the Company's directors and named executive officers, an
than ten percent of our common stock, to file initial reports of ownership and reports of changes in ow
other equity securities with the SEC. As a practical matter, the Company assists its directors and office
completing and filing Section 16 reports on their behalf. Based solely on a review of the copies of such
representations from reporting persons, we believe that during 2012 all of our named executive officer
on a timely basis under Section 16(a) of the Exchange Act, except that one Form 3 was filed for Mr. B
to becoming a director on July 19, 2012; one Form 4 was filed for Mr. Burr on November 9, 2012 with
September 17, 2012 one Form 4 was filed for Mr. Bluher on November 20, 2012 with respect to transa
and one Form 4 was filed for Mr. Bluher on November 20, 2012 with respect to transactions occurring

Item 11. Executive Compensation

Summary Compensation Table for 2012 (as amended)

The following summary compensation tables sets forth all compensation awarded to, earned by, or pai
executive officer of the Company during the year ended December 31, 2012.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards [1] ($)		Option A ($)
Brad J. Pyatt	2012	322,022	160,000 (14)	-		-
Chief Executive Officer and President	2011	250,000	140,099 (2)	1,555,921	(2) (3)	-
	2010	194,821	-	2,650,000	(4)	-
L. Gary Davis Chief Financial Officer	2012	65,000	75,000	204,500	(5)	-
John H. Bluher	2012	182,292	130,000	245,400	(5)	-
Executive Vice President and COO	2011	36,458	50,000	-		-
Jeremy R. DeLuca	2012	187,500	130,000	-		-
Executive Vice President and CMO	2011	65,833	140,099 (6)	1,555,921	(7)	-
Cory J. Gregory	2012	201,796	130,000	-		-
Executive Vice President	2011	150,000	140,099 (8)	1,555,921	(8) (9)	-
	2010	78,892	-	2,650,000	(10)	-
Larry S. Meer[14]	2012	120,000	31,797	-		-
Chief Financial Officer and Treasurer	2011	74,400	-	-		-
(former)	2010	75,493	-	228,000	(10)	-
Leonard Armenta[14]	2012	-	-	-		-
Chief Operating Officer (former)	2011	86,400	-	-		-
	2010	83,215	-	228,000	(10)	-

(1) Amounts reflect the aggregate grant date fair value of stock awards computed in accordance with F
fair value of each stock award is measured based on the closing price of our common stock on the d

(2) Reflects the amount returned to the Company in July 2012 as a result of restated revenues for the ye 2010. Mr. Pyatt voluntarily returned (i) $30,311 of his cash bonus and (ii) $303,109 worth of his sto shares of common stock).

(3) Mr. Pyatt received a stock award of $1,704,104, equal to 174,333 shares of common stock, at a pric closing price of our common stock on February 1, 2012, the date of grant.

(4) Mr. Pyatt received a stock award of 5,883 shares of common stock at a price per share of $450.45, v common stock on October 18, 2010, the date of grant.

(5) Reflects the full grant date fair value of restricted stock unit award granted in 2012 calculated in acc based on the closing price of the common stock of $3.48 and $9.61 (after adjustment for the reverse

(6) Reflects the amount returned to the Company in July 2012 as a result of restated revenues for the ye 2010. Mr. DeLuca voluntarily returned (i) $30,311 of his cash bonus (which had not yet been paid t stock bonus (equal to a total of 31,009 shares of common stock).

(7) Mr. DeLuca received a stock award of $1,704,104, equal to 174,333 shares of common stock, at a p closing price of our common stock on February 1, 2012, the date of grant.

(8) Reflects the amount returned to the Company in July 2012 as a result of restated revenues for the ye 2010. Mr. Gregory voluntarily returned (i) $30,311 of his cash bonus and (ii) $303,109 worth of his shares of common stock).

(9) Mr. Gregory received a stock award of $1,704,104, equal to 174,333 shares of common stock, at a p closing price of our common stock on February 1, 2012, the date of grant.

(10) Mr. Gregory received a stock award of 5,883 shares of common stock at a price per share of $450. common stock on October 18, 2010, the date of grant.

(11) Amounts under "All Other Compensation" for 2012 include the following Company 401(k) match premiums paid by the Company on behalf of the executive officers and perquisites:

	Pyatt ($)	Davis ($)	Bluher ($)	Deluca ($)	Gregory ($)
Company 401(k) Matching Contributions	10,667	-	6,683	5,750	1,333
Apparel and Products (a)	609	300	300	300	1,356
Automobile Expenses (b)	2,187	-	-	6,250	4,982
Club Fees and Expenses (c)	54,595	-	-	9,377	852
Healthcare Costs (d)	80	-	-	-	1,050
Life Insurance Premiums	360	90	180	180	180
Meals and Entertainment (e)	3,915	-	-	6,925	6,059
Phone (f)	-	-	3,695	3,125	-
Retreat Attendance (g)	5,031	-	2,442	6,261	5,650
Personal Travel (h)	13,015	-	-	22,163	21,728
Miscellaneous (i)	15,525	-	-	-	-
TOTAL	105,984	390	13,300	60,331	43,190

(a) These amounts include payments by the Company for apparel and Company and competitor Company provides the executives with Company and competitor products at Company expense for pur

(b) We provided an automobile allowance for Mr. Deluca and Mr. Gregory and the use of a Cor Company car provided to Mr. Pyatt, the Company insures the car under its insurance programs, pays al fees on the car, pays for all repairs and reimburses Mr. Pyatt for all gas and maintenance costs on the c represents that portion of the total annual cost to the Company for the automobile provided to Mr. Pyat

