

MusclePharm Corp
Form POS AM
October 05, 2012

As filed with the Securities and Exchange Commission on October 5, 2012

Registration No. 333-178427

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT No. 1

(Amendment No. 2)

TO

FORM S-1

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

MUSCLEPHARM CORPORATION

(Exact name of registrant as specified in its charter)

Nevada	2834	77-0664193
(State or other jurisdiction of incorporation)	(Primary Standard Industrial Classification Code Number)	I.R.S. Employer Identification No.)

4721 Ironton Street, Building A

Denver, CO 80239

Tel: (303) 396-6100

(Address and telephone number of registrant's principal executive offices and principal place of business)

Brad Pyatt

5348 Vegas Dr.

Las Vegas, NV 89108

Tel: (702) 953-1890

(Name, address and telephone number of agent for service)

Communication Copies to:

Lucosky Brookman LLP

33 Wood Avenue South, 6th Floor

Iselin, New Jersey 08830

Tel No.: (732) 395-4400

Fax No.: (732) 395-4401

Approximate date of commencement of proposed sale to the public: **As soon as practicable after this Registration Statement becomes effective.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration Statement number of the earlier effective registration statement for the same offering. o

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SUCH SECTION 8(a), MAY DETERMINE.

EXPLANATORY NOTE

On January 26, 2012, the U.S. Securities and Exchange Commission declared effective the registration statement on Form S-1 (the “Registration Statement”) filed by MusclePharm Corporation (the “Company”). The Company is filing this post-effective amendment to the Registration Statement for the purpose of updating its financial and other disclosures.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the U.S. Securities and Exchange Commission (“SEC”) is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated October 5, 2012

MUSCLEPHARM CORPORATION

74,400,000 SHARES OF COMMON STOCK

This prospectus relates to the resale of 74,400,000 Shares of our common stock, par value \$0.001 per share, by the selling security holders (the “Selling Security Holders”), including (i) 42,000,000 Purchase Shares (as defined herein), and (ii) 32,400,000 Warrant Shares (as defined herein, and together with the Purchase Shares, the “Shares”).

We will not receive any proceeds from the sale of the Shares. However, we will receive proceeds from the exercise of the Warrant Shares. The proceeds will be used for working capital or general corporate purposes. We will bear all costs associated with the registration of the Shares under the Securities Act.

Our common stock is quoted on the OTCBB under the symbol “MSLP.OB.” The Shares registered hereunder are being offered for sale by the Selling Security Holders at prices established on the OTCBB during the term of this offering. On October 4, 2012, the closing bid price of our common stock was \$0.01 per share. These prices will fluctuate based on the demand for our common stock.

This investment involves a high degree of risk. You should purchase shares only if you can afford a complete loss. See “Risk Factors” beginning on page 9.

Neither the SEC 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.

The date of this prospectus is _____, 2012

TABLE OF CONTENTS

	PAGE
Prospectus Summary	5
Summary of Financial Information	7
Risk Factors	8
Use of Proceeds	15
Determination of Offering Price	15
Selling Security Holders	15
Plan of Distribution	17
Description of Securities to be Registered	19
Interests of Named Experts and Counsel	21
Description of Business	21
Description of Property	30
Legal Proceedings	31
Market for Common Equity and Related Stockholder Matters	31
Penny Stock Rules	32
Management Discussion and Analysis of Financial Condition and Results of Operation	33
Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	44
Directors, Executive Officers, Promoters and Control Persons	44
Executive Compensation	50
Security Ownership of Certain Beneficial Owners and Management	54
Transactions with Related Persons, Promoters and Certain Control Persons	55
Disclosure of Commission Position on Indemnification of Securities Act Liabilities	56

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that which is contained in this prospectus. This prospectus may be used only where it is legal to sell these securities. The information in this prospectus may only be accurate on the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of securities. This prospectus contains important information about us that you should read and consider carefully before you decide whether to invest in our common stock. If you have any questions regarding the information in this prospectus, please contact Brad Pyatt, our Chief Executive Officer, at: MusclePharm Corporation, 4721 Ironton Street, Denver, CO 80239, or by phone at (303) 396-6100.

PROSPECTUS SUMMARY

This summary highlights certain information contained elsewhere in this prospectus. Because it is a summary, it may not contain all of the information that is important to you. Before investing in our common stock, you should read this entire prospectus carefully, especially the sections entitled "Risk Factors" beginning on page 9 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 36, as well as our financial statements and related notes included elsewhere in this prospectus. In this prospectus, the terms "MusclePharm," "Company," "we," "us" and "our" refer to MusclePharm Corporation.

Overview

MusclePharm Corporation was initially incorporated in the State of Nevada on August 4, 2006, under the name Tone in Twenty, for the purpose of engaging in the business of providing personal fitness training using isometric techniques ("Tone in Twenty"). Tone in Twenty was never able to raise the level of funding necessary to commence operations. On February 18, 2010, the Company acquired all of the issued and outstanding equity and voting interests of Muscle Pharm, LLC, a Colorado limited liability company, in exchange for 26,000,000 shares of the Company's common stock. The shares were issued pursuant to that certain Securities Exchange Agreement, dated February 1, 2010 (the "Securities Exchange Agreement"). As a result of this transaction, Muscle Pharm, LLC became a wholly owned subsidiary of the Company. The 26,000,000 shares represented approximately 99.7% of the common stock outstanding following the closing of this transaction. As part of this transaction, the Company's former President sold his 366,662 shares to Muscle Pharm, LLC for \$25,000 and these shares were then cancelled.

As part of the Securities Exchange Agreement, the Company agreed to seek shareholder approval of an amendment to the Company's Articles of Incorporation changing the name of the Company to MusclePharm Corporation." This amendment was approved by a majority of the Company's shareholders and the name change became effective on March 1, 2010.

MusclePharm currently manufactures and markets wide-ranging variety of high-quality sports nutrition products, including: Assault™, Battle Fuel™, Bullet Proof™, Combat™, SHRED Matrix®, and Re-con®. These products are comprised of amino acids, herb, and proteins scientifically tested and proven as safe and effective for the overall health of athletes. These nutritional supplements were created to enhance the effects of workouts, repair muscles, and nourish the body for optimal physical fitness.

Sales & Recent Developments

MusclePharm is an expanding healthy life-style company that develops and distributes a full line scientifically approved nutritional supplements that are 100% free of any banned substances. Based on years of research, MusclePharm products are developed through an advanced six-stage research process involving the expertise of top nutritional scientists and field tested by more than 100 elite professional athletes from various sports including the National Football League, mixed martial arts, and Major League Baseball. The Company's propriety and award winning products address all categories of an active lifestyle, including muscle building, weight loss, and maintaining general fitness through a daily nutritional supplement regimen. MusclePharm products are sold in over 120 countries and available in over 5,000 U.S. retail outlets, including GNC, Vitamin Shoppe, and Vitamin World. The Company also sells its products in over 100 online stores, including bodybuilding.com, amazon.com and vitacost.com.

For the six months ended June 30, 2012, two customers accounted for approximately 46% of net sales. Our largest customer for the six months ended June 30, 2012 accounted for 35% of our sales. For the year ended December 31, 2011, two customers accounted for approximately 55% of net sales. Our largest customer for the year ended December 31, 2011 represented 41% of our sales. For the year ended December 31, 2010, three customers accounted for approximately 67% of our sales and the largest customer accounted for 45% of our sales.

Where You Can Find Us

Our principal executive office is located at 4721 Ironton Street, Denver, CO 80239, and our telephone number is (303) 396-6100. Our Internet address is www.musclepharm.com.

The Offering

Common Stock

Offered by the Selling Security Holders 74,400,000 shares of common stock.

Common Stock

Outstanding Before the Offering 2,321,005,466 shares of common stock as of October 4, 2012.

Common Stock

Outstanding After the Offering (1) 2,321,005,466 shares of common stock.

Terms of the Offering

The selling security holder will determine when and how they will sell the common stock offered in this prospectus.

Termination of the Offering

This offering will terminate at the earlier of (i) the date all of the shares of common stock are sold by the selling security holders or (ii) twenty-four (24) months after the registration statement to which this prospectus is made a part is declared effective by the SEC.

Use of Proceeds

We will not receive any proceeds from the sale of the shares of common stock offered by the Selling Security Holders. However, we will receive proceeds from the exercise of certain outstanding warrants. We intend to use net proceeds for working capital and general corporate purposes. See "Use of Proceeds."

Risk Factors

The common stock offered hereby involves a high degree of risk and should not be purchased by investors who cannot afford the loss of their entire investment. See "Risk Factors" beginning on page 9.

OTCBB Symbol

MSLP

(1) This number does not include the 32,400,000 Warrant Shares. The 42,000,000 Purchase Shares being registered hereunder have already been issued.

SUMMARY OF FINANCIAL INFORMATION

The following selected financial information is derived from the Company's Financial Statements appearing elsewhere in this Prospectus and should be read in conjunction with the Company's Financial Statements, including the notes thereto, appearing elsewhere in this Prospectus.

*Summary of Statements of Operations***For the Years Ended December 31 (audited):**

	2011	2010
Sales	\$17,212,636	\$3,202,687
Loss from operations	\$(16,220,160)	\$(18,251,836)
Other expense	\$(7,060,790)	\$(1,317,501)
Net loss	\$(23,280,950)	\$(19,569,337)
Net loss per common share - basic and diluted	\$(.08)	\$(.48)
Weighted average number of common shares outstanding - basic and diluted	281,484,658	41,141,549

For the Three Months Ended June 30 (unaudited):

	2012	2011
Sales	\$15,429,340	\$3,397,742
Loss from operation	\$(1,664,341)	\$(1,893,768)
Other income (expense)	\$7,846,245	\$(5,542,855)
Net income (loss)	\$6,181,904	\$(7,436,623)
Other comprehensive income	\$40,719	\$-
Total comprehensive income (loss)	\$6,222,623	\$(7,436,623)
Net income (loss) per common share - basic and diluted	\$0.00	\$(0.04)
Weighted average number of common shares outstanding - basic and diluted	1,388,624,267	201,864,655

For the Six Months Ended June 30 (unaudited):

	2012	2011
Sales	\$31,990,020	\$6,431,678
Loss from operation	\$(2,391,634)	\$(2,980,993)
Other income (expense)	\$(7,461,755)	\$(9,467,552)
Net income (loss)	\$(9,853,389)	\$(12,448,545)
Other comprehensive income	\$40,719	\$-
Total comprehensive income (loss)	\$(9,812,670)	\$(12,448,545)
Net income (loss) per common share - basic and diluted	\$(0.01)	\$(0.07)

Weighted average number of common shares outstanding - basic and diluted 1,301,222,184 174,365,323

Statement of Financial Position

For the Years Ended December 31 (audited):

	2011	2010
Cash	\$659,764	\$43,704
Total assets	\$5,046,128	\$2,720,981
Working Capital (Deficit)	\$(13,693,267)	\$(1,721,207)
Long term debt	\$307,240	\$250,000
Stockholders' deficit	\$(12,971,212)	\$(1,744,667)

	June 30, 2012 (unaudited)	December 31, 2011 (audited)
Cash	\$291,971	\$659,764
Cash - restricted	\$52,744	\$-
Total assets	\$4,725,828	\$5,046,128
Working capital (deficit)	\$(12,668,017)	\$(13,693,267)
Long term debt	\$114,682	\$307,240
Stockholders' deficit	\$(11,013,113)	\$(12,971,212)

RISK FACTORS

The following discussion and analysis should be read in conjunction with the other financial information and consolidated financial statements and related notes appearing in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results will depend upon a number of factors beyond our control and could differ materially from those anticipated in the forward-looking statements. Some of these factors are discussed below and elsewhere in this prospectus.

Risks Related to Our Business and Industry

OUR INDEPENDENT AUDITORS HAVE EXPRESSED SUBSTANTIAL DOUBT ABOUT OUR ABILITY TO CONTINUE AS A GOING CONCERN, WHICH MAY HINDER OUR ABILITY TO OBTAIN FUTURE FINANCING.

As reflected in the accompanying financial statements, the Company had a net loss of \$23,280,950 and net cash used in operations of \$5,801,761 for the year ended December 31, 2011, and a working capital deficit and stockholders' deficit of \$13,693,267 and \$12,971,212, respectively, at December 31, 2011. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue its operations is dependent on management's plans, which include the raising of capital through debt and/or equity markets with some additional funding from other traditional financing sources, including term notes, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur liabilities with certain related parties to sustain the Company's existence.

The Company will require additional funding to finance the growth of its current and expected future operations as well as to achieve its strategic objectives. The Company believes its current available cash along with anticipated revenues may be insufficient to meet its cash needs for the near future. There can be no assurance that financing will be available in amounts or terms acceptable to the Company, if at all.

In response to these problems, management has taken the following actions:

- seeking additional third party debt and/or equity financing;

- execute a plan to recapitalize the company;

- continue with the implementation of the business plan;

- generate new sales from international customers; and

- allocate sufficient resources to continue with advertising and marketing efforts.

In their report dated April 13, 2012, our independent auditors stated that our financial statements for the period ended December 31, 2011, were prepared assuming that we would continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

WE WILL NEED TO RAISE ADDITIONAL CAPITAL TO CARRY OUT OUR BUSINESS PLAN.

We will need to raise additional capital to fund the growth of our business. There is no guarantee that we will be able to access additional capital at rates and on terms which are attractive to us, if at all. Without the additional funding needed to fund our growth we may not be able to grow as planned.

OUR FAILURE TO APPROPRIATELY RESPOND TO COMPETITIVE CHALLENGES, CHANGING CONSUMER PREFERENCES AND DEMAND FOR NEW PRODUCTS COULD SIGNIFICANTLY HARM OUR CUSTOMER RELATIONSHIPS AND PRODUCT SALES.

The nutritional sports supplement industry is characterized by intense competition for product offerings and rapid and frequent changes in consumer demand. Our failure to accurately predict product trends could negatively impact our products and inventory levels and cause our revenues to decline.

Our success with any particular product offering (whether new or existing) depends upon a number of factors, including our ability to:

- deliver products in a timely manner in sufficient volumes;
- accurately anticipate customer needs and forecast accurately to the manufacturer in a rapidly expanding business;
- differentiate our product offerings from those of our competitors;
- competitively price our products; and
- develop and/or acquire new products.

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

OUR INDUSTRY IS HIGHLY COMPETITIVE, AND OUR FAILURE TO COMPETE EFFECTIVELY COULD ADVERSELY AFFECT OUR MARKET SHARE, FINANCIAL CONDITION AND FUTURE GROWTH.

The sports supplement industry is highly competitive with respect to:

- price;

- shelf space and store placement;

- brand and product recognition;

- new product introductions; and

- raw materials.