(c) Represents payments for club memberships for Mr. Pyatt, Mr. Deluca and Mr. Gregory, incl golf guest fees, meals and entertainment costs at the clubs and other personal expenses incurred by the including apparel. The $54,595 paid on behalf of Mr. Pyatt for 2012 represents a $28,500 initiation fee meals and entertainment expenses incurred at the clubs, $2,335 in guest fees for golf, and $3,590 in mi apparel, golf equipment and other miscellaneous charges. The $9,377 paid on behalf of Mr. Deluca for and $5,501 in meals, entertainment, guest fees and other miscellaneous charges. Of the meals, guest fe entertainment expenses paid for on behalf of Mr. Pyatt and Mr. Deluca, the Company believes a portio business-related expenditures. However, because of our inability to quantify with certainty the portion use, we have included all of such expenses paid by the Company as perquisites in the table.

(d) Represents payment of medical expenses by the Company for the executive officer or his fa

(e) Represents meals, entertainment, event tickets and other incidental expenses (such as parking
officers' or his spouse's participation in community and business entertainment functions. The Compan
represented business-related expenditures. However, because of our inability to quantify with certainty
for personal use, we have included all of such expenses paid by the Company for which we cannot veri
the table. Because of the sports-oriented nature of the business, it is important for executives to attend
addition to events for which we purchase tickets to facilitate attendance by our executives and their spo
and/or their spouses with event tickets that are provided to the Company [free of charge] through its va
to facilitate the Company's business interests and the executives' role as Company representatives at ev
and sponsorship and athlete relationships. There is typically no incremental cost to the Company of pro
an incremental cost to the Company of the executive's or the spouse's attendance, we have included the

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Because of the sports-oriented nature of the Company's business, the Company maintains a fully-funct
and provides use of the gym free of charge for any and all employees, including the executives. Althou
is a perquisite, there is no incremental cost to the Company of providing this gym access to the executi
in relation to such gym facilities.

(f) Represents payments for cellular phone monthly fees and usage costs and the cost of replace

(g) Spouses were invited to attend a Board of Directors and executive retreat in Cabo San Lucas
airfare for spouses, hotel expenses for extra nights stayed by the executives following the retreat, meals
retreat for the executives and their family members, and leisure activities during the retreat for the exec
and spa expenses). The cost of air travel attributed to each executive's spouse was calculated based on t
commercial air travel) or based on the total cost of the aircraft charter (divided by the total number of p

(h) During 2012 we made numerous payments on behalf of the executive officers for travel for v
purpose. Because of our inability to quantify with certainty the portion of these travel expenses that we
all such travel expenses paid by the Company for which we cannot verify a business purpose as perqui
airfare for the executive and/or his spouse and family, cost for airline upgrades, hotel expenses, meals,
the executive and/or his spouse and luggage charges during trips taken during 2012. The cost of air trav
(and, for Mr. Pyatt, his children) was calculated based on the price per airline ticket (for commercial tr
aircraft charter for charter air travel.

(i) This amount represents a cash withdrawal from an ATM using a Company credit card during
2012. While the amounts withdrawn by Mr. Pyatt were used by Mr. Pyatt for business meal and enterta
because of our inability to substantiate the use of these funds for business purposes, we have included a
table.

(12) Amounts under "All Other Compensation" for 2011 include the following life insurance premiums
executive officers and perquisites:

	Pyatt ($)	Meer ($)	Armenta ($)	Gregory ($)	Deluca ($)	Bluher ($
Apparel and Products (a)	4,226	800	1032	748	300	300
Automobile Expenses (b)	11,935	12,000	-	1,786	750	-
Club Fees and Expenses (c)	17,188	-	-	-	-	-
Health Expenses (d)	3,378	462	-	11,890	-	-
Life Insurance Premiums	360	360	360	180	180	180
Meals and Entertainment (e)	6,342	-	-	675	1,125	-
Personal Travel (f)	10,401	-	-	18,657	16,062	-

Phone (g)	-	1,554	-	1,314	375	-
Professional Fees (h)	8,000	-	-	1,000	-	-
Severance (i)	-	-	18,000	-	-	-
Gifts (j)	485	485	485	2,365	485	485
Miscellaneous (k)	3,685	-	-	-	-	-
TOTAL	66,000	15,661	19,877	38,615	19,277	965

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(a) These amounts include payments by the Company for apparel and Company and competitor
Company provides the executives with Company and competitor products at Company expense for pur
For Mr. Pyatt, the amount includes payments by the Company for apparel and jewelry.

(b) We provided an automobile allowance for Mr. Meer, Mr. Gregory and Mr. Deluca and the u
the Company car provided to Mr. Pyatt, the Company insures the car under its insurance programs, pay
other fees on the car, pays for all repairs and reimburses Mr. Pyatt for all gas and maintenance costs on
Pyatt represents that portion of the total annual cost to the Company for the automobile provided to Mr
For 2011, this amount also includes towing expenses.

(c) Represents payments for club memberships for Mr. Pyatt, including monthly dues, golf gues
the clubs and other personal expenses incurred by him at the clubs, including apparel. The $17,188 paid
represents $4,071 in monthly dues, $8,015 in meals and entertainment expenses incurred at the club, $2
in miscellaneous club charges, including apparel, golf equipment and other miscellaneous charges. Of
expenses paid for on behalf of Mr. Pyatt, the Company believes a portion of those expenses represented
However, because of our inability to quantify with certainty the portion of these expenses that were for
such expenses paid by the Company as perquisites in the table.