Several of our competitors are larger, more established and possess greater financial, personnel, distribution and other resources. We face competition in the health food channel from a limited number of large nationally known manufacturers, private label brands and 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 MATERIAL REDUCTION IN PURCHASE VOLUME BY ANY OF THESE CUSTOMERS WOULD ADVERSELY AFFECT OUR SALES AND OPERATING RESULTS.

For the six months ended June 30, 2012, two customers accounted for approximately 46% of net sales. Our largest customer for the six months ended June 30, 2012 accounted for 35% of our sales. For the year ended December 31, 2011, two customers accounted for approximately 55% of net sales. Our largest customer for the year ended December 31, 2011 represented 41% of our sales. For the year ended December 31, 2010, three customers accounted for approximately 67% of our sales and the largest customer accounted for 45% of our sales. The loss of any of our major customers, a significant reduction in purchases by any major customer, or, any serious financial difficulty of a major customer, could have a material adverse effect on our sales and results of operations.

Customer	2011	2010
A	41 %	45 %
B	14 %	7 %
C	- %	15 %

ADVERSE PUBLICITY OR CONSUMER PERCEPTION OF OUR PRODUCTS AND ANY SIMILAR PRODUCTS DISTRIBUTED BY OTHERS COULD HARM OUR REPUTATION AND ADVERSELY AFFECT OUR SALES AND REVENUES.

We are highly dependent upon positive consumer perceptions of the safety and quality of our products as well as similar products distributed by other sports nutrition supplement companies. Consumer perception of sports nutrition supplements and our products in particular can be substantially influenced by scientific research or findings, national media attention and other publicity about product use. Adverse publicity from such sources regarding the safety, quality or efficacy of dietary supplements and our products could harm our reputation and results of operations. The mere publication of reports asserting that such products may be harmful or questioning their efficacy could have a material adverse effect on our business, financial condition and results of operations, regardless of whether such reports are scientifically supported or whether the claimed harmful effects would be present at the dosages recommended for such products.

IF WE ARE UNABLE TO RETAIN KEY PERSONNEL, OUR ABILITY TO MANAGE OUR BUSINESS EFFECTIVELY AND CONTINUE OUR GROWTH COULD BE NEGATIVELY IMPACTED.

Key management employees include Brad J. Pyatt, Cory Gregory, Jeremy DeLuca, Lewis Gary Davis, Larry Meer, John H. Blucher, and certain other individuals. These key management employees are primarily responsible for our day-to-day operations, and we believe our success depends in large part on our ability to retain them and to continue to attract additional qualified individuals to our management team. Currently, we have executed employment agreements with our key management employees. We anticipate having all key executives under new performance based contracts by the end of the third quarter of 2012. The loss or limitation of the services of any of our key management employees or the inability to attract additional qualified personnel could have a material adverse effect on our business and results of operations. We may obtain key man insurance on one or more key executives.

OUR OPERATING RESULTS MAY FLUCTUATE, WHICH MAKES OUR RESULTS DIFFICULT TO PREDICT AND COULD CAUSE OUR RESULTS TO FALL SHORT OF EXPECTATIONS.

Our operating results may fluctuate as a result of a number of factors, many outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly, year-to-date, and annual expenses as a

percentage of our revenues may differ significantly from our historical or projected rates. Our operating results in future quarters may fall below expectations. Each of the following factors may affect our 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 sports nutrition supplements.

Because our business is changing and evolving, our historical operating results may not be useful to you in predicting our future operating results.

THE EFFECTS OF THE RECENT GLOBAL ECONOMIC CRISIS MAY IMPACT OUR BUSINESS, OPERATING RESULTS, OR FINANCIAL CONDITION.

The recent global economic crisis has caused disruptions and extreme volatility in global financial markets and increased rates of default and bankruptcy, and has impacted levels of consumer spending. These macroeconomic developments could negatively affect our business, operating results, or financial condition. For example, if consumer spending continues to decrease, this may result in lower sales.

OUR BUSINESS AND OPERATIONS ARE EXPERIENCING RAPID GROWTH. IF WE FAIL TO EFFECTIVELY MANAGE OUR GROWTH, OUR BUSINESS AND OPERATING RESULTS COULD BE HARMED.

We have experienced and expect to continue to experience rapid growth in our operations, which has placed, and will continue to place, significant demands on our management, operational and financial infrastructure. If we do not effectively manage our growth, we may fail to timely deliver products to our customers in sufficient volume or the quality of our products could suffer, which could negatively affect our operating results. To effectively manage this growth, we will need to hire additional persons, particularly in sales and marketing, and we will need to continue to improve our operational, financial and management controls and our reporting systems and procedures. These additional employees, systems enhancements and improvements will require significant capital expenditures and management resources. Failure to implement these improvements could hurt our ability to manage our growth and our financial position.

WE MAY BE EXPOSED TO MATERIAL PRODUCT LIABILITY CLAIMS, WHICH COULD INCREASE OUR COSTS AND ADVERSELY AFFECT OUR REPUTATION AND BUSINESS.

As a marketer and distributor of products designed for human consumption, we are subject to product liability claims if the use of our products is alleged to have resulted in injury. Our products consist of vitamins, minerals, herbs and other ingredients that are classified as dietary supplements and in most cases are not subject to pre-market regulatory approval in the United States or internationally. Previously 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 various product liability claims, including among others that our products had inadequate instructions for use, or inadequate warnings concerning possible side effects and interactions with other substances. The cost of defense can be substantially higher than the cost of settlement even when claims are without merit. The high cost to defend or settle product liability claims could have a material adverse effect on our business and operating results.

OUR INSURANCE COVERAGE OR THIRD PARTY INDEMNIFICATION RIGHTS MAY NOT BE SUFFICIENT TO COVER OUR LEGAL CLAIMS OR OTHER LOSSES THAT WE MAY INCUR IN THE FUTURE.

We maintain insurance, including property, general and product liability, and workers' compensation to protect ourselves against potential loss exposures. In the future, insurance coverage may not be available at adequate levels or on adequate terms to cover potential losses, including on terms that meet our customer's requirements. If insurance coverage is inadequate or unavailable, we may face claims that exceed coverage 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 VALUE OF OUR PRODUCTS AND BRAND.

We have invested significant resources to protect our brands and intellectual property rights. However, we may be unable or unwilling to strictly enforce our intellectual property rights, including our trademarks, from infringement. Our failure to enforce our intellectual property rights could diminish the value of our brands and product offerings and harm our business and future growth prospects.

WE MAY BE SUBJECT TO INTELLECTUAL PROPERTY RIGHTS CLAIMS, WHICH ARE COSTLY TO DEFEND, COULD REQUIRE US TO PAY DAMAGES AND COULD LIMIT OUR ABILITY TO SELL SOME OF OUR PRODUCTS.

As a marketer and distributor of products designed for human consumption, we are subject to product liability claims if the use of our products is alleged to have resulted in injury. Our products consist of vitamins, minerals, herbs and other ingredients that are classified as dietary supplements and in most cases are not subject to pre-market regulatory approval in the United States or internationally. Previously unknown adverse reactions resulting from human consumption of these ingredients could occur.

WE RELY ON HIGHLY SKILLED PERSONNEL AND, IF WE ARE UNABLE TO RETAIN OR MOTIVATE KEY PERSONNEL, HIRE QUALIFIED PERSONNEL, WE MAY NOT BE ABLE TO GROW EFFECTIVELY.

Our performance largely depends on the talents and efforts of highly skilled individuals. Our future success depends on our continuing ability to identify, hire, develop, motivate and retain highly skilled personnel for all areas of our organization, particularly sales and marketing. Competition in our industry for qualified employees is intense. In addition, our compensation arrangements, such as our equity award programs, may not always be successful in attracting new employees and retaining and motivating our existing employees. Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate our existing employees.

An increase in product returns could negatively impact the Company's operating results and profitability.

The Company permits the return of damaged or defective products and accepts limited amounts of product returns in certain instances. While such returns have historically been nominal and within management's expectations and the provisions established, future return rates may differ from those experienced in the past. Any significant increase in damaged or defective products or expected returns could have a material adverse effect on the Company's 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 for the development and commercialization of our products.

We do not currently operate manufacturing facilities for production of our products. We lack the resources and the capabilities to manufacture our current offered products on a commercial scale. We do not intend to develop facilities for the manufacture of products for clinical trials or commercial purposes in the foreseeable future. We rely on

third-party manufacturers to produce bulk products required to meet our sales needs. We plan to continue to rely upon contract manufacturers and, potentially, collaboration partners to manufacture commercial quantities of our products if and when approved for marketing by the applicable regulatory authorities.

Our contract manufacturers' failure to achieve and maintain high manufacturing standards, in accordance with applicable regulatory requirements, or the incidence of manufacturing errors, could result in patient injury or death, product shortages, product recalls or withdrawals, delays or failures in product testing or delivery, cost overruns or other problems that could seriously harm our business. Contract manufacturers often encounter difficulties involving production yields, quality control and quality assurance, as well as shortages of qualified personnel. Our existing manufacturers and any future contract manufacturers may not perform as agreed or may not remain in the contract manufacturing business. In the event of a natural disaster, business failure, strike or other difficulty, we may be unable to replace a third-party manufacturer in a timely manner and the production of our products would be interrupted, resulting in delays and additional costs.

A SHORTAGE IN THE SUPPLY OF KEY RAW MATERIALS COULD INCREASE OUR COSTS OR ADVERSELY AFFECT OUR SALES AND REVENUES.

We obtain all of our raw materials from third-party suppliers with whom we do not have significant long-term supply contracts. Since all of the ingredients in our products are commonly used, we have not experienced any shortages or delays in obtaining raw materials. If things changed, shortages could result in materially higher raw material prices or adversely affect our ability to manufacture a product. Price increases from a supplier would directly affect our profitability if we are not able to pass price increases on to customers. Our inability to obtain adequate supplies of raw materials in a timely manner or a material increase in the price of our raw materials could have a material adverse effect on our business, financial condition and results of operations.

BECAUSE WE ARE SUBJECT TO NUMEROUS LAWS AND REGULATIONS, AND WE MAY BECOME INVOLVED IN LITIGATION FROM TIME TO TIME, WE COULD INCUR SUBSTANTIAL JUDGMENTS, FINES, LEGAL FEES AND OTHER COSTS.

Our industry is highly regulated. The manufacture, labeling and advertising for our products are regulated by various federal, state and local agencies as well as those of each foreign country to which we distribute. These governmental authorities may commence regulatory or legal proceedings, which could restrict the permissible scope of our product claims or the ability to manufacture and sell our products in the future. The FDA regulates our products to ensure that the products are not adulterated or misbranded. Failure to comply with FDA requirements may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. Our advertising is subject to regulation by the FTC under the FTCA. In recent years the FTC has initiated numerous investigations of dietary supplement and weight loss products and companies. Additionally, some states also permit advertising and labeling laws to be enforced by private attorney generals, who may seek relief for consumers, seek class action certifications, seek class wide damages and product recalls of products sold by us. Any of these types of adverse actions against us by governmental authorities or private litigants could have a material adverse effect on our business, financial condition and results of operations.

Other Risks Factors

WE MAY, IN THE FUTURE, ISSUE ADDITIONAL COMMON SHARES, WHICH WOULD REDUCE INVESTORS' PERCENT OF OWNERSHIP AND MAY DILUTE OUR SHARE VALUE.

Our Articles of Incorporation authorize the issuance of 2,500,000,000 shares of common stock, 5,000,000 shares of Series A Convertible Preferred Stock, 51 shares of Series B Preferred Stock, 500 shares of Series C Convertible Preferred Stock. The Company currently has 9,999,449 shares of blank-check preferred stock authorized but undesignated. The future issuance of common stock may result in substantial dilution in the percentage of our common stock held by our then existing shareholders. We may value any common stock issued in the future on an arbitrary basis. The issuance of common stock for future services or acquisitions or other corporate actions may have the effect of diluting the value of the shares held by our investors, and might have an adverse effect on any trading market for our common stock.

OUR COMMON STOCK IS QUOTED ON THE OTCBB, WHICH MAY HAVE AN UNFAVORABLE IMPACT ON OUR STOCK PRICE AND LIQUIDITY.

Our common stock is quoted on the OTCBB. The OTCBB is a significantly more limited market than the New York Stock Exchange or NASDAQ system. The quotation of our shares on the OTCBB may result in a less liquid market available for existing and potential stockholders to trade shares of our common stock, could depress the trading price of our common stock and could have a long-term adverse impact on our ability to raise capital in the future.

OUR COMMON SHARES ARE SUBJECT TO THE "PENNY STOCK" RULES OF THE SEC AND THE TRADING MARKET IN OUR SECURITIES IS LIMITED, WHICH MAKES TRANSACTIONS IN OUR STOCK CUMBERSOME AND MAY REDUCE THE VALUE OF AN INVESTMENT IN OUR STOCK.

The Securities and Exchange Commission has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions.

For any transaction involving a penny stock, unless exempt, the rules require:

- (a) that a broker or dealer approve a person's account for transactions in penny stocks; and
- (b) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must: (a) obtain financial information and investment experience objectives of the person; and (b) make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form: (a) sets forth the basis on which the broker or dealer made the suitability determination, and (b) that the broker or dealer received a signed, written agreement from the investor prior to the transaction. Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our Common shares and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

LIABILITY OF DIRECTORS FOR BREACH OF DUTY OF CARE IS LIMITED.

According to Nevada law (NRS 78.138(7)), all Nevada corporations limit the liability of directors and officers, including acts not in good faith. Our stockholders' ability to recover damages for fiduciary breaches may be reduced by this statute. In addition, we are obligated to indemnify our directors and officers regarding stockholder suits which they successfully defend (NRS 78.7502).

BECAUSE WE DO NOT INTEND TO PAY ANY CASH DIVIDENDS ON OUR COMMON STOCK, OUR STOCKHOLDERS WILL NOT BE ABLE TO RECEIVE A RETURN ON THEIR SHARES UNLESS THEY SELL THEM.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless they sell them. There is no assurance that stockholders will be able to sell shares when desired.

WE WILL INCUR ONGOING COSTS AND EXPENSES FOR SEC REPORTING AND COMPLIANCE, AND WITHOUT REVENUE WE MAY NOT BE ABLE TO REMAIN IN COMPLIANCE WITH THE SEC, MAKING IT DIFFICULT FOR INVESTORS TO SELL THEIR SHARES, IF AT ALL.

To remain eligible for quotation on the OTCBB, issuers must remain current in their filings with the SEC. Market Makers are not permitted to begin quotation of a security whose issuer does not meet this filing requirement. Securities already quoted on the OTCBB that become delinquent in their required filings will be removed following a 30 or 60 day grace period if they do not make their required filing during that time. In order for us to remain in compliance we will require future revenues to cover the cost of these filings, which could comprise a substantial portion of our available cash resources. If we are unable to generate sufficient revenues to remain in compliance it may be difficult for you to resell any shares you may purchase, if at all.

WE MAY ISSUE ADDITIONAL SHARES OF PREFERRED STOCK IN THE FUTURE THAT MAY ADVERSELY IMPACT YOUR RIGHTS AS HOLDERS OF OUR COMMON STOCK.

Our articles of incorporation authorize us to issue up to issue up to 15,000,000 shares of preferred stock in various classes. Currently, the Company has 51 shares of Series B preferred stock outstanding and 0 shares of Series C preferred stock outstanding. The Series C preferred stock is convertible into shares of the Company's common stock.

Our board of directors will have the authority to fix and determine the relative rights and preferences of preferred shares, as well as the authority to issue additional shares, without further stockholder approval. As a result, our board of directors could authorize the issuance of a series of preferred stock that would grant to holders preferred rights to our assets upon liquidation, the right to receive dividends before dividends are declared to holders of our common stock, and the right to the redemption of such preferred shares, together with a premium, prior to the redemption of the common stock. To the extent that we do issue such additional shares of preferred stock, your rights as holders of common stock could be impaired thereby, including, without limitation, dilution of your ownership interests in us. In addition, shares of preferred stock could be issued with terms calculated to delay or prevent a change in control or make removal of management more difficult, which may not be in your interest as a holder of common stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information contained in this registration statement, including in the documents incorporated by reference into this registration statement, includes some statements that are not purely historical and that are “forward-looking statements.” Such forward-looking statements include, but are not limited to, statements regarding our and our management’s expectations, hopes, beliefs, intentions or strategies regarding the future, including our financial condition and results of operations. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipates,” “believes,” “continue,” “could,” “estimates,” “expects,” “intends,” “may,” “might,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “will,” “would” and similar expressions, or the negatives of such terms, may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this registration statement are based on current expectations and beliefs concerning future developments and the potential effects on the parties and the transaction. There can be no assurance that future developments actually affecting us will be those anticipated. Those that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements, including the following forward-looking statements, involve a number of risks, uncertainties (some of which are beyond the Company’s control) or other assumptions.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the common stock offered through this prospectus by the Selling Security Holders. However, we will receive in the event that some or all of the warrants held by a Selling Security Holder are exercised for cash. There can be no assurance that any of the Selling Security Holders will exercise their warrants or that we will receive any proceeds therefrom. We intend to use the net proceeds received for working capital or general corporate needs.

DETERMINATION OF OFFERING PRICE

Our common stock currently trades on the OTCBB under the symbol “MSLP.OB”. The proposed offering price of the Put Shares and the Purchased Shares is \$0.01 and has been estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(c) of the Securities Act of 1933, on the basis of the closing bid price of common stock of the Company as reported on the OTCBB on September 20, 2012. The offering price of the Warrant Shares is \$0.015, which is equal to the exercise price of the warrants. The Selling Security Holders may sell shares in any manner at the current market price.

SELLING SECURITY HOLDERS

The Purchased Shares

The 42,000,000 Purchased Shares being offered for resale in this registration statement are held by certain shareholders who purchased shares of our common stock in private transactions.

The Warrant Shares

The 32,400,000 Warrant Shares being offered for resale in this registration statement are held by certain shareholders who purchased common stock purchase warrants in private transactions.

All expenses incurred with respect to the registration of the common stock will be borne by us, but we will not be obligated to pay any underwriting fees, discounts, commission or other expenses incurred by the Selling Security Holders in connection with the sale of such shares.

Except as indicated below, neither the Selling Security Holders nor any of their associates or affiliates has held any position, office, or other material relationship with us in the past three years.

The following table sets forth the name of the Selling Security Holders, the number of shares of common stock beneficially owned by each of the Selling Security Holders as of the date hereof and the number of share of common stock being offered by each of the Selling Security Holders. The shares being offered hereby are being registered to permit public secondary trading, and the selling stockholders may offer all or part of the shares for resale from time to time. However, the selling stockholder is under no obligation to sell all or any portion of such shares nor is the selling stockholders obligated to sell any shares immediately upon effectiveness of this prospectus. All information with respect to share ownership has been furnished by the Selling Security Holder. The “Number of Shares Beneficially Owned After the Offering” column assumes the sale of all shares offered.

Except as indicated below, neither the Selling Security Holders nor any of their associates or affiliates has held any position, office, or other material relationship with us in the past three years.

The following table sets forth the name of the Selling Security Holders, the number of shares of common stock beneficially owned by each of the Selling Security Holders as of the date hereof and the number of share of common stock being offered by each of the Selling Security Holders. The shares being offered hereby are being registered to permit public secondary trading, and the selling stockholders may offer all or part of the shares for resale from time to time. However, the selling stockholder is under no obligation to sell all or any portion of such shares nor is the selling stockholders obligated to sell any shares immediately upon effectiveness of this prospectus. All information with respect to share ownership has been furnished by the Selling Security Holders. The “Number of Shares Beneficially Owned After the Offering” column assumes the sale of all shares offered.

Name	Shares		Amount	Percent
	Beneficially Owned	Shares to be Offered		
	Prior to Offering		Beneficially Owned After Offering (1)	Beneficially Owned After Offering
Bleu Ridge Consultants, Inc. (4)	10,000,000 (5)	10,000,000 (5)	0	0 %
TSX Ventures, LLC (7)	42,000,000	42,000,000	0	0 %
First Capital Properties, LLC (8)	11,383,000 (9)	6,000,000 (10)	5,383,000	less than 1 %
Jim Sjorerdmsa	6,000,000 (11)	6,000,000 (11)	0	0 %
George Lee	4,000,000 (12)	4,000,000 (12)	0	0 %
G Force Enterprises (13)	3,000,000 (14)	3,000,000 (14)	0	0 %
John Glotfelty	1,200,000 (15)	1,200,000 (15)	0	0 %
Joe Peirce	800,000 (16)	800,000 (16)	0	0 %
Earnco, LLC (17)	600,000 (18)	600,000 (18)	0	0 %
Paul Dragul	400,000 (19)	400,000 (19)	0	0 %
Scott Owen	400,000 (20)	400,000 (20)	0	0 %

(1) The number assumes each Selling Security Holder sells all of its shares being offering pursuant to this prospectus.

(2) Reserved.

(3) Reserved.

Bleu Ridge Consultants, Inc. (“Bleu Ridge”) is a corporation organized and existing under the laws of the State of
(4) Colorado. Timothy J. Brasel is the Chief Executive Officer of Bleu Ridge and as such has sole voting and investment power over the shares beneficially owned by Bleu Ridge.

(5) This total includes 10,000,000 shares underlying warrants.

(6) Reserved.

(7) TSX Ventures, LLC (“TSX”) is a limited liability company organized and existing under the laws of the State of South Carolina. Drew Ciccarelli the managing member of TSX and as such has sole voting and investment power over the shares beneficially owned by TSX. Mr. Ciccarelli is the beneficial owner of 4,500,000 additional shares of common stock apart from the common stock held in TSX’s name.

(8) First Capital Properties, LLC (“First Capital”) is a limited liability company organized and existing under the laws of the State of Colorado. Timothy J. Brasel is the managing member of First Capital and as such has sole voting and investment power over the shares beneficially owned by First Capital.

(9) This total in includes 5,383,000 shares of common stock and 6,000,000 shares underlying warrants.

(10) This total includes 6,000,000 shares underlying warrants.

(11) This total includes 6,000,000 shares underlying warrants.

(12) This total includes 4,000,000 shares underlying warrants.

(13) G Force Enterprises (“G Force”) is a corporation organized and existing under the laws of the State of Colorado. Glen Gardner is the Chief Executive Officer of G Force and as such has sole voting and investment power over the shares beneficially owned by G Force.

(14) This total includes 3,000,000 shares underlying warrants.

(15) This total includes 1,200,000 shares underlying warrants.

(16) This total includes 800,000 shares underlying warrants.

(17) Earnco, LLC (“Earnco”) is a limited liability company organized and existing under the laws of the State of Colorado. Earnest Mathis is the managing member of Earnco and as such has sole voting and investment power over the shares beneficially owned by Earnco.

(18) This total includes 600,000 shares underlying warrants.

(19) This total includes 400,000 shares underlying warrants.

(20) This total includes 400,000 shares underlying warrants.

PLAN OF DISTRIBUTION

This prospectus relates to the resale of 74,400,000 Shares of our common stock, par value \$0.001 per share, by the selling security holders (the “Selling Security Holders”), including (i) 42,000,000 Purchase Shares and (ii) 32,400,000 Warrant Shares.

The Selling Security Holders and any of its respective pledges, donees, assignees and other successors-in-interest may, from time to time, sell any or all of their shares of our common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. The Selling Security Holders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

· block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;

· purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

· an exchange distribution in accordance with the rules of the applicable exchange;

· privately negotiated transactions;

· broker-dealers may agree with the Selling Security Holders to sell a specified number of such shares at a stipulated price per share;

· through the writing of options on the shares;

· a combination of any such methods of sale; and

· any other method permitted pursuant to applicable law.

The Selling Security Holders or their respective pledgees, donees, transferees or other successors in interest, may also sell the shares directly to market makers acting as principals and/or broker-dealers acting as agents for themselves or their customers. Such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the Selling Security Holders and/or the purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal or both, which compensation as to a particular broker-dealer might be in excess of customary commissions. Market makers and block purchasers purchasing the shares will do so for their own account and at their own risk. It is possible that a Selling Security Holder will attempt to sell shares of Common Stock in block transactions to market makers or other purchasers at a price per share which may be below the then market price. The Selling Security Holders cannot assure that all or any of the shares offered in this prospectus will be issued to, or sold by, the Selling Security Holders. In addition, the Selling Security Holders and any brokers, dealers or agents, upon effecting the sale of any of the shares offered in this prospectus are “underwriters” as that term is defined under the Securities Act or the Exchange Act, or the rules and regulations under such acts. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

Discounts, concessions, commissions and similar selling expenses, if any, attributable to the sale of shares will be borne by a Selling Security Holder. The Selling Security Holders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares if liabilities are imposed on that person under the Securities Act.

The Selling Security Holders may from time to time pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time under this prospectus after we have filed an amendment to this prospectus under Rule 424(b)(3) or any other applicable provision of the Securities Act amending the list of Selling Security Holders to include the pledgee, transferee or other successors in interest as a Selling Security Holder under this prospectus.

The Selling Security Holders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus and may sell the shares of common stock from time to time under this prospectus after we have filed an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of Selling Security Holders to include the pledgee, transferee or other successors in interest as a Selling Security Holder under this prospectus.

We are required to pay all fees and expenses incident to the registration of the shares of common stock. Otherwise, all discounts, commissions or fees incurred in connection with the sale of our common stock offered hereby will be paid by the Selling Security Holders.

The Selling Security Holders acquired the securities offered hereby in the ordinary course of business and have advised us that they have not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of their shares of common stock, nor is there an underwriter or coordinating broker acting in connection with a proposed sale of shares of common stock by any Selling Security Holder. We will file a supplement to this prospectus if a Selling Security Holder enters into a material arrangement with a broker-dealer for sale of common stock being registered. If the Selling Security Holders use this prospectus for any sale of the shares of common stock, they will be subject to the prospectus delivery requirements of the Securities Act.

Pursuant to a requirement by the Financial Industry Regulatory Authority, or FINRA, the maximum commission or discount to be received by any FINRA member or independent broker/dealer may not be greater than eight percent (8%) of the gross proceeds received by us for the sale of any securities being registered pursuant to SEC Rule 415 under the Securities Act.

The anti-manipulation rules of Regulation M under the Exchange Act, may apply to sales of our common stock and activities of the Selling Security Holders. The Selling Security Holders will act independently of us in making decisions with respect to the timing, manner and size of each sale.

We will pay all expenses incident to the registration, offering and sale of the shares of our common stock to the public hereunder other than commissions, fees and discounts of underwriters, brokers, dealers and agents. If any of these other expenses exists, we shall pay these expenses. We have agreed to indemnify the Selling Security Holders and its controlling persons against certain liabilities, including liabilities under the Securities Act. We estimate that the expenses of the offering to be borne by us will be approximately \$25,000. We will not receive any proceeds from the resale of any of the shares of our common stock by the Selling Security Holders. We may, however, receive proceeds from the exercise of certain outstanding warrants.

DESCRIPTION OF SECURITIES TO BE REGISTERED

General

Our authorized capital stock consists of 2,500,000,000 shares of common stock, par value \$0.001 (2,321,005,466 of which are issued and outstanding as of October 4, 2012), 5,000,000 Shares of Series A Convertible Preferred Stock (of which none are issued and outstanding as of October 4, 2012), 51 shares of Series B Preferred Stock (51 of which are issued and outstanding as of October 4, 2012), 500 shares of Series C Preferred Stock (0 of which are issued and outstanding as of October 4, 2012). The Company also has 10,000 shares of blank check preferred stock authorized, 9,449 shares of which are undesignated as of October 4, 2012. Our preferred stock and/or common stock may be issued from time to time without prior approval by our stockholders. Our preferred stock and/or common stock may be issued for such consideration as may be fixed from time to time by our board of directors. Our board of directors may issue such shares of our preferred stock and/or common stock in one or more series, with such voting powers, designations, preferences and rights or qualifications, limitations or restrictions thereof as shall be stated in the resolution or resolutions.

Common Stock

The Company, a Nevada corporation, is authorized to issue 2,500,000,000 shares of common stock, \$0.001 par value. The holders of common stock: (i) have equal rights to dividends from funds legally available therefore, ratably when as and if declared by the Company's Board of Directors; (ii) are entitled to share ratably in all assets of the Company available for distribution to holders of common stock upon liquidation, dissolution, or winding up of the affairs of the Company; (iii) do not have preemptive, subscription or conversion rights and there are no redemption or sinking fund provisions applicable thereto; (iv) are entitled to one non-cumulative vote per share of common stock, on all matters which shareholders may vote on at all meetings of shareholders; and (v) the holders of common stock have no conversion, preemptive or other subscription rights. There is no cumulative voting for the election of directors. As of October 4, 2012, there were 2,321,005,466 shares of common stock outstanding. Each holder of our common stock is entitled to one vote for each share of our common stock held on all matters submitted to a vote of stockholders.

Series A Convertible Preferred Stock

As of October 4, 2012, there were 5,000,000 shares of Series A Convertible Preferred Stock designated and 0 shares of Series A Convertible Preferred Stock issued and outstanding. According to the Certificate of Designation filed with the Nevada Secretary of State, these shares are non-voting, and have no dividend or liquidation rights. Each share is convertible into two hundred (200) shares of common stock, provided, however, no holder of the Series A Convertible preferred stock will have the right to convert any of such shares to the extent that after giving effect to such conversion, the beneficial owner of such shares would beneficially own in excess of 4.9% of the shares of the common stock outstanding immediately after giving effect to such conversion.