(d) Represents the payment of medical expenses. For Mr. Gregory, this represents payments for

(e) Represents meals, entertainment, event tickets and other incidental expenses (such as parking
officers' or his spouse's participation in community and business entertainment functions. The Compan
represented business-related expenditures. However, because of our inability to quantify with certainty
for personal use, we have included all of such expenses paid by the Company for which we cannot veri
the table. Because of the sports-oriented nature of the business, it is important for executives to attend a
addition to events for which we purchase tickets to facilitate attendance by our executives and their spo
and/or their spouses with event tickets that are provided to the Company [free of charge] through its va
to facilitate the Company's business interests and the executives' role as Company representatives at ev
and sponsorship and athlete relationships. There is typically no incremental cost to the Company of pro
an incremental cost to the Company of the executive's or the spouse's attendance, we have included the

Because of the sports-oriented nature of the Company's business, the Company maintains a fully-funct
and provides use of the gym free of charge for any and all employees, including the executives. Althou
is a perquisite, there is no incremental cost to the Company of providing this gym access to the executi
in relation to such gym facilities.

(f) During 2011 we made numerous payments on behalf of the executive officers for travel for w
purpose. Because of our inability to quantify with certainty the portion of these travel expenses that we
all such travel expenses paid by the Company for which we cannot verify a business purpose as perqui
airfare for the executive and/or his spouse, cost for airline upgrades, hotel expenses, meals, entertainme
executive and/or his spouse and luggage charges during trips taken during 2011. The cost of air travel w
airline ticket and all air travel was on commercial airlines.

(g) Represents payments for cellular phone monthly fees and usage costs for the executive and c

(h) Represents payment by the Company of amounts for personal financial planning and tax pre
Pyatt, represents payment by the Company of amounts for personal financial planning and tax preparat
representation ($3,000)

(i) Represents severance payable to Mr. Armenta in connection with his termination of employm
severance was paid over the six month period following his termination.

(j) Represents the value of an iPad given to the executives by the Company and, with respect to
computer equipment purchased by the Company for him.

(k) Represents numerous payments that appear to be expenditures for which we cannot verify a
include furniture, luggage and a parking ticket paid by the Company for personal use.

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(13) Amounts under "All Other Compensation" for 2010 include the following perquisites:

	Pyatt ($)	Armenta ($)	Gregory ($)	Meer ($)
Apparel and Products (a)	733	300	300	300
Automobile Expenses (b)	5,318	-	-	-
Club Fees and Expenses (c)	14,404	-	-	-
Healthcare Costs (d)	-	-	882	-
Meals and Entertainment (e)	512	-	225	-
Personal Travel (f)	2,483	-	6,696	-
Professional Fees (g)	2,250	-	-	-
Home Office Equipment (h)	-	1,500	-	-
Miscellaneous (i)	-	-	656	-
TOTAL	25,700	1,800	8,759	300

(a) These amounts include payments by the Company for apparel and Company and competitor
Company provides the executives with Company and competitor products at Company expense for pu

(b) We provide the use of a Company car for Mr. Pyatt. For the Company car provided to Mr. P
its insurance programs, pays all registration, license, taxes and other fees on the car, pays for all repair
and maintenance costs on the car. The amount disclosed for Mr. Pyatt represents that portion of the tot
automobile provided to Mr. Pyatt attributable to his personal use. For 2010, this amount also includes t

(c) Represents payments for club memberships for the named executive officer, including mont
entertainment costs at the clubs and other personal expenses incurred by him at the clubs, including ap
Mr. Pyatt for 2010 represents $4,072 in monthly dues, $8,377 in meals and entertainment expenses inc
golf, and $1,400 in miscellaneous club charges, including apparel, golf equipment and other miscellan
and entertainment expenses paid for on behalf of Mr. Pyatt, the Company believes a portion of those e
expenditures. However, because of our inability to quantify with certainty the portion of these expense
included all of such expenses paid by the Company as perquisites in the table.

(d) Represents payment of medical expenses by the Company for the named executive officer o

(e) Represents meals, entertainment, event tickets and other incidental expenses (such as parkin
officers' or his spouse's participation in community and business entertainment functions. The Compan
represented business-related expenditures. However, because of our inability to quantify with certainty
for personal use, we have included all of such expenses paid by the Company for which we cannot ver
the table. Because of the sports-oriented nature of the business, it is important for executives to attend
addition to events for which we purchase tickets to facilitate attendance by our executives and their sp

and/or their spouses with event tickets that are provided to the Company [free of charge] through its va
to facilitate the Company's business interests and the executives' role as Company representatives at ev
and sponsorship and athlete relationships. There is typically no incremental cost to the Company of pro
an incremental cost to the Company of the executive's or the spouse's attendance, we have included the

Because of the sports-oriented nature of the Company's business, the Company maintains a fully-funct
and provides use of the gym free of charge for any and all employees, including the executives. Althou
is a perquisite, there is no incremental cost to the Company of providing this gym access to the executi
in relation to such gym facilities.

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(f) During 2010 we made numerous payments on behalf of the executive officers for travel for v
purpose. Because of our inability to quantify with certainty the portion of these travel expenses that we
all such travel expenses for which we cannot verify a business purpose as perquisites in the table. Thes
executive and/or his spouse, cost for airline upgrades, hotel expenses, meals, entertainment and leisure
spouse and luggage charges during trips taken during 2010. The cost of air travel was calculated based
travel was on commercial airlines.

(g) This amount represents payments by the Company for personal financial planning and tax pr

(h) This amount represents home office equipment purchased for the executive by the Company

(i) This amount represents the payment by the Company of finance charges and late fees due by
card.

(14) Included in the $160,000 bonus for Mr. Pyatt is $9,696 that was previously recorded as an Other R

Outstanding Equity Awards at Year End

The following table provides information concerning the holdings of stock option and restricted stock u
officers as of December 31, 2012. This table includes unexercised (both vested and unvested) stock opt
stock unit awards with vesting conditions that were not satisfied as of December 31, 2012. Each equity
named executive officer. The vesting schedule for each outstanding equity award is shown in the footn

Outstanding Equity Awards at Year End

		Option Awards				Stock Awards	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	**Number of Shares or Units of Stock that Have**	**Market Valu Shares or Un of Stock that Have Not Vested** [2] ($)

						Not Vested (1) (#)	
Brad J. Pyatt	-	-	-	-	-	-	-
L. Gary Davis	11/16/2012	-	-	-	-	58,824	250,002
John H. Bluher	11/16/2012	-	-	-	-	70,589	300,003
Jeremy R. DeLuca	-	-	-	-	-	-	-
Cory J. Gregory	-	-	-	-	-	-	-

(1) The table below shows the vesting dates for the respective unvested restricted stock units listed in th Year-End for 2012 Table:

Vesting Date	Mr. Davis	Mr. Bluher
01/01/2013	19,608	23,530
01/01/2014	19,608	23,530
12/01/2014	19,608	23,529

(2) Market value of the restricted stock units represents the product of the closing price of our common trading day of the year), which was $4.25, and the number of shares underlying each such award.

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Employment Arrangements

On October 18, 2012, and amended on January 4, 2013 to reduce the base salary of each executive offi
officer, the Company entered into amended and restated employment agreements (except for Mr. Davi
agreement) with the following executive officers of the Company, which include its principal executiv
other named executive officers:

Name	Position
Brad J. Pyatt	Chief Executive Officer and President
L. Gary Davis	Chief Financial Officer
John H. Bluher	Executive Vice President – Chief Operating Officer
Jeremy R. DeLuca	Executive Vice President – Chief Marketing Officer
Cory J. Gregory	Executive Vice President

The employment agreements were executed based upon a form employment agreement approved by th
board. The employment agreements are for an initial term ending December 31, 2014. However, the er
Mr. Pyatt and Mr. DeLuca provide for an initial term ending December 31, 2015.

Under the terms of the employment agreements, each officer will receive an annual base salary in the a
increase the Compensation Committee may deem appropriate from time to time.

Name	Annual Base Salary
Brad J. Pyatt	$ 250,000
L. Gary Davis	$ 130,000
John H. Bluher	$ 200,000
Jeremy R. DeLuca	$ 225,000
Cory J. Gregory	$ 130,000

In addition, the officers will be eligible to receive one or more annual cash bonuses and grants of stock
equity-related awards from the Company's various equity compensation plans, as determined by the C

If the employment of an officer is terminated due to the officer's death or inability to perform, the emp
payment to the officer of any unpaid portion of the Officer's base salary and benefits accrued through t
and, at the discretion of the Compensation Committee, a bonus. The officer or his representatives will a

reimbursement of up to 12 months of Consolidated Omnibus Reconciliation Act, or COBRA, premium
timely elect and remain eligible for COBRA. If the officer's employment is terminated due to inability
entitled to (i) a lump sum payment equal to the greater of (A) the target bonus payable to the Officer fo
termination occurs or if no target bonus has been set, the officer's most recent annual bonus, and (B) a
determined by the Compensation Committee in its sole discretion; and (ii) a severance payment (payab
of the officer's base salary in effect as of the date of termination.

If the officer's employment is terminated for "cause" or if an Officer terminates his employment witho
in the employment agreement), the officer will not be entitled to a severance payment or any other term
Company will pay the officer any unpaid portion of the officer's base salary and benefits accrued throu

Upon a termination of an officer's employment (except for Mr. Pyatt) by the Company without cause a
officer for good reason without a change in control, the employment agreements provide that such offi
portion of the officer's base salary and benefits accrued through the date of termination; (ii) an amount
the lesser of (A) nine months of the officer's base salary in effect as of the date of termination, or (B) t
the term of his employment agreement; (iii) a lump sum payment equal to 25% of the officer's target b
the Officer's most recent annual bonus) if the termination is between January 1 and June 30 or 50% of
bonus has been set, the Officer's most recent annual bonus) if the termination is between July 1 and De
officer's outstanding equity awards, unless otherwise provided in the equity award agreement for a par
will also be entitled to receive a reimbursement of up to 12 months of COBRA premiums, if the officer
COBRA.

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Upon a termination of Mr. Pyatt's employment by the Company without cause and without a change in
without a change in control, Mr. Pyatt's employment agreement provides that he will be entitled to (i) a
benefits accrued through the date of termination; (ii) an amount payable over three months and equal to
of termination; (iii) a lump sum payment equal to the greater of (A) two times his target bonus for the f
termination occurs or if no target bonus has been set, then two times Mr. Pyatt's most recent annual bo
may be determined by the Compensation Committee in its sole discretion; (iv) acceleration of his outst
provided in the equity award agreement for a particular equity award; and (v) he will also be entitled to
months of COBRA premiums, if he timely elects and remains eligible for COBRA.