Series B Preferred Stock

As of October 4, 2012, there were 51 shares of Series B Preferred Stock designated and 51 shares of Series B Preferred Stock issued and outstanding. According to the Certificate of Designation filed with the Nevada Secretary of State, these shares have no dividend rights, liquidation rights on a pro rata basis, no conversion rights and rank senior to the Company's common stock. Each one (1) share of Series B Preferred Stock shall have voting rights equal to (x) 0.019607 *multiplied by* the total issued and outstanding common stock eligible to vote at the time of the respective vote (the Numerator") *divided by* (y) 0.49, *minus* (z) the Numerator. The 51 shares of Series B Preferred Stock entitle the holders to voting rights equivalent to 51% of the shares of common stock then outstanding.

Series C Convertible Preferred Stock

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As of October 4, 2012, there were 500 shares of Series C Preferred Stock and 0 shares of Series C Preferred Stock issued and outstanding. According to the Certificate of Designation filed with the Nevada Secretary of State, these shares have the following rights, designations and preferences:

Stated Value: The stated value per share of the Series C Convertible Preferred Stock is \$1,000.00

Voting Rights: The holders of the Series C Convertible Preferred Stock are not entitled to vote with the Company's common stockholders.

Protective Provisions: As long as any Series C Convertible Preferred Stock is outstanding, we are prohibited from taking any of the following actions without the consent of a majority of the then outstanding Series C Convertible Preferred Stock:

- (i) alter or change adversely the powers, preferences or rights given to the Series C Convertible Preferred Stock;
- (ii) alter or amend the certificate of designation;
- (iii) authorize or create any class of stock ranking as to dividends or distribution of assets upon a liquidation or otherwise senior to or pari passu with the Series C Convertible Preferred Stock;
- (iv) amend its certificate of incorporation, bylaws or other charter documents so as to affect adversely any rights of any holders of the Series C Convertible Preferred Stock;
- (v) increase the authorized or designated number of shares of Series C Convertible Preferred Stock;
- (vi) issue any additional shares of Series C Convertible Preferred Stock; or

(vii) enter into any agreement with respect to the foregoing.

Voluntary Conversion: A holder of Series C Convertible Preferred Stock can elect to convert its Series C Convertible Preferred Stock into shares of our common stock at any time from and after the Original Issue Date (as defined in the certificate of designation). Each share of Series C Convertible Preferred Stock is convertible into that number of shares of our common stock determined by dividing the stated value of such share of Series C Convertible Preferred Stock (as increased for accrued dividends) by the conversion price.

Conversion Price: The conversion price is the higher of (i) \$0.01 and (ii) such price that is a 50% discount to the average of the low 2 closing bid prices for the Company's common stock for the five trading days immediately prior to such day that a holder delivers a notice of conversion to the Company, subject to adjustment.

The summary of the rights, privileges and preferences of the Series C Convertible Preferred Stock described above is qualified in its entirety by reference to the certificate of designation, a copy of which is attached as an exhibit to this report and is incorporated herein by reference.

INTERESTS OF NAMED EXPERTS AND COUNSEL

No expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the common stock was employed on a contingency basis, or had, or is to receive, in connection with the offering, a substantial interest, direct or indirect, in the registrant or any of its parents or subsidiaries. Nor was any such person connected with the registrant or any of its parents or subsidiaries as a promoter, managing or principal underwriter, voting trustee, director, officer, or employee.

The financial statements of the Company included in this prospectus and in the registration statement have been audited by Berman & Company, P.A., Certified Public Accountants, to the extent and for the period set forth in their report appearing elsewhere herein and in the registration statement, and are included in reliance upon such report given upon the authority of said firm as experts in auditing and accounting.

The validity of the issuance of the common stock hereby will be passed upon for us by Lucosky Brookman LLP.

DESCRIPTION OF BUSINESS

General

Headquartered in Denver, Colorado, MusclePharm Corporation (“MusclePharm” or the “Company”) is an expanding healthy lifestyle company that develops and manufactures a full line of scientifically approved (Informed Choice approved) nutritional supplements that are 100% free of any banned substances. Based on years of research, MusclePharm products are created through an advanced six-stage research protocol involving the expertise of top nutritional scientists. These products are field tested by more than 100 elite professional athletes from various sporting organizations including the National Football League, mixed martial arts, and Major League Baseball. The Company’s award-winning proprietary products address all categories of an active lifestyle including, muscle building, weight loss and maintaining general fitness through a daily nutritional supplement regimen. MusclePharm is a marketing and branding company. It does not directly manufacturer or ship to end user customers. We extend and market the brand while innovating and distributing new products. Our customers are re-sellers of our products.

The Company’s headquarters in Denver, CO, features has a state-of-the-art exercise and weight lifting facility, with a full size octagon UFC™ fighting cage, an indoor football field, cardio work-out equipment and a state-of-the-art on-site medical department, complete with equipment for measuring and conducting clinical studies and supporting athletes. A staff team of medical and clinical professionals is on hand to assist with training. Additionally during the second quarter of 2012, the Company opened operations in Ontario, Canada through its subsidiary MusclePharm Canada, Inc. MusclePharm products are sold in over 120 countries and available in over 10,000 U.S. retail outlets, including Wal-Mart, Dicks Sporting Goods, GNC, Vitamin Shoppe, and Vitamin World. The Company also sells its products in over 100 online stores, including bodybuilding.com, amazon.com and vitacost.com.

Business Strategy

Our primary focus at the current time is on the following:

- (1) Increase our distribution and sales through domestic and international growth and market penetration;
- (2) Conduct additional testing of the safety and efficacy of our products and create new products; and
- (3) Create marketing and branding opportunities through endorsements, sponsorships and brand extensions to increase brand awareness.

The Sports Nutrition and High Energy Supplement Market

The sports nutrition and high energy supplement market is comprised of sports beverages, sports food and sports supplements. According to BCC Research's 2008 Global Research Report, sports beverages maintain the largest market share, with approximately \$24.9 billion in annual sales in 2007. The sports food segment had approximately \$1.2 billion in annual sales and the sports supplement segment saw 2007 annual sales of approximately \$1.1 billion. BCC projected that the sports supplement market would reach \$2.3 billion by 2013.

According to BCC Research, the United States is the largest consumer market for sports nutrition products, with annual sales reaching approximately \$22 billion in 2007, and projected sales of \$29 billion in 2013. Western Europe and Japan are the second and third largest consumers. The key market drivers for sports nutrition products are taste, price, variety and brand loyalty. In recent years, the consumption of sports nutrition products has shifted to mainstream consumers who have become the key drivers of growth within the industry.

Current Products

We currently offer seventeen (17) high-quality, specially-formulated, athlete-focused supplement products. These include: Assault™, Armor-V, Battle Fuel™, Bullet Proof®, Combat Powder®, MuscleGel®, Shred Matrix®, Re-con®, BCAA 3:1:2™, Glutamine™, Creatine™, Casein™, CLA Core™, ZMA Max™, Hybrid - NO™. We are also currently beta-testing and offer the private label products Recover Elite™ and Perform Elite™, under the MMA Elite™ name. These products are planned for direct distribution to Wal-Mart and Walgreens in the future. Our products are comprised of amino acids, herbs and proteins scientifically tested and proven as safe and effective for the overall health of athletes. These

nutritional supplements were created to enhance the effects of workouts, repair muscles, and nourish the body for optimal physical fitness. The following is a brief description of each of our products:

Assault™

Pre-Performance Amplifier

- Fuel power for long-lasting energy;
- Enhance focus; and
- Build lean muscle mass.

Assault™ helps fight fatigue, boost performance, build muscle, increase intensity, hydrate muscles and feed them valuable, clinically-proven nutrients like ConCrete, Beta Alanine, BCAAs and Cinnulin. Our team of sports medicine specialists worked with top professional athletes to create a safe pre-workout that increases strength, aerobic and anaerobic performance, reduces stomach fat and meets all regulations when it comes to being free of banned substances. Assault™ is specifically designed for performance-boosting pre-workout power.

Battle Fuel™

Maximizes Workout Performance with No Side Effects

- Increases aggression and focus;
- Boosts testosterone and feeds anabolism; and
- Promotes cellular health and recovery.

Battle Fuel™ helps athletes increase lean mass and strength, improve endurance and energy levels, naturally detoxify and enhance aggressive mental focus. Battle Fuel™ is an herbal formula that improves testosterone levels to drive strength, power and lean muscle mass development. An intense combination of cleansing agents and natural elements reduce fatigue and improve cellular immunity.

Bullet Proof™

Advanced Nighttime Recovery System

- Promotes deep sleep to maximize repair;
- Optimizes anabolic/anti-catabolic environment; and
- Stimulates growth hormone/testosterone output.

Bullet Proof™ helps increase recovery effectiveness and hormonal up-regulation, improve lean muscle tissue growth and help relieve some forms of pain. Deep nourishing sleep is an athlete's best friend for the long-term building of strength, mass and speed. During this rest period, key ingredients like our proprietary blend of essential amino acids, Beta Alanine and zinc magnesium aspartate (ZMA) are hard at work repairing tissue and staving off muscle breakdown. Other ingredients boost your immune system and reduce swelling, preparing the body for that next hard workout.

Combat™

Feeds Muscle Up To 8 Hours

- Technologically advanced protein super-food;
- Enhances digestion of nutrients; and
- Maximizes adaptive response to hard training.

Combat™ helps you: receive 25 grams of high quality protein, fuel fat loss, support healthy body composition, nourish lean muscle and speed recovery. Combat™ is designed to help fill that gap in nutrition many athletes and super-active

people experience, to ensure their bodies are growing and recovering. The staggered absorption rate of the five different protein components guarantees a complete 8-hour nutrient infusion.

Re-con®

Post-Workout Recharger

- Optimize an athlete's "anabolic window";
- Promote post workout growth & repair; and
- Replenish vital nutrients.

Re-con ® helps athletes recover quicker and more effectively, repair muscle cells, feed the body nutrients and grow stronger with ingredients like base-change amino acids (BCAAs), essential amino acid complexes (EAAs), cellular detoxifiers, muscle-loading carbohydrates and stress hormone regulators. This maximizes an athlete's anabolic window, the post-workout phase where the body repairs and rebuilds tissue. Re-con® nourishes and promotes growth from every angle, delivering proteins and nutritious elements in their ideal forms. Recon® provides muscle reconstruction nutrition.

MuscleGel®

Delicious On-The-Go Protein and Nutrition

- Stay leaner and be healthier;
- Proteins absorbs into the athlete's body easier; and
- Nutritious and easy to enjoy.

MuscleGel® helps athletes receive more of the nutrients the body needs every day, shed pounds and fat and enjoy the convenience of the ready-to-eat packs. Packed full of different proteins like “building block” amino acids, MuscleGel’s® patented gel format yields a fast-absorbing, highly bio-available source of next generation fitness food. For protein, carbohydrates and vitamins, MuscleGel® delivers. It works on-the-go, fills you up quickly and streams right to those parts of the athlete’s body where nutrients are needed most.

SHRED Matrix®

Multi-Level Weight Loss System

- Ramps up your metabolism;
- Suppresses hunger and cravings; and
- Burns fat through all-natural herbs.

SHRED Matrix ® helps burn fat naturally, counteract mood swings and help athletes stay focused on weight loss and results. This 8-Stage Weight Loss System is for people who exercise regularly. As a total body diet, it sheds pounds, burns fat cells and attacks fat loss from every angle. Proven ingredients like Sugar Stop™ and the enzyme aid matrix also keep your appetite in check. The formula is tuned so athletes won’t experience “jitters” or a crash.

Armor-V™

Advanced Multi-Vitamin Complex

- Complete source of vitamins and minerals;
- Total immune system support; and
- Added B vitamins and probiotics.

Armor-V™ helps athletes receive a full dose of important vitamins and minerals, keep vital organs like the liver clean of toxins, recover faster and keep the body’s hormones balanced. This system was designed to meet the standards of professional athletes, who need a dedicated source of vitamins and minerals. Loaded with anti-oxidants and system optimizers derived from fruits and vegetables, Armor V™ brings together organic, herbal and natural ingredients into a multi-nutrient complex that benefits active bodies.

BCAA™

Rapidly Absorbed Branched Chain Amino Acid Complex

- Delivers BCAAs before and after workout;
- Minimizes muscle damage; and
- 100% pharmaceutical grade.

BCAA™ helps you: receive ideal amounts of BCAAs, Leucine, Isoleucine and Valine from this patented ratio of 3:1:2, promote muscle development and maintenance, increase lean body mass and spur weight loss. BCAAs are part of the group of essential amino acids a body needs. Our patented 3:1:2 ratio is designed to release the ideal amounts of each amino acid both before and after a workout. This prevents muscle breakdown and leads to gains in body mass without losing weight.

Creatine

Five Superior Blends of Creatine

- Promote strength, power and endurance;
- No loading; and
- 100% pharmaceutical quality.

MusclePharm MP Core Series Creatine™ increases creatine status by enhancing uptake and bioavailability and also fuels stamina, strength and lean muscle growth. Many athletes who engage in high-intensity/short duration exercises like weightlifting use creatine. The clinically-proven ingredient Cinnulin heightens absorption, which assists our five pure and diverse creatine complexes, delivering a range of benefits launched directly into muscles. MP Creatine™ increases explosive energy, ATP energy and overall power.

ZMA Max™

Anabolic Mineral Support Formula with Fenugreek®

- Increases testosterone;
- Promotes deep, healing sleep; and
- Supports healthy libido function

MusclePharm ZMA Max™ supports muscle growth and recovery, promotes deeper and more efficient sleep to maximize healing, tissue repair, anabolic hormone production and testosterone levels. It delivers the benefits of precise dosages and ZMA ingredient ratios, and adds the synergistic effects of clinically-proven Fenugreek® to support the balance of cholesterol levels as well as increase of healthy libido function in women and men.

CLA Core™

Supports Healthy Body Composition

- Aids in weight loss;
- Increases metabolic rates; and
- Reduces body fat

CLA Core™ supports energy sources for hard-training people on low-carb diets, induces muscle gains without buildup of fatty tissue, and helps protect the joints. CLA is a high-quality linoleic acid that is naturally occurring and helps you

feel healthy and energized. Many researchers believe that this fatty acid also helps reduce body fat and increase muscle mass. CLA Core is a blend of Omega-6 and medium-chain triglycerides (MCTs).

Casein™

100% Micellar Casein Protein

- Delivers 25g of protein;
- Serves as ideal nighttime protein source; and
- Doubles as digestive enzyme and probiotic blend.

Casein™ delivers a steady, prolonged release of amino acids, works hard while body is at rest and promotes added nutrient utilization through the natural enzymes. As a slow digesting protein, Casein repairs and rebuilds muscle at night while you are asleep—feeding your muscles even hours after you went to bed. The great-tasting shake also works overtime readying you for that next day's workout.

Hybrid N.O.™

Nitric Oxide Amplifier

- Dramatically enhance muscle pumps
- Increase muscle fullness and vascularity
- Maximize vasodilation

Hybrid N.O.™ promotes muscle pumps through enhanced vasodilation, utilizes GlycoCarn™, a scientifically-researched nitric oxide booster, and encourages blood flow throughout the muscles. Hybrid N.O. promotes higher exercise tolerance by increasing levels of plasma nitrite and nitrate, which increases systemic nitric oxide bioavailability. Hybrid N.O. delivers maximum muscle pumps and increased health.

Glutamine

Rapidly Absorbed Glutamine Complex

- Increase recovery time;
- Enhance muscle growth; and
- 100% pharmaceutical grade.

MusclePharm Core Series MP Glutamine™ supplement increases whole body glutamine status by enhancing an athlete's uptake, bioavailability and digestion. Feeding the body a dedicated source of glutamine ultimately provides optimal muscle-tissue saturation through an exclusive array of three pure, yet diverse nutritional glutamine complexes that deliver a substantial range of benefits. MP Glutamine™ helps athletes rehydrate, rebuild and recover from even the toughest of workouts quicker and more efficiently.

PERFORM Elite™

Pre-Performance Amplifier

- Fuel power for long-lasting energy;
- Increase strength & endurance;
- Enhance focus & intensity; and
- Build lean muscle mass.

Perform Elite™ helps: fight fatigue, boost performance, build muscle, amp up intensity, hydrate muscles and feed muscle cells the nutrients they need. People need a pre-workout supplement because it prepares them to stay focused, energetic and fully-powered from start to finish. In Perform Elite™, ingredients like creatine and beta alanine feed muscle cells the nutrients they need to grow bigger and stronger. Without a pre-workout like Perform Elite™, muscles don't have the building blocks they need to gain size and strength.

RECOVER Elite™ (540g)

Post-Workout Recharger

- Optimize athletes' "muscle building";
- Promote post workout growth & repair;
- Replenish vital nutrients; and
- Speed recovery time.

Recover Elite™ helps athletes recover quicker and more effectively, repair muscle cells, maintain nutrient levels and grow bigger and stronger. When people work out, their muscle cells break down. In that post-workout period, it is important to feed these cells a supply of the right nutrients like the ones in Recover Elite™, so they can rebuild properly. When this is done correctly, muscles become both stronger and larger. If you don't use a post-workout supplement, these cells don't have the building blocks they need to recover and you won't increase size or strength.

Future Products

We have trademarked and registered an energy product for active lifestyles and competitive athletes, under the name Energel®. This product will be distributed primarily via internet sales, convenience stores, cycling shops, ski shops, and fitness and runner shoes retail sales stores by the end of the second quarter of 2012.

Sales & Distribution

We sell our products both domestically and internationally. With respect to domestic sales, we have three traditional distribution systems:

- 1) Approximately 41% of sales in 2011 were through a domestic Internet site named Bodybuilding.com (“Body Building”), which is the largest online retailer of sports nutrition products in the United States. Body Building awarded MusclePharm the title of the “Breakout Brand,” “Best Packaging” and “Best New Product for Assault” in 2011 and MusclePharm is now the number two best-selling brand on BB.com, and has two products in their top ten best sellers, and eight products in the top fifty selling products out of over 14,000 sku’s. In addition to Body Building.com, we also sell domestically through several distributors and over 100 Internet sites;
- 2) We sell through traditional brick and mortar stores, and are carried in approximately 450 The Vitamin Shoppes outlets and we sell our products into over 5000 GNC stores, and we are in 400 Vitamin World retail stores;

We have regional salesmen that support wholesale distributors like Europa, selling in up to 15,000 smaller retail or regional stores. We also work with other large distributors who have begun to place the Company’s product in 3) small retail stores and gyms across the United States. Internationally, we are expanding rapidly into Central America, Mexico, Brazil, the Middle East, Europe, Russia, and the UK, and have Sportika Export as our international distributor that services over 120 countries.

In addition, we just recently launched a partnership with Eurpac to distribute our line of products to U.S. military bases and stores all over the world.

Marketing Strategy

Our core marketing strategy is to brand MusclePharm as the “must have” nutritional supplement line for high performance athletes. We want to be known as the athlete’s company, run by athletes who create their products for other athletes both professional and otherwise. We have endorsements from over 50 UFC fighters, well-known NFL players, as well as top X-Game and fitness athletes. Athletes are considered role models and many people strive to emulate their fitness and well-being regimen. Athlete sponsorships are the most logical tactic for our business. The objective of these athletic endorsements is to build both consumer awareness and confidence and to drive consumer demand for our products.

MusclePharm in 2011 became the Official Supplement Provider and Sponsor of the Ultimate Fighting Championship (“UFC”). Our agreement includes prominent logo placement on the mat, and our branding can be seen on Fox and pay-per-view worldwide.

The fighters we sponsor feature our brand on their uniforms and we also extensively advertise at the Ultimate Fighting Championship events. In 2011, we launched a state-of-the-art website that will tap into the social networking world, further expanding our brand and consumer awareness.

The Company is also currently engaged in various in-store promotions, including point-of-purchase stands, aisle displays in our retail outlets, as well as sample demonstrations and athlete appearances in Wal-Mart, GNC, Vitamin World and Vitamin Shoppe locations.

Research and Development

Each and every product sold by MusclePharm is the end result of a long development process involving leading nutrition scientists, doctors, and top professional athletes.

Manufacturing and Product Quality

We are committed to producing and selling highly efficacious products that are trusted for their quality and safety. To date, our products have been outsourced to a third party manufacturer where the products are manufactured in full compliance with the Good Manufacturing Practice standards set by the Food & Drug Administration.

Trademarks and Patents

We regard our trademarks and other proprietary rights as valuable assets and believe that protecting our key trademarks is crucial to our business strategy of building strong brand name recognition. These trademarks are crucial elements of our business, and have significant value in the marketing of our products.

Our policy is to pursue registrations for all of the trademarks associated with our products. Federally registered trademarks have a perpetual life, provided that they are maintained and renewed on a timely basis and used correctly as trademarks, subject to the rights of third parties to attempt to cancel a trademark if priority is claimed or there is confusion of usage. We rely on common law trademark rights to protect our unregistered trademarks. Common law trademark rights generally are limited to the geographic area in which the trademark is actually used, while a United States federal registration of a trademark enables the registrant to stop the unauthorized use of the trademark by any third party anywhere in the United States. Furthermore, the protection available, if any, in foreign jurisdictions may not be as extensive as the protection available to us in the United States.

Although we seek to ensure that we do not infringe on the intellectual property rights of others, there can be no assurance that third parties will not assert intellectual property infringement claims against us.

Competition

The sports nutrition business is highly competitive. Competition is based primarily on quality and assortment of products, marketing support, and availability of new products. Currently, our main competitors are three private companies: Optimum Nutrition, Inc. (“Optimum”), Iovate Health Sciences, Inc. (“IHS”), and Bio-Engineered Supplements and Nutrition, Inc. (“BSN”). Optimum is a wholly owned subsidiary of Glanbia Nutritionals, Inc., an international nutritional ingredients group. Optimum owns and operates two brands of nutritional supplements (Optimum Nutrition and American Body Building), providing a line of products across multiple categories. IHS is a nutritional supplement company that delivers a range of products to the nutritional marketplace. Headquartered in Oakville, Ontario, Canada,

IHS's line of products can be found in major retail stores and include such brands as Hydroxy-Cut™, Cell-Tech™, Six Star Nutrition™. BSN is also a sports nutrition leader whose top products include No-Explode™ and Syntha Six Protein™.

MusclePharm intends to compete by aggressively marketing our brand, emphasizing our relationships with professional athletes, and maximizing our relationships with those athletes, retail outlets and industry publications that align with our vision. We also tout the strength of the science behind MusclePharm products, as this is a key point of difference.

Regulatory Matters

The manufacture, packaging, labeling, advertising, promotion, distribution and sale of our products are subject to regulation by numerous governmental agencies. Our products are subject to regulation by, among other regulatory entities, the Consumer Product Safety Commission (CPSC), the U.S. Department of Agriculture (USDA), the Environmental Protection Agency (EPA) and the U.S. Food and Drug Administration (FDA). Advertising and other forms of promotion and methods of marketing are subject to regulation primarily by the U.S. Federal Trade Commission (FTC), which regulates these activities under the Federal Trade Commission Act (FTCA). The manufacture, labeling and advertising of our products are also regulated by various state and local agencies as well as those of each foreign country to which we distribute our products.

The Dietary Supplement Health and Education Act of 1994 (DSHEA) revised the provisions of the Federal Food, Drug, and Cosmetic Act (FFDC Act) concerning the regulation of dietary supplements. All of the products we market are regulated as dietary supplements under the FFDC Act.

Under the current provisions of the FFDC Act, there are four categories of claims that pertain to the regulation of dietary supplements. Health claims are claims that describe the relationship between a nutrient or dietary ingredient and a disease or health related condition and can be made on the labeling of dietary supplements if supported by significant scientific agreement and authorized by the FDA in advance via notice and comment rulemaking. Nutrient content claims describe the nutritional value of the product and may be made if defined by the FDA through notice and comment rulemaking and if one serving of the product meets the definition. Statements of nutritional support or product performance, which are permitted on labeling of dietary supplements without FDA pre-approval, are defined to include statements that: (i) claim a benefit related to a classical nutrient deficiency disease and disclose the prevalence of such disease in the United States; (ii) describe the role of a nutrient or dietary ingredient intended to affect the structure or function in humans; (iii) characterize the documented mechanism by which a dietary ingredient acts to maintain such structure or function; or (iv) describe general well-being from consumption of a nutrient or dietary ingredient. In order to make a nutritional support claim, the marketer must possess adequate substantiation to demonstrate that the claim is not false or misleading and if the claim is for a dietary ingredient that does not provide traditional nutritional value, prominent disclosure of the lack of FDA review of the relevant statement and notification to the FDA of the claim is required. Drug claims are representations that a product is intended to diagnose, mitigate, treat, cure or prevent a disease. Drug claims are prohibited from use in the labeling of dietary supplements.

Claims made for our dietary supplement products may include statements of nutritional support and health and nutrient content claims when authorized by the FDA or otherwise allowed by law. The FDA's interpretation of what constitutes an acceptable statement of nutritional support may change in the future, thereby requiring that we revise our labeling. In addition, a dietary supplement that contains a new dietary ingredient (i.e., one not on the market before October 15, 1994) must have a history of use or other evidence of safety establishing that it is reasonably expected to be safe. The manufacturer must notify the FDA at least 75 days before marketing products containing new dietary ingredients and provide the FDA the information upon which the manufacturer based its conclusion that the product has a reasonable expectation of safety. There is no assurance that the FDA will accept the evidence of safety for any new dietary ingredients that we may wish to market, and the FDA's refusal to accept that evidence could prevent the marketing of the new dietary ingredients and dietary supplements containing a new dietary ingredient.

Our dietary supplements must comply with the Dietary Supplement and Nonprescription Drug Consumer Protection Act, which became effective on December 22, 2007. This Act amends the FFDC Act to mandate the reporting of serious adverse events received by us to the FDA.

The FDA has also announced its intention to promulgate new GMPs specific to dietary supplements, to fully enforce DSHEA and monitor compliance with the Bioterrorism Act of 2002.

Our failure to comply with applicable FDA regulatory requirements could result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. We intend to comply with the new GMPs once they are adopted. The new GMPs, predicted to be finalized shortly, would be more detailed and stringent than the GMPs that currently apply to dietary supplements and may, among other things, require dietary supplements

to be prepared, packaged, produced and held in compliance with regulations similar to the GMP regulations for drugs. There can be no assurance that, if the FDA adopts GMP regulations for dietary supplements, we will be able to comply with the new regulations without incurring a substantial expense.

As a result of our efforts to comply with applicable statutes and regulations in the United States and elsewhere, we have from time to time reformulated, eliminated or relabeled certain of our products and revised certain advertising claims. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative orders, when and if promulgated, would have on our business in the future. They could, however, require the reformulation of certain products to meet new standards, the recall or discontinuance of certain products not capable of reformulation, additional record keeping, expanded documentation of the properties of certain products, expanded or different labeling, and/or scientific substantiation. Any or all of such requirements could have a material adverse effect on our business, financial condition and results of operations.

Our advertising of dietary supplement products is subject to regulation by the FTC under the FTCA. Section 5 of the FTCA prohibits unfair methods of competition and unfair or deceptive acts or practices in or affecting commerce. Section 12 of the FTCA provides that the dissemination or the causing to be disseminated of any false advertisement pertaining to drugs or foods, which would include dietary supplements, is an unfair or deceptive act or practice. Under the FTC's Substantiation Doctrine, an advertiser is required to have a "reasonable basis" for all objective product claims before the claims are made. Failure to adequately substantiate claims may be considered either deceptive or unfair practices. Pursuant to this FTC requirement, we are required to have adequate substantiation for all material advertising claims made for our products.

On November 18, 1998, the FTC issued "Dietary Supplements: An Advertising Guide for Industry." This guide provides marketers of dietary supplements with guidelines on applying FTC law to dietary supplement advertising. It includes examples of the principles that should be used when interpreting and substantiating dietary supplement advertising. Although the guide provides additional explanation, it does not substantively change the FTC's existing policy that all supplement marketers have an obligation to ensure that claims are presented truthfully and to verify the adequacy of the support behind such claims. Our outside counsel reviews our advertising claims for compliance with FTC requirements.

The FTC has a variety of processes and remedies available to it for enforcement, both administratively and judicially, including compulsory process, cease and desist orders and injunctions. FTC enforcement can result in orders requiring, among other things, limits on advertising, corrective advertising, consumer redress, divestiture of assets, rescission of contracts and such other relief as may be deemed necessary. A violation of such orders could have a material adverse effect on our business, financial condition and results of operations.

Advertising and labeling for dietary supplements and conventional foods are also regulated by state, county and other local governmental authorities. Some states also permit these laws to be enforced by private attorney generals. These private attorney generals may seek relief for consumers, seek class action certifications, seek class-wide damages, seek class-wide refunds and product recalls of products sold by us. There can be no assurance that state and local authorities will not commence regulatory action, which could restrict the permissible scope of our product advertising claims, or products that can be sold in the future.