Upon a termination of an officer's employment (except for Mr. Pyatt) by the Company without cause a
officer for good reason after a change in control, the employment agreement provides that such officer
portion of the officer's base salary and benefits accrued through the date of termination; (ii) a severanc
equal to 12 months of the officer's base salary in effect as of the date of termination; (iii) a lump sum p
of the officer's target bonus in the year of termination or if no target bonus has been set, then 100% of
and (B) a bonus for such year as may be determined by the Committee in its sole discretion; (iv) a seve
within 30 days of the date of termination); (v) acceleration of the officer's outstanding equity awards; a
receive a reimbursement of up to 12 months of COBRA premiums, if the officer timely elects and rema

Upon a termination of Mr. Pyatt's employment by the Company without cause and with a change in co
after a change in control, Mr. Pyatt's employment agreement provides that he will be entitled to (i) any
benefits accrued through the date of termination; (ii) a severance payment (payable over 12 months) eq
effect as of the date of termination; (iii) a severance payment of $2 million (payable within 30 days of
of Mr. Pyatt's outstanding equity awards; and (vi) he will also be entitled to receive a reimbursement o
if he timely elects and remains eligible for COBRA.

The employment agreements also contain customary confidentiality, non-competition and non-solicitat
provisions, during the term of his employment agreement and for a period of six months after terminati
prohibited from, directly or indirectly, engaging in or becoming interested financially in, as a principal
shareholder, agent, manager, owner, advisor, lender, guarantor, officer or director, any business that is
industry and/or related products, subject to certain exceptions for passive investments.

Additionally, the non-solicitation provisions of the employment agreements prohibit the officer from s
of the Company or any person who was an employee of the Company in the 90-day period before such
during the officer's employment with the Company and for 12 months following the termination of the

Change in Control Payments

The Employment Agreements referenced in the above provide for payments upon termination or emplo
certain situations.

Director Compensation

Director Compensation for 2012

The following table sets forth the aggregate compensation paid to our non-employee directors during 2

Name	Fees Earned or Paid In Cash ($)	**Stock Awards**[1][2] **($)**	Total ($)
Michael J. Doron	10,000	2,233	12,223
James J. Greenwell	10,000	2,223	12,223
Donald W. Prosser	24,000	2,223	26,233

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(1) Reflects the full grant date fair value of restricted stock awards granted in 2012 calculated in accorda on the closing price of the common stock of $4.1652 (after adjustment for the reverse split of 1-for-8 grant.

(2) Reflects the full grant date fair value of restricted stock awards granted for 2012 calculated in accord on the closing price of the common stock of $6.00 on February 14, 2013, the date of grant, to make-u shares.

2012 Non-Employee Director Compensation Program

In October 2012, our board of directors adopted a non-employee director compensation program. Direc Company receive no additional compensation for their services as directors. Non-employee directors a board of directors as described below. The following table describes the components of compensation beginning October 2012:

Compensation Element	2012 Compensation Program ($)
Annual Cash Retainer	20,000
Annual Equity Retainer Award	25,000
Board Meeting Fees	1,000
Audit Committee Chair Committee Meeting Fee	1,000
New Director Fee (one-time equity grant)	2,000

Annual Cash Retainer and Meeting Fees**.** Beginning in October 2012, each non-employee director wh receive an annual cash retainer fee of $20,000 per year, pro rata for service less than one year. Non-em $1,000 per meeting attended for all in-person and telephonic meetings of the Board subject to a $6,000 the Audit Committee Chair will receive $1,000 per Audit Committee meeting.

Annual Equity Retainer Award. Beginning in January 2013 and pro-rata for the fourth quarter of 2012 receive $25,000 of the annual board retainer fee in the form of restricted common stock with the numb determined by dividing that dollar amount by the closing price of our common stock on the date of gra stock will vest in four equal quarterly installments. The restricted common stock awards will be forfeit directors who leave the board during the year will receive any vested restricted common stock. On Feb non-employee director a restricted stock award for 6,252 restricted shares of common stock that vests a beginning March 31, 2013.

New Director Fee (one-time equity grant). Beginning in October 2012, each non-employee director w restricted common stock with a value of approximately $2,000 with the number of shares of restricted c that dollar amount by the closing price of our common stock on the date of grant. These shares of restri upon grant. On November 16, 2012, we issued 353 shares to our three non-employee directors as their

2013, we issued an additional 132 shares to our three non-employee directors because the number of sh
November 16, 2012 was less than the approximate value of $2,000 for the initial grant.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockh

The following table sets forth information known to MusclePharm with respect to the beneficial owner
value per share, as of March 29, 2013, unless otherwise noted, by:

- each stockholder known to MusclePharm to own beneficially more than 5% of MusclePharm's comm
- each of MusclePharm's directors;
- each of MusclePharm's named executive officers; and
- all of MusclePharm's current directors and named executive officers as a group.