Governmental regulations in foreign countries where we plan to or expand sales may prevent or delay entry into the market or prevent or delay the introduction, or require the reformulation, of certain of our products. Compliance with such foreign governmental regulations is generally the responsibility of our distributors for those countries. These distributors are independent contractors over whom we have limited control.

Number of Total Employees and Number of Full Time Employees

We believe that our success will depend greatly on our ability to identify, attract, and retain capable employees. As of October 4, 2012, we had 32 full time employees. Our employees are not represented by any collective bargaining unit, and we believe our relations with our employees are good. We have recently completed staffing for the in-house medical and physiology center on-site in our work-out, fight training and training facilities.

DESCRIPTION OF PROPERTY

MusclePharm's corporate headquarters is located in Denver, Colorado. This commercial office building is 30,320 sq. ft. with 5,000 sq. ft. being used for offices and the other 25,000 sq. ft. utilized for research and development. The space includes a full performance training center, medical laboratory, and a 96-seat theatre room. The term of the lease is 65 months, expiring on December 31, 2015. We currently pay approximately \$13,500 in lease payments per month.

MusclePharm is leasing a small office and distribution warehouse in Boise, ID. The lease expires in February 2013 and the Company pays approximately \$3,500 per month in rent fees. MusclePharm also leases a 500 sq. ft. office space on a month-to-month basis. The Company currently pays \$500 per month in rent fees.

MusclePharm is leasing a 152,562 sq. ft. warehouse facility in Franklin, TN. The term of the lease is for 38 months, expiring on August 31, 2015. The Company currently pays \$8,866 per month in lease payments.

MusclePharm, through its Ontario subsidiary Canada MusclePharm Enterprises Corp., is leasing a 10,000 sq. ft. office and warehouse facility in Hamilton, Ontario, Canada. The term of the lease is for 24 months, expiring on March 31, 2014. The Company currently pays \$6,655 per month in leasing payments.

LEGAL PROCEEDINGS

Except as disclosed in Footnote 8 to the Company's restated financial statements for the six months ended June 30, 2012, contained herein, we are currently not involved in any new litigation that we believe could have a material adverse effect on our financial condition or results of operations. Except as disclosed in Footnote 8 to the Financial Statements contained herein, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS*(a) Market Information*

Our shares of common stock were cleared for trading under the symbol "TTWZ:OB" on the OTCBB on November 24, 2008, and later began trading on the OTCBB under the symbol "MSLP:OB" on April 27, 2010. Prior to this period, there was minimal trading in our common stock. The high and low prices for our common stock during the calendar quarters ended were:

Quarter ended	High	Low
June 30, 2012	\$0.030	\$0.012
March 31, 2012	\$0.037	\$0.006
December 31, 2011	\$0.026	\$0.007
September 30, 2011	\$0.039	\$0.014
June 30, 2011	\$0.081	\$0.025
March 31, 2011	\$0.130	\$0.036
December 31, 2010	\$0.900	\$0.050
September 30, 2010	\$1.030	\$0.410
June 30, 2010	\$1.180	\$0.950
March 31, 2010	\$-	\$-

Quotations on the OTCBB reflect bid and ask quotations, may reflect inter-dealer prices, without retail markup, markdown or commission, and may not represent actual transactions. In periods prior to June 30, 2010, there was no

volume in the Company's common stock.

(b) Holders

As of October 4, 2012, we estimate that there were approximately 3,750 holders of record of our common stock. This figure does not take into account those shareholders whose certificates are held in the name of broker-dealers, "street name," or other nominees.

(c) Dividends

We have not paid any dividends to the holders of our common stock and we do not expect to pay any such dividends in the foreseeable future as we expect to retain our future earnings for use in the operation and expansion of our business.

(d) Securities Authorized for Issuance under Equity Compensation Plan

As of December 31, 2011, we had an employee stock option plan under which 5,000,000 shares had been reserved for issuance. The following table shows information with respect to this plan as of the fiscal year ended December 31, 2011.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights(b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,617,500	\$ 0.50	3,382,500
Equity compensation plans not approved by security holders	-	-	-
Total	1,617,500	\$ 0.50	3,382,500

Transfer Agent

Our stock transfer agent is Corporate Stock Transfer, Inc., 3200 Cherry Creek Dr. South, Suite 430, Denver, CO 80239.

PENNY STOCK RULES

The U.S. Securities and Exchange Commission has also adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the Nasdaq system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system).

A purchaser is purchasing penny stock, which limits the ability to sell the stock. The shares offered by this prospectus constitute penny stock under the Exchange Act. The shares will remain penny stocks for the foreseeable future. The classification of penny stock makes it more difficult for a broker-dealer to sell the stock into a secondary market, which makes it more difficult for a purchaser to liquidate his/her investment. Any broker-dealer engaged by the purchaser for the purpose of selling his or her shares in us will be subject to Rules 15g-1 through 15g-10 of the Exchange Act. Rather than creating a need to comply with those rules, some broker-dealers will refuse to attempt to

sell penny stock.

The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document, which:

- Contains a description of the nature and level of risk in the market for penny stock in both public offerings and secondary trading;
- Contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the Securities Act;
- Contains a brief, clear, narrative description of a dealer market, including bid" and ask" price for the penny stock and the significance of the spread between the bid and ask price;
- Contains a toll-free number for inquiries on disciplinary actions;
 - Defines significant terms in the disclosure document or in the conduct of trading penny stocks; and
- Contains such other information and is in such form (including language, type, size and format) as the Securities and Exchange Commission shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, to the customer:

- The bid and offer quotations for the penny stock;
- The compensation of the broker-dealer and its salesperson in the transaction;

The number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and

· Monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgement of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements will have the effect of reducing the trading activity in the secondary market for our stock because it will be subject to these penny stock rules. Therefore, stockholders may have difficulty selling their securities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Special Note Regarding Forward-Looking Statements

This registration statement and other reports filed by our Company from time to time with the U.S. Securities and Exchange Commission (collectively the Filings") contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, our management as well as estimates and assumptions made by our management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the filings, the words anticipate," believe," estimate," expect," future," intend," plan," or the negative of these terms and similar expressions as they relate to us or our management identify forward-looking statements. Such statements reflect our current view with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including those set forth in the Risk Factors on page 9. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP[®]). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this report.

Plan of Operation

Headquartered in Denver, Colorado, MusclePharm is a rapidly expanding healthy life-style company that develops and distributes a full line of scientifically approved nutritional supplements that are 100% free of any banned substances. Based on years of research, MusclePharm products are created through an advanced six-stage research protocol involving the expertise of top nutritional scientists and field tested by more than 100 elite professional athletes from various sports including the National Football League, mixed martial arts, and Major League Baseball. The Company's propriety and award winning products address all categories of an active lifestyle including muscle building, weight loss, and maintaining general fitness through a daily nutritional supplement regimen. MusclePharm is sold in over 120 countries and available in over 5,000 U.S. retail outlets, including GNC, Vitamin Shoppe, and Vitamin World. The Company also sells its products in over 100 online stores, including bodybuilding.com, amazon.com and vitacost.com.

Our primary focus at the current time is on the following:

- (1) Increase our distribution and sales;
- (2) Continue aggressive marketing campaign to further build upon our brand and market awareness;
- (3) Conduct additional testing of the safety and efficacy of our products; and
- (4) Hire additional key employees to continue to strengthen the Company.

Results of Operations

For the Year Ended December 31, 2011 (As Restated) Compared to the Year Ended December 31, 2010 (As Restated)

Revenues

Net revenues from the sale of products were approximately \$17 million for the year ended December 31, 2011, as compared to revenue from the sale of products of approximately \$3.2 million for the year ended December 31, 2010. Sales activities during the year ended December 31, 2011, increased due to the increase in advertising and promotion efforts, as well as the change in the Company's manufacturers, which provided more consistent shipments to customers. The increase is also related to the significant capital spent on marketing with distributors and marketing and brand recognition with endorsements and sponsorships.

Cost of Sales

Cost of sales for the year ended December 31, 2011, were approximately \$14.8 million or 86% of revenue, as compared to approximately \$2.8 million or 88% of revenue for the year ended December 31, 2010. The cost of sales as a percentage of revenues were not consistent from December 31, 2010 to December 31, 2011. The cost of sales as a percentage of revenues increased due primarily to a reclassification of advertising expense to cost of sales in the amount of \$374,455 during 2011 due to our restatement. There were no such reclassifications in 2010.

Operating Expenses

Operating expenses for the year ended December 31, 2011, were approximately \$18.6 million, as compared to approximately \$18.7 million for the year ended December 31, 2010.

The approximate \$.1 million decrease is primarily due to an increase in stock based compensation – of approximately \$3.7 million, an increase in depreciation expense of approximately \$0.2 million and an increase in travel, meetings and entertainment of approximately \$0.3 million, offset by a decrease in investment advisory services of approximately \$2.4 million, a decrease in research and development costs of approximately \$1.2 million and the decrease of advertising expense of \$0.9 million.

Operating Loss

Operating loss for the year ended December 31, 2011 was approximately \$16.2 million, as compared to approximately \$18.3 million for the year ended December 31, 2010.

Interest Expense

Interest expense for the year ended December 31, 2011, was approximately \$3.7 million, as compared to approximately \$0.5 million for the year ended December 31, 2010. The increase in interest expense primarily relates to amortization of the debt discounts and debt issue costs of \$3.5 million and interest charges incurred on our debt instruments of approximately \$0.2 million.

Other Expenses

Other expenses for the year ended December 31, 2011, were approximately \$7 million, as compared to approximately \$1.3 million for the year ended December 31, 2010. The \$5.7 million increase in other expenses is primarily due to an increase in derivative expense of approximately \$4.7 million, an increase in interest expense of approximately \$3.2 million and increases in the losses on settlement of accounts payable of approximately \$3.4 million, offset by changes in the fair value of derivative liabilities of approximately \$5.3 million and licensing income of approximately \$0.2 million.

Net Loss

Net loss for the year ended December 31, 2011, was approximately \$23.3 million, or loss per share of \$0.08, as compared to the net loss of approximately \$19.6 million or loss per share of \$0.48 for the year ended December 31, 2010.

Inflation did not have a material impact on the Company's operations for the period. Other than the foregoing, management knows of no trends, demands, or uncertainties that are reasonably likely to have a material impact on the Company's results of operations.

For the Six Months Ended June 30, 2012 and 2011 (unaudited):

	Six Months Ended June 30,	
	2012	2011
Sales – net	\$31,990,020	\$6,431,678
Cost of sales	25,837,767	4,914,361
Gross profit	6,152,253	1,517,317
General and administrative expenses	8,543,887	4,498,310
Loss from operations	(2,391,634)	(2,980,993)
Other expense – net	(7,461,755)	(9,467,552)
Net loss	\$(9,853,389)	\$(12,448,545)
Other comprehensive income	40,719	-
Total comprehensive income (loss)	\$(9,812,670)	\$(12,448,545)
Net loss per share - basic and diluted	\$(0.01)	\$(0.07)
Weighted average number of common shares outstanding during the period – basic and diluted	1,301,222,184	174,365,323

Sales

Sales increased approximately \$25,558,000 or 397%, to approximately \$31,990,000 for the six months ended June 30, 2012, as compared to approximately \$6,432,000 for the six months ended June 30, 2011. The increase in sales was primarily attributable to increased brand awareness, and the Company's continued efforts to expand sales by adding more customers. Since inception, the Company has focused on an aggressive marketing plan to penetrate the market. As such, new promotional efforts have been made to increase sales by adding new customers and expanding our product line. The Company has continued to add new products to meet our customer's needs. The inclusion of new Gel squeeze tubes in various flavors has increased sales and more customers are now adding the Muscle Gel to their shelf line. The Company has added new sales staff familiar with international sales, and this effort is now beginning to show results through increased sales in the international markets. Overall, as a direct result of the aggressive marketing plan, our products are currently being offered in more retail stores, both domestic and international, and our products are receiving better shelf placement, all of these efforts have increased sales.

Cost of Sales

The cost of sales for the six months ended June 30, 2012, was approximately \$25,838,000 compared to approximately \$4,914,000 for the six months ended June 30, 2011. Cost of sales as a percent of revenue increased from 76% for the six months ended June 30, 2011 to 81% of revenue for the six months ended June 30, 2012. This increase in cost of sales was the result of adding Canadian shipping, and product cost for the second quarter of 2012 that had not previously existed, and an overall increase in shipping costs. There was also a slight increase in product damages in 2012 over the same period in 2011.

Gross Profit

Gross profit for the six months ended June 30, 2012, is approximately \$6,152,000 and increased approximately \$4,635,000 over the six months ended June 30, 2011. Meanwhile the gross profit percentage decreased to approximately 19% during the six months ended June 30, 2012 from 24% for the same period ended June 30, 2011, mainly the result of providing deeper discounts for customer's purchases in the second quarter of 2012.

General and Administrative Expenses

General and administrative expenses for the six months ended June 30, 2012, increased to approximately \$8,544,000 or approximately \$4,046,000 or 90%, compared to the same six months ended June 30, 2011. The increased sales for the quarter ending June 30, 2012 had corresponding increases in the general and administrative expenses as compared to the six months ended June 30, 2011, mainly for foreign transaction fees and Canadian operations, while the general and administrative costs rose correspondingly to the increase in sales.

Other major increases were approximately \$1,800,000 in advertising, \$900,000 in increases for stock based compensation \$800,000 in salaries and benefits, \$200,000 in travel, \$200,000 in depreciation and \$100,000 in office expenses.

Loss from Operations

The loss from operations for the six months ended June 30, 2012, was \$2,391,634 as compared to a loss of \$2,980,993 for the comparable six months ended June 30, 2011.

Other Expenses

Other net expenses for the six months ended June 30, 2012, were \$7,461,755, as compared to \$9,467,552 for the six months ended June 30, 2011. The components of other expenses are shown in the table below:

	Six Months Ended	
	June 30, 2012	June 30, 2011
Derivative expense	\$(2,486,451)	\$(4,057,859)
Change in fair value of derivative liabilities	1,496,874	634,770
Loss on settlement of accounts payable and debt	(2,941,826)	(2,542,073)
Interest expense	(3,547,202)	(3,502,390)
Foreign currency transaction loss	(1,573)	-
Other income (expense)	18,423	-
Total other expense – net	\$(7,461,755)	\$(9,467,552)

The decrease in this expense category of \$2,005,797 was mainly attributed to the changes in fair value of derivative contracts and derivative expense approximately \$2,400,000.

Net Loss

Net loss for the six months ended June 30, 2012, was \$9,853,389, or \$(0.01) per share as compared to \$12,448,545 or loss per share of \$(0.07) for the six months ended June 30, 2011.

Inflation did not have a material impact on the Company's operations for the period. Other than the foregoing, management knows of no trends, demands, or uncertainties that are reasonably likely to have a material impact on the Company's results of operations.

Other Comprehensive Income

The Company recognized \$40,719 of other comprehensive income related to translation adjustments for transactions entered into in Canadian Dollars and translated to US Dollars for the six months ended June 30, 2012.

For the Three Months Ended June 30, 2012 and 2011 (unaudited):

	Three Months Ended June 30,	
	2012	2011
Sales – net	\$ 15,429,340	\$ 3,397,742
Cost of sales	12,942,605	2,512,828
Gross profit	2,486,735	884,914
General and administrative expenses	4,151,076	2,778,682
Loss from operations	(1,664,341)	(1,893,768)
Other income (expense) – net	7,846,245	(5,542,855)
Net income (loss)	\$ 6,181,904	\$ (7,436,623)
Other comprehensive income	40,719	-
Total comprehensive income (loss)	\$ 6,222,623	\$ (7,436,623)
Net loss per share - basic and diluted	\$ 0.00	\$ (0.04)
Weighted average number of common shares outstanding during the period – basic and diluted	1,388,624,267	201,864,655

Sales

Sales increased 354% to approximately \$15,429,000 for the three months ended June 30, 2012, as compared to approximately \$3,398,000 for the three months ended June 30, 2011. The increase of approximately \$12,031,000 in this three-month period in sales was primarily attributable to increased brand awareness combined with strategic marketing efforts to add new customers with higher volume of product sales. Since inception, the Company has focused on an aggressive marketing plan to penetrate the market. As such, new promotional efforts have been made which increased sales. The inclusion of new Gel squeeze tubes in various flavors has increased sales and seems to be reaching new customer demands. Another area of the increase is due to the growth in the international markets. Overall as a direct result of the aggressive marketing plan, our products are currently being offered in more retail stores, both domestic and international, and our in products are receiving better shelf placement.

Cost of Sales

The cost of sales for the three months ended June 30, 2012 was approximately \$12,943,000 compared to approximately \$2,513,000 for the same period last year. Cost of sales as a percent of revenue increased from 74 % for the three months ended June 30, 2011 to 84% of revenue for the three months ended June 30, 2012. This increase in cost of sales was the result of adding Canadian shipping, and product cost for the second quarter of 2012 that had not previously existed, and an overall increase in product cost and shipping costs as a percent of revenue.

Gross Profit

Gross profit increased to approximately \$2,487,000 or approximately \$1,602,000 more for the three months ended June 30, 2012 than the same three months ended June 30, 2011. Meanwhile the gross profit percentage decreased to approximately 16% during the three months ended June 30, 2012 from approximately 26% for the same period ending June 30, 2011.

In the second quarter ending June 30, 2012 the Company provided aggressive promotional sales discounts which totaled \$3,440,000 or 19% off of the regular selling prices. The total product sold in this period was approximately \$18,869,000. This discounting of product was approximately 10% more than normal, thereby decreasing overall gross profit to approximately 16% compared to the 26% gross profit margin for the same three months ending June 30, 2011.

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2012 increased approximately \$1,372,000 over the same three months ended June 30, 2011. The increases seen in sales had corresponding increases in the general and administrative expenses with additional sales staff and office related expenses bringing the total to approximately \$4,151,000 for the quarter ending June 30, 2012, as compared to approximately \$2,779,000 for the comparable three months ended June 30, 2011.

The major increases were the result of approximately \$400,000 in advertising, \$300,000 in legal fees, \$400,000 for salaries and benefits, \$200,000 in stock based compensation, and \$200,000 in increased travel and office expenses.

Loss from Operations

The loss from operations for the three months ended June 30, 2012, was \$1,664,341 as compared to a loss of \$1,893,768 for the comparable three months ended June 30, 2011.

Other Income and Expenses

Other income for the three months ended June 30, 2012, were \$7,846,245, as compared to other expenses of \$5,542,855 for the comparable three months ended June 30, 2011. The increase in other income of \$13,389,100 is comprised of items shown in the table below:

Three Months Ended	
June 30,	June 30, 2011
2012	

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Derivative expense	\$ (1,029,541)	\$ (2,698,490)
Change in fair value of derivative liabilities	\$ 9,854,045	\$ 766,487
Loss on settlement of accounts payable and debt	\$-	\$ (627,384)
Interest expense	\$ (976,686)	\$ (2,983,468)
Foreign currency transaction loss	\$ (1,573)	\$ -
Other income (expense)	\$-	\$ -
Total other income and expenses	\$ 7,846,245	\$ (5,542,854)

The increase in this income category was mainly attributed to the changes in fair value of derivative contracts and derivative expense of approximately \$10,800,000.

Net Income (Loss)

Net income for the three months ended June 30, 2012, was \$6,181,904, or \$0.00 per share, as compared to a net loss of \$7,436,623 or loss per share of \$(0.04) for the three months ended June 30, 2011.

Inflation did not have a material impact on the Company's operations for the period. Other than the foregoing, management knows of no trends, demands, or uncertainties that are reasonably likely to have a material impact on the Company's results of operations.

Other Comprehensive Income

The Company recognized \$40,719 of other comprehensive income related to translation adjustments for transactions entered into in Canadian Dollars and translated to US Dollars for the three months ended June 30, 2012.

Liquidity and Capital Resources

The following table summarizes total current assets, liabilities and working capital at June 30, 2012, compared to December 31, 2011.

	June 30, 2012	December 31, 2011	Increase/Decrease
Current Assets	\$ 2,956,242	\$ 4,016,833	\$ (1,060,591)
Current Liabilities	\$ 15,624,259	\$ 17,710,100	\$ (2,085,841)
Working Capital (Deficit)	\$ (12,668,017)	\$ (13,693,267)	\$ 1,025,250

Our primary source of operating cash has been through the sale of equity and the issuance of convertible secured promissory notes and other short term debt as discussed below.

At June 30, 2012, the Company had cash of \$291,971 and working capital deficit of approximately \$12,668,000, compared to cash of \$659,764 and a working capital deficit of approximately \$13,700,000 at December 31, 2011.

Cash provided by operating activities was approximately \$438,000 for the six months ended June 30, 2012, as compared to cash used in operating activities of approximately \$2,600,000 for the six months ended June 30, 2011. The increase in cash provided by operating activities of approximately \$3,100,000 for the six months ended June 30, 2012, compared to the six months ended June 30, 2011, was primarily due to increased payables and deferred revenues of approximately \$1,000,000.

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Cash used in investing activities increased to approximately \$600,000 from approximately \$300,000 for the six months ended June 30, 2012 and 2011, due to slightly higher spending on fixed assets. Future investments in property and equipment, as well as further development of our Internet presence will largely depend on available capital resources.

Cash flows used in financing activities were approximately \$266,000 for the six months ended June 30, 2012, as compared to cash flows provided by financing activities of approximately \$3,400,000 for six months ended June 30, 2011. The approximately \$3,700,000 decrease is due to the \$4,100,000 increase in repayments of debt.

Cash Flows From Financing Activities: For the Six Months Ended	June 30, 2012	June 30 2011
Proceeds from issuance of debt	\$4,073,950	\$3,648,083
Repayment of debt	(4,058,442)	
Debt issuance costs	(106,950)	(204,093)
Repurchase of common stock	(460,978)	
Proceeds from issuance of common stock and warrants	285,760	
Net Cash (Used In) Provided By Financing Activities	\$(266,660)	\$3,443,990

Going Concern

As reflected in the accompanying unaudited interim consolidated financial statements, the Company had a net loss of \$9,853,389 for the six months ended June 30, 2012, and a working capital deficit and stockholders' deficit of \$12,668,017 and \$11,013,113 respectively, at June 30, 2012. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue its operations is dependent on management's plans, which include the raising of capital through debt and/or equity markets with some additional funding from other traditional financing sources, including term notes, sale of aged debt to third parties in exchange for free trading stock, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur liabilities with certain related parties to sustain the Company's existence.

The Company will require additional funding to finance the growth of its current and expected future operations as well as to achieve its strategic objectives. The Company believes its current available cash along with anticipated revenues may be insufficient to meet its cash needs for the near future. There can be no assurance that financing will be available in amounts or terms acceptable to the Company, if at all.

In response to these problems, management has taken the following actions:

- seeking additional third party debt and/or equity financing; and,
- continue with the implementation of the business plan; and,
- allocate sufficient resources to continue with advertising and marketing efforts.

Financing

Our primary source of operating cash has been through the sale of equity and the issuance of secured promissory notes.

The Company continues to explore potential expansion opportunities in the industry in order to boost sales, while leveraging distribution systems to consolidate lower costs. The Company needs to continue to raise money in order to execute the business plan.

Off-Balance Sheet Arrangements

In August 2010, the Company leased office space under a non-cancelable operating lease, expiring in December 2015 for their Denver office.

In February 2012, the Company leased office space under a non-cancelable operating lease, expiring in February 2013 for a warehouse in Idaho.

In April 2012, the Company leased office space under a non-cancelable operating lease, expiring in March 2014 for an office in Canada.

In July 2012, the Company leased office space under a non-cancelable operating lease, expiring in August 2015 for a Tennessee warehouse.

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

2012 (6 months)	\$ 157,000
2013	375,000
2014	402,000
2015	306,000
Total minimum lease payments	\$ 1,240,000

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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

Risks and Uncertainties

The Company operates in an industry that is subject to rapid change and intense competition. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological, regulatory and other risks, including the potential risk of business failure.

Principles of Consolidation

All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with United States of America generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents trade obligations from customers that are subject to normal trade collection terms. The accounts receivable are sent directly to the Company's third party manufacturer and netted with any outstanding liabilities to the manufacturer. Liabilities to the manufacturer totaled \$2,351,060 at June 30, 2012, and are included in accounts payable and accrued liabilities. The Company periodically evaluates the collectability of its accounts receivable and considers the need to establish an allowance for doubtful accounts based upon historical collection experience and specific customer information. Accordingly, the actual amounts could vary from the recorded allowances. There is also a review of customer discounts at the period end and an accrual made for discounts earned but not yet received by quarter end.

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in 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 active markets.

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

Level 3: Unobservable inputs reflecting the Company's assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The following are the major categories of liabilities measured at fair value on a recurring basis as of June 30, 2012 and December 31, 2011, using quoted prices in active markets for identical liabilities (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	June 30, 2012	December 31, 2011
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Derivative liabilities (Level 2)	\$7,908,860	\$ 7,061,238
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The Company's financial instruments consisted primarily of accounts receivable, prepaids, accounts payable and accrued liabilities, debt and customer deposits. The Company's debt approximates fair value based upon current borrowing rates available to the Company for debt with similar maturities. The carrying amounts of the Company's financial instruments generally approximated their fair values as of June 30, 2012 and December 31, 2011, respectively, due 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 arrangement exists, (2) product has been shipped or delivered, (3) the sales price to the customer is fixed or determinable, and (4) collectability is reasonably assured.

Depending on individual customer agreements, sales are recognized either upon shipment of products to customers or upon delivery. For all of our Canadian sales, which represents 2% of total sales, and for one of our largest domestic customers, which represents 11% of our total revenue for the six months ended June 30, 2012 and 2011 revenue is recognized upon delivery.

The Company has determined that advertising related credits that were granted to customers fell within the guidance of ASC No. 605-50-55 (“*Revenue Recognition*” – *Customer Payments and Incentives – Implementation Guidance and Illustrations*). The guidance indicates that, absent evidence of benefit to the vendor, appropriate treatment requires netting these types of payments against revenues and not expensing as advertising expense.

The Company records store support, giveaways, sales allowances and discounts as a direct reduction of sales.

The Company has an informal 7-day right of return for products. There were nominal returns for the three and six months ended June 30, 2012 and 2011.

Foreign Currency

MusclePharm began operations in Canada in April of 2012. The Canadian Dollar was determined to be the functional currency as the majority of the transactions related to the day to day operations of the business are exchanged in Canadian Dollars. At the end of the period, the financial results of the Canadian operation are translated into the United States Dollar, which is the reporting currency, and added to the US operations for consolidated company financial results. The revenue and expense items are translated using the average rate for the period and the assets and liabilities at the end of period rate. Transactions that have completed the accounting cycle and resulted in a gain or loss related to translation are recorded in realized gain or loss due to foreign currency translation under other income expense on the income statement. Transaction that have not completed their accounting cycle but appear to have gain or loss due to the translation process are recorded as unrealized gain or loss due to translation and held in the equity section on the balance sheet until such date the accounting cycle of the transaction is complete and the actual realized gain or loss is recognized.

Accounts Receivable

MusclePharm performs ongoing evaluations of its customer's financial condition and generally does not require collateral. Management reviews accounts receivable periodically and reduces the carrying amount by a valuation allowance that reflects management's best estimate of amounts that may not be collectible. Allowances, if any, for uncollectible accounts receivable are determined based upon information available and historical experience.

Beneficial Conversion Feature

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

When the Company records a BCF, the relative fair value of the BCF is to be recorded as a debt discount against the face amount of the respective debt instrument. The discount is to 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 features in convertible debt or equity instruments, and measurement of their fair value for accounting purposes. In determining the appropriate fair value, the Company uses the Black-Scholes option-pricing model. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt, the Company continues its evaluation process of these instruments as derivative financial instruments.

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

Debt Issue Costs and Debt Discount

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

Original Issue Discount

For certain convertible debt issued, the Company provides the debt holder with an original issue discount. The original issue discount is recorded to debt discount and additional paid in capital at an amount not to exceed gross proceeds raised, reducing the face amount of the debt and is amortized 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 grants and stock appreciation rights are measured at their fair value on the awards' grant date, based on estimated number of awards that are ultimately expected to vest. Share-based compensation awards issued to non- employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable.

Recent Accounting Pronouncements

In May 2011 the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. Generally Accepted Accounting Principles (“GAAP”) and International Financial Reporting Standards (“IFRS”). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 requires reporting entities to disclose additional information for fair value measurements categorized within Level 3 of the fair value hierarchy. In addition, ASU 2011-04 requires reporting entities to make disclosures about amounts and reasons for all transfers in and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no changes in or disagreements with accountants on accounting or financial disclosure matters.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Directors and Executive Officers

The following table and text sets forth the names and ages of all our directors and executive officers and our key management personnel as of October 4, 2012. All of our directors serve until the next annual meeting of stockholders and until their successors are elected and qualified, or until their earlier death, retirement, resignation or removal. Executive officers serve at the discretion of the Board of Directors, and are elected or appointed to serve until the next Board of Directors meeting following the annual meeting of stockholders. Also provided is a brief description of the business experience of each director and executive officer and the key management personnel during the past five years and an indication of directorships held by each director in other companies subject to the reporting requirements under the Federal securities laws.