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We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated
based on the information furnished to us, that the persons and entities named in the table below have so
respect to all shares of common stock or Series B Preferred Stock that they beneficially own, subject to

Applicable percentage ownership is based on 6,766,647 shares of common stock and 51 shares of Serie
March 29, 2013. For purposes of computing total voting percentage, each share of Series B Preferred S
total outstanding shares for purposes of calculating voting percentages of 51%. Except as set forth belo
listed in the table below is c/o MusclePharm Corporation, 4721 Ironton Street, Building A, Denver, Co

	Shares Beneficially Owned				
	Common Stock (1)		Series B Preferred Stock (1)		
Name of Beneficial Owner	Shares	% (2)	Shares	% (3)	
Named Executive Officers:					
Brad J. Pyatt	165,418	2.4 %	31	60.78	%
L. Gary Davis	19,678	*	-	-	
John H. Bluher	43,118	*	-	-	
Jeremy R. DeLuca	143,325	2.1 %	-	-	
Cory J. Gregory	155,658	2.3 %	20	39.22	%
Non-Employee Directors:					
Michael J. Doron	6,737	*	-	-	
James J. Greenwell	11,737	*	-	-	
Donald W. Prosser	6,737	*	-	-	
Officers and Directors as a Group (eight persons):	552,408	8.2 %	51	100	%

* Represents less than one percent.

(1) This column lists beneficial ownership of voting securities as calculated under SEC rules. Otherwise
director, named executive officer or entity has sole voting and investment power over the shares repo
pledge. Standard brokerage accounts may include nonnegotiable provisions regarding set-offs or sim

(2) Percent of class based on 6,776,647 shares of common stock outstanding as of March 29, 2013. This
stock ownership.

(3) Percent of Series B Preferred Stock based on 51 shares of Series B Preferred Stock outstanding as of

(4) Percentage of total voting power represents voting power with respect to all shares of our common s
voting together as a single class. The holders of our Series B Preferred Stock are entitled to 138,292.
common stock are entitled to one vote per share.

<u>Beneficial Owners of More than Five Percent</u>

The following table shows the number of shares of our common stock, as of March 29, 2013, held by p
more than five percent of our outstanding common stock.

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	Shares Beneficially Owned Common Stock (1)		Series B Preferred Stock (1)		Total Voting
Name of Beneficial Owner	Shares	% (2)	Shares	% (3)	% (4)
GRQ Consultants Inc. (5)	416,247	6.1 %	-	-	3.0 %
Melechdavid, Inc. (6)	353,821	5.2 %	-	-	2.6 %

(1) This column lists beneficial ownership of voting securities as calculated under SEC rules. Otherwise director, named executive officer or entity has sole voting and investment power over the shares rep pledge. Standard brokerage accounts may include nonnegotiable provisions regarding set-offs or sim

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(5) Mr. Barry C. Honig is the President of GRQ Consultants, Inc. and in such capacity holds voting and such entity. The principal place of business for GRQ is 4400 Biscayne Boulevard, Miami FL 33137.

(6) Mr. Mark E. Groussman is the President of Melechdavid, Inc. and in such capacity holds voting and such entity. The principal place of business for Melechdavid is 4400 Biscayne Boulevard, Miami, F

Equity Compensation Plan Information

The following table provides information as of December 31, 2012, regarding compensation plans (inc arrangements) under which our equity securities are authorized for issuance. The table includes inform Stock Incentive Plan.

PLAN CATEGORY	**Number of securities to be issued upon exercise of outstanding options, warrants and rights** **(a)** (1)	Weighted avera exercise price o outstanding options, warran and rights (b)
Equity compensation plans approved by security holders:	1,847	$ 425.00
Equity compensation plans not approved by security holders:	-	-
Total	1,847	$ 425.00

(1) Reflects the 1-for-850 reverse stock split of our common stock that we effected on November 26, 20

Item 13. Certain Relationships, Related Transactions and Director Independence

In addition to the named executive officer and director compensation arrangements discussed in "Exec
transactions since January 1, 2012, to which we have been a participant, in which the amount involved
exceed $120,000 and in which any of our directors, executive officers or holders of more than 5% of o
family member of, or person sharing the household with, any of these individuals, had or will have a d

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Consulting Agreements

On November 23, 2011, we entered into a consulting agreement with El Chichon Partners, LLC and G
to Mr. Burr becoming a director of the Company. The consulting agreement provides that Mr. Burr wil
for us. The amount paid under this agreement in the year ended December 31, 2011 was $200,000, whi
issued in the name of El Chichon Partners, LLC and exercisable for 117,648 shares of common stock a
of common stock. Further, this agreement was amended on April 20, 2012 and added an additional wa
Partners, LLC and exercisable for 35,295 shares of common stock at an exercise price of $12.75 per sh
a lock-up of one year after exercise thereof. The shares of common stock underlying each warrant hav
months and piggy-back registration rights.

On July 12, 2012, we entered into a consulting agreement with Melechdavid, Inc. (“Melechdavid”), an
director, prior to Mr. Groussman becoming a director of the Company. The consulting agreement prov
consulting services to us related to strategic acquisitions, capital restructuring and Mr. Groussman will
directors. Mr. Groussman was appointed to our board of directors on July 19, 2012, and resigned from
The consulting agreement provides that we will issue to Melechdavid shares of common stock in an an
common stock on a fully diluted (as-converted) basis. Further, until July 12, 2014, we are required to e
its 4.2% fully diluted equity position. The term of the consulting agreement is 12 months.

On July 12, 2012, we entered into a consulting agreement with GRQ Consultants, Inc. (“GRQ”), an af
agreement provides that GRQ will provide consulting services to us related to banking relationships, st
restructuring. The consulting agreement provides that we will issue to GRQ shares of common stock in
outstanding common stock on a fully diluted (as-converted) basis. Further, until July 12, 2014, we are
maintain its 4.2% fully diluted equity position. The term of the consulting agreement is 12 months.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and named executive offic
and our bylaws will require us to indemnify our directors to the fullest extent permitted by Nevada law

Warrant Conversion

On September 20, 2012, we entered into a warrant conversion agreement with Mr. Bluher, our Executi
Officer, for the conversion of warrants to purchase 29,412 shares of our common stock into 19,589 sha

On September 12, 2012, we entered into a warrant conversion agreement with El Chichon Partners, LL
former director of the Company) for the conversion of warrants to purchase 152,942 shares of our com
common stock.

On September 30, 2012, we entered into a warrant conversion agreement with Mr. Groussman, a forme
for the conversion of warrants to purchase 4,412 shares of our common stock into 3,750 shares of our c

Review, Approval or Ratification of Transactions with Related Parties

We intend to adopt a written related person transactions policy that our executive officers, directors, no
beneficial owners of more than 5% of our common stock, and any members of the immediate family o
the foregoing persons, are not permitted to enter into a material related person transaction with us with
committee, or a committee composed solely of independent directors in the event it is inappropriate fo
transaction due to a conflict of interest. We expect the policy to provide that any request for us to enter
officer, director, nominee for election as a director, beneficial owner of more than 5% of our common
family members or affiliates, in which the amount involved exceeds $120,000 will be presented to our
consideration and approval. In approving or rejecting any such proposal, we expect that our audit com
and circumstances available and deemed relevant to the audit committee, including, but not limited to,
less favorable than terms generally available to an unaffiliated third party under the same or similar cir
person's interest in the transaction.

Although we have not had a written policy for the review and approval of transactions with related per
historically reviewed and approved any transaction where a director or officer had a financial interest,
described above. Prior to approving such a transaction, the material facts as to a director's or officer's
agreement or transaction were disclosed to our board of directors. Our board of directors would take th
evaluating the transaction and in determining whether such transaction was fair to us and in the best in

Item 14. Principal Accountant Fees and Services

The Audit Committee of the board of directors has retained EKS&H LLLP ("EKS&H") as our indepe
independent auditor). EKS&H audited our financial statements for the year ended December 31, 2012.
consolidated financial statements as of and for the year ended December 31, 2012 did not contain an a
and was not qualified or modified as to uncertainty, audit scope or accounting principles.

Audit Committee Pre-Approval Policies and Procedures

To help assure independence of the independent auditor, the Audit Committee has established a policy
non-audit engagements of the principal auditor or other firms must be approved in advance by the Aud
de minimis non-audit services may instead be approved in accordance with applicable SEC rules. This
Committee Charter. Of the fees shown above in the table, which were paid to our independent auditor,
Committee.

Fees Paid to Independent Registered Public Accountants

The following is a summary and description of fees for services for the fiscal years ended December 3

Services	2012	2011
Audit Fees	$160,286	$211,328
Audit-Related Fees	222,454	-
Tax Fees		-
All Other Fees		-
Total	$382,740	$211,328

Audit Fees. Audit fees relate to professional services rendered in connection with the audit of our annu
review of financial statements included in our quarterly reports on Form 10-Q and audit services provi
and regulatory filings.

Audit-Related Fees. This category includes the aggregate fees billed in each of the last two fiscal years
the independent auditors that are reasonably related to the performance of the audits or reviews of the f
above under "Audit Fees," and generally consist of fees for accounting consultation and audits of empl

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PART IV

Item 15. Exhibits, Financial Statement Schedules

Exhibit No.	Description	Incorporated by Reference Form	SEC File No.	Exhibit	Fili
2.1	Agreement Concerning the Exchange of Securities by and Among Tone in Twenty and Muscle Pharm, LLC and the Security Holders of Muscle Pharm, LLC, dated February 1, 2010.	8-K	000-53166	2.1	Feb
3.1	Articles of Incorporation of MusclePharm Corporation, as amended.	10-K	000-53166	3.1	Apr
3.2	Bylaws of MusclePharm Corporation (successor to Tone In Twenty). (Amended on March 1, 2010 to change fiscal year end to December 31 – set forth on Form 8-K filed on 03-03-2010.)	SB-2	333-147111	3.2	Nov
4.1	Specimen of certificate for MusclePharm Corporation Series D Convertible Preferred Stock.	8-K	000-53166	4.1	Janu
4.2	Specimen of certificate for MusclePharm Corporation Common Stock.	S-1/A	333-184625	4.4	Dec
4.3	Form of Promissory Note, dated July 13, 2012, issued by MusclePharm Corporation in favor of TCA Global Credit Master Fund LP.	8-K	000-53166	4.1	July
4.4	Form of Promissory Note.	8-K	000-53166	4.2	Dec
10.1	Purchasing Agreement with General Nutrition Corporation dated December 16, 2009.	8-K	000-53166	10.2	Feb
10.2	Order Approving Stipulation for Settlement of Claim, dated December 8, 2010, between MusclePharm Corporation and Socius CG II, Ltd.	8-K	000-53166	10.1	Dec
10.3	Endorsement Agreement, dated July 20, 2011, between MusclePharm Corporation and Michael Vick, individually.	8-K	000-53166	10.1	July
10.4	Convertible Promissory Note between MusclePharm Corporation and Brad J. Pyatt, dated November 18, 2010.	S-1/A	333-176771	4.2	Sep