Name	Age	Position
Brad J. Pyatt	32	Chief Executive Officer and Co-Chairman of the Board
Cory Gregory	33	Senior President
Jeremy DeLuca	33	President and Chief Marketing Officer
Lawrence S. Meer	51	Treasurer
John H. Bluhner	54	Chief Operating Officer and Co-Chairman of the Board
Lewis Gary Davis	58	Chief Financial Officer
David W. Prosser	62	Director
Mark Groussman	39	Director
Gordon Burr	63	Director

The biographies of each of our executive officers and directors are as follows:

Brad J. Pyatt, age 32, Chief Executive Officer, Co-Chairman

Mr. Pyatt has served as the Chief Executive Officer and Director of the Company since February 18, 2010, and as President and Chief Executive Officer of Muscle Pharm, LLC, since its inception in April 2008. His background includes seven years of experience as a professional athlete, and more than five years of experience in the sports nutrition arena. Mr. Pyatt played in National Football League (NFL) for the Indianapolis Colts during the 2003, 2004, and 2005 NFL seasons as well for the Miami Dolphins during the 2006 NFL season. Mr Pyatt also played in the Arena Football League (AFL) for the Colorado Crush during the 2007 and 2008 AFL seasons. Mr. Pyatt attended the University of Kentucky from 1999 to 2002, where he studied kinesiology exercise science, as well the University of Northern Colorado, from 2002 to 2003.

The Company believes that Mr. Pyatt's experience in the sports nutrition sector over the past five plus years, along with his background as a former professional athlete, give him an unique perspective on the nutrition industry as a whole and makes him a valuable member to the Company's board of directors.

Cory Gregory, age 33, Senior President

Mr. Gregory is currently the Senior President and member of the Company's board of directors, roles he has served in since May 2010. Prior to joining the Company, Mr. Gregory served as the President, managing member, and owner of T3 Personal Training LLC ("T3") from April 2009 until November 2000. T3 was a personal training service that managed and oversaw over 40 clients using 7 trainers over a ten year period. During the same period, Mr. Gregory served as President of the Ohio Natural Bodybuilding Federation, a federation founded by Mr. Gregory in 2004 which hosted 14 bodybuilding competitions over a six year period. In 2004, Mr. Gregory purchased the Old School Gym, located in Pataskala, OH, which he continues to own at present day.

The Company believes that Mr. Gregory's extensive bodybuilding and personal training experience provide him with the insight necessary to understand the ongoing demands and changes to the nutrition industry and as such, makes him a valuable member to the Company's board of directors.

Jeremy DeLuca, age 33, President and Chief Marketing Officer

Mr. DeLuca is the Company's President and Chief Marketing Officer. Prior to joining the Company, from April 1999 to November 2010, Mr. DeLuca served as the President of Bodybuilding.com, an online sports nutrition and supplements company which he co-founded in 1999 ("Bodybuilding.com"). As President, Mr. DeLuca was actively involved in all aspects of Bodybuilding.com's business, with a focus on marketing, sales, and e-commerce. Mr. DeLuca's responsibilities also included managing all vendor relations, marketing strategies, sales promotions, store content and store site development. During Mr. DeLuca's tenure, Bodybuilding.com grew tremendously, achieving annual sales of over \$200,000,000 in 2010.

Lawrence S. Meer, age 51, Treasurer

Mr. Meer has served as Chief Financial Officer of the Company since July 2010. Prior to becoming the Chief Financial Officer he was the Director of Finance at Muscle Pharm, LLC from October 2009 to July 2010. His other past experience includes daily cash management and treasury functions, including the establishment of credit and collection procedures to maximize cash flow, reduce corporate debt and enhance shareholder value. He previously served as President and Chief Financial Officer in Miami, FL, at Color It, Inc., a textile finishing business, from March 2002 to December 2008. Mr. Meer also previously served as Executive Vice President at Customer Assets in Denver, CO, an India-based call center, from 2000 to 2002. Prior to joining Customer Assets, he was Chief Financial Officer and Chief Operating Officer at GS Sportswear in Denver, CO, a sportswear promotional company, from 1998 to 2000. Mr. Meer also served as Chief Financial Officer at Davis Audio-Visual, Inc., a retailer of audio-visual equipment, from 1996 to 1998; and Vice President of Finance at Pacer Cats in Englewood, CO., a ticketing and concession software provider from 1991 to 1996. Mr. Meer earned a BS in accounting from the University of Colorado at Boulder.

John H. Bluher, age 54, Chief Operating Officer, Co-Chairman

Mr. Bluher is a specialist in corporate governance for growing companies. He is also a specialist in investment management, capital structuring, merger and acquisition, private equity and valuations of public and private companies. He has significant experience working with corporate structuring, corporate boards and committees, risk management, and public company corporate governance. His experience also includes negotiating transactions and purchases, and sales of assets and properties on a global basis. He has deep experience in creating and implementing corporate governance plans, working in the corporate board room, and as director of risk, developing internal audit programs and insurance programs for public companies. During 2010, Mr. Bluher provided consulting services to a leading financial advisory and management consultant firm. Mr. Bluher was responsible for managing transactions, business development, developing corporate governance standards and corporate structuring for companies. Since December 2009, Mr. Bluher assisted in raising capital, marketing and co-managed Coachman Energy Funds at Caddis Capital, LLC, a private equity portfolio focused on oil and gas investments. From February 2010 to August 2010, Mr. Bluher acted as investment banker and special financial advisor to the AARP Mutual Fund Board of Trustees in a platform divestiture. From December 2007 to May 2009, Mr. Bluher served as managing director and general counsel at Lehman Brothers, Inc.'s (NYSE:LEH) investment management division. Mr. Bluher also served as global chief legal and compliance officer and managing director of Neuberger Berman during this period. From August 2004 to June 2007, Mr. Bluher served as general counsel and director of risk and Janus Capital, Inc. (NYSE:JNS). From June 2002 to July 2004, Mr. Bluher served as executive vice president, general counsel and corporate secretary and director of risk management of Knight Trading Group (NASDAQ:NITE). From January 2001 to May 2002, Mr. Bluher served as senior vice president and global chief compliance officer for Prudential Securities, Inc. (NYSE:PRU). From October 1997 to January 2001, Mr. Bluher served as general counsel and chief compliance officer of Sun America, Inc. (NYSE:SAI) later (NYSE:AIG). From 1992 – 1997, Mr. Bluher served as senior vice president, regional and divisional Counsel at Prudential Securities, Inc. From 1987 to 1992, Mr. Bluher was senior counsel for the Division of Enforcement at the Securities and Exchange Commission. Mr. Bluher holds a Bachelor of Science and a J.D. degree from the University of Wyoming and holds FINRA Series 7, Series 24 and Series 14 licenses. He has served on the boards of ICI Mutual Insurance Company, the NASDAQ Chairman's Advisory Board, Cherry Hills Founders Group,

Inc., Targeted Medical Pharma, Inc., Arete Industries, Inc., and Safe Communications, Inc., and the University of Wyoming Foundation Board, and College of Law Advisory Board. Mr. Bluher is a frequent speaker at financial services industry meetings and conferences.

Lewis Gary Davis, age 58, Chief Financial Officer

From January, 2010 to prior to joining the company, Mr. Davis, age 58, worked as a certified public accountant for various clients, specializing in mergers and acquisitions. From November, 2004 to January, 2010, Mr. Davis served as executive vice president and chief financial officer of Bodybuilding.com, a sports, fitness and nutritional supplement on-line retail store. He previously was vice president and chief financial officer of US Ecology Corporation. Davis earned a Bachelor's Degree in Accounting from Boise State University and is near completion of a Master's Degree in Finance from Rochester Institute of Technology. He is a licensed certified public accountant.

David W. Prosser, age 62, Director

Donald W. Prosser, age 62, has been the principal executive officer of Arête Industries, Inc. since January 2011 and a director of Arête since September, 2003. Arête is a voluntary filer under the Securities Exchange Act of 1934. Mr. Prosser owns a certified public accounting firm, Donald W. Prosser, P.C., specializing in tax services and accounting and has represented a number of private and public companies serving in the capacity of accountant, member of boards of directors, and as chief financial officer. From 1997 to 1999, Mr. Prosser served as CFO and Director for Chartwell International, Inc., a public company publishing high school athletic information and providing athletic recruiting services. From 1999 to 2000, he served as CFO and Director for Anything Internet, Inc. and from 2000 to 2001, served as CFO and Director for its successor, Inform Worldwide Holdings, Inc., a publicly traded company. From November 2002 through June 2008, Mr. Prosser served as CFO of VCG Holding Corp., a public company. He also has served on the board of directors of Veracity Management Global, Inc., a publicly traded company, since January, 2008. Mr. Prosser has been a certified public accountant since 1975. Mr. Prosser attended the University of Colorado from 1970 to 1971 and Western State College of Colorado from 1972 to 1975, where he earned a Bachelor's Degree in Accounting and History (1973) and a Master's Degree in Accounting – Income Taxation (1975).

Gordon Burr, age 63, Director

Gordon Burr, age 63, is the founder and president of the B-Mex/Exciting Games group, which is a group of US and Mexican companies that constructed, own and operate casinos in Mexico. Mr. Burr occupies a principal role in both corporate strategy and in daily operations and has served as President of the B-Mex/Exciting Games group since its inception in 2005. Prior to his involvement with B-Mex/Exciting Games, Mr. Burr served as a Vice President of Business Development and Manager for several companies in the United States. From 2003 to 2004, he was VP of Business Development for Pelion Systems, Inc., a software company providing manufacturing optimization software and solutions that merged with JCIT International to form DemandPoint. Before that, Mr. Burr was Manager of Business Development for C2 Media, a corporate printing roll-up, between 2001 and 2003, and was involved in fundraising and later operations. Mr. Burr also serves on the board of directors for the Colorado Honor Corps, a local division of the Tragedy Assistance Program for Survivors, which provides assistance for persons who have lost a military loved one. Mr. Burr is also a co-founder and Vice Chairman of *Fundación Curando a México*, a non-profit charity in Mexico partnered with Project C.U.R.E. in the US to bring medical equipment, supplies, training and other services to hospitals serving the low-income population in Mexico.

Mark Groussman, age 39, Director

Mark Groussman, age 39, was appointed as the Chief Executive Officer of American Strategic Minerals Corporation in June 2012. Mr. Groussman has been a consultant and investor in both private and public companies for the past 11 years. Mr. Groussman has been the managing member of Bull Hunter LLC since 2001 and the president of Melechdavid, Inc. since 2001. Both of these companies invest in small capitalization in private and public companies.

Mr. Groussman received his B.A. from George Washington University in 1995 and received a M.S. in Real Estate Finance from New York University in 1999. Mr. Groussman's appointment to the Board was pursuant to the terms of a consulting agreement between the Company and Melechdavid, Inc., a corporation owned by Mr. Groussman.

Advisory Board

We have established an Advisory Board currently consisting of nine members, which serves to advise management with respect to product formulations, product ideas, marketing and related matters. Members of the Advisory Board do not meet on a formal or regular basis. Our management team consults with one or more members of the Advisory Board as needed, from time to time, by means of meetings or telephone conference calls.

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

Dr. Eric Serrano – Chief Medical Advisor. Dr. Serrano has been practicing medicine in the State of Ohio for over 12 years and is considered one of the leading sports nutrition doctors in the country. His clients include a wide array of athletes from the NFL, NHL, and MLB, in addition to many elite amateur athletes. Dr. Serrano was a professor of family practice medicine at Ohio State University, where he was awarded Professor of The Year and Preceptor of The Year. Dr. Serrano currently lectures across the country to universities, medical groups and health & fitness conferences on the topics of sports nutrition, performance enhancement, and injury prevention. Dr. Serrano's expertise in blood analysis, sports nutrition, and injury prevention gives athletes the advantage over the competition. He has formulated numerous nutritional supplements for some of the leading nutritional companies on the market and also been a contributing writer for some of the leading health and fitness magazines. Dr. Serrano has been involved in the final formulations for each of our products. Dr. Serrano received his B.A. from Kansas State University in Biology, his M.A. from Kansas State University in Exercise Physiology, and his M.D. from the University of Kansas Medical School.

Roscoe M. Moore, Jr. – Chief Scientific Director. A Former U.S. Assistant Surgeon General, Dr. Roscoe M. Moore, Jr. served with the United States Department of Health and Human Services (HHS) and was for the last twelve years of his career the principal person responsible for global development support within the Office of the Secretary, HHS, with primary emphasis on Continental Africa and other less developed countries of the world (e.g. Indonesia, Malaysia, and Vietnam). He was the principal liaison person between the HHS and Ministries of Health in Africa with regard to the development of infrastructure and technical support for the delivery of preventive and curative health needs for the continent. Dr. Moore represented the HHS in cooperative international efforts with African nations in addressing continued health and human resource problems. Dr. Moore received his undergraduate and Doctor of Veterinary Medicine degrees from Tuskegee Institute; his Master of Public Health degree in Epidemiology from the University of Michigan; and his Doctor of Philosophy degree in Epidemiology from the Johns Hopkins University. He was awarded the Doctor of Science degree (Honoris Causa) in recognition of his distinguished public health career by Tuskegee University. Dr. Moore was a career officer within the Commissioned Corps of the United States Public Health Service (USPHS) entering with the U.S. National Institutes of Health and rising to the rank of Assistant United States Surgeon General (Rear Admiral, USPHS) within the Immediate Office of the Secretary, HHS. He was selected as Chief Veterinary Medical Officer, USPHS, by Surgeon General C. Everett Koop.

Dr. Richard Ogden PHD, (CSCS) – Medical Advisor

Dr. Ogden's career in clinical research and development spans nearly forty years. After earning a Ph.D. from Cambridge University, his career started with postdoctoral research studying RNA transcription and processing. Following that, he undertook independent research, funded by the National Science Foundation. In 1984, he joined Agouron Pharmaceuticals, Inc. as one of its founding scientists. Following Agouron's merger with Pfizer, he served as a Senior Director and was the scientific liaison for the Agouron/Pfizer commercial and corporate organizations. In this role, he worked with organizations all over the world. In 2006, Dr. Ogden, co-founded RORR Inc., a medical, scientific Consulting and Education company with clients in the U.S. and Europe. In addition to publication in numerous medical journals, he is co-editor of two books relating to AIDS therapy.

Dr. Michael Ray Stevens – Advisor. Dr. Stevens has over twenty years of well diversified experience in the healthcare and pharmaceutical industry. Dr. Stevens spent 17 years at Bristol-Myers Squibb, where he held positions of increasing responsibility in the areas of Market Research (Oncology and HIV), Marketing (Oncology), and Medical Affairs (HIV). In addition served as a member of the Executive Council for the Forum for Collaborative HIV Research — a public-private partnership facilitating discussion on emerging issues in HIV clinical research and working to translate research results into patient care. He has also served on 15 Protocol Committees within the Adult AIDS