10.5	Convertible Promissory Note between MusclePharm Corporation and Brad J. Pyatt, dated November 23, 2010.	S-1/A	333-176771	4.3	Sep
10.6	Amended and Restated Employment Agreement, dated November 14, 2011, between MusclePharm Corporation and Brad J. Pyatt.	10-Q	000-53166	10.6	Nov
10.7	Amended and Restated Employment Agreement, dated November 14, 2011, between MusclePharm Corporation and Cory J. Gregory.	10-Q	000-53166	10.7	Nov
10.8	Employment Agreement, dated September 15, 2011, by and between MusclePharm Corporation and John H. Bluher.	10-Q	000-53166	10.4	Nov

10.9	Employment Agreement, dated November 14, 2011, by and between MusclePharm Corporation and Jeremy R. DeLuca.	10-Q	000-53166	10.5	Nov
10.10	Securities Purchase Agreement, dated July 10, 2012, between MusclePharm Corporation and Subscribers set forth therein.	8-K	000-53166	10.1	July
10.11	Consulting Agreement, dated July 12, 2012, between MusclePharm Corporation and Melechdavid, Inc.	8-K	000-53166	10.2	July
10.12	Consulting Agreement, dated July 12, 2012, between MusclePharm Corporation and GRQ Consultants, Inc.	8-K	000-53166	10.3	July
10.13	Form of Committed Equity Facility Agreement, dated July 13, 2012, between MusclePharm Corporation and TCA Global Credit Master Fund LP.	8-K	000-53166	10.1	July
10.14	Form of Registration Rights Agreement, dated July 13, 2012, between MusclePharm Corporation and TCA Global Credit Master Fund LP.	8-K	000-53166	10.1	July
10.15	Form of Security Agreement, dated July 13, 2012, between MusclePharm Corporation and TCA Global Credit Master Fund LP.	8-K	000-53166	10.1	July
10.16	Form of Indemnification Agreement.	8-K	000-53166	10.1	Aug
10.17	Amended and Restated Employment Agreement, dated October 18, 2012, between MusclePharm Corporation and Brad J. Pyatt.	8-K	000-53166	10.1	Octo
10.18	Employment Agreement, dated October 18, 2012, between MusclePharm Corporation and L. Gary Davis.	8-K	000-53166	10.2	Octo
10.19	Amended and Restated Employment Agreement, dated October 18, 2012, between MusclePharm Corporation and John H. Bluher.	8-K	000-53166	10.3	Octo
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10.21	Amended and Restated Employment Agreement, dated October 18, 2012, between MusclePharm Corporation and Cory J. Gregory.	8-K	000-53166	10.5	Octo
10.22	Form of Restricted Stock Unit Award.	8-K	000-53166	10.1	Nov
10.23		8-K	000-53166	10.1	Dec

	Subscription Agreement dated November 30, 2012 between MusclePharm Corporation and the subscribers listed therein.				
10.24	Form of Escrow Agreement.	POS AM	333-184625	10.24	Janu
10.25	Form of Subscription Agreement.	8-K	000-53166	10.1	Janu
10.26	Form of Restricted Stock Award	8-K	000-53166	10.1	

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14.1	Code of Ethics	8-K	000-53166	14	A
21	Subsidiary of the Registrant.	S-1	333-184625	21	C
23.1	Consent of EKS&H LLLP				
23.2	Consent of Berman & Company, P.A.	10-K	000-53166	23.2	A
24.1	Power of Attorney (included on the signature page hereof).				
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
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101.INS	INS XBRL Instance Document.	10-K	000-53166	101.INS	A
101.SCH	SCH XBRL Schema Document.	10-K	000-53166	101.SCH	A
101.CAL	CAL XBRL Calculation Linkbase Document.	10-K	000-53166	101.CAL	A
101.DEF	DEF XBRL Definition Linkbase Document.	10-K	000-53166	101.DEF	A
101.LAB	LAB XBRL Label Linkbase Document.	10-K	000-53166	101.LAB	A
101.PRE	PRE XBRL Presentation Linkbase Document.	10-K	000-53166	101.PRE	A

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Regist
signed on its behalf by the undersigned, thereunto duly authorized.

MUSCLEPHARM CORPORATION (the “Registrant”)

Dated: October 31, 2014 By: */s/ Brad J. Pyatt*
Brad J. Pyatt, Chief Executive Officer and President

(Power of Attorney)

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitu
true and lawful attorney or attorneys-in-fact and agents, with full power to act with or without the othe
resubstitution, to execute in his name, place and stead, in any and all capacities, any or all amendments
for the year ended December 31, 2012, and to file the same, with all exhibits thereto, and other docume
Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and each of them
perform in the name of and on behalf of the undersigned, in any and all capacities, each and every act a
done in and about the premises, to all intents and purposes and as fully as they might or could do in pe
confirming all that said attorneys-in-fact and agents or their substitutes may lawfully do or cause to be

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below
the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Brad J. Pyatt Brad J. Pyatt	Principal Executive Officer and Director	October 31, 2014
/s/ Donald W. Prosser Donald W. Prosser	Principal Financial Officer and Principal Accounting Officer	October 31, 2014
/s/ Richard F. Estalella Richard F. Estalella	President and Director	October 31, 2014
/s/ Michael J. Doron Michael J. Doron	Director	October 31, 2014

/s/ Daniel J. McClory Daniel J. McClory	Director	October 31, 2014
/s/ Gregory Macosko Gregory Macosko	Director	October 31, 2014
/s/ Andrew Lupo Andrew Lupo	Director	October 31, 2014

EXHIBIT INDEX

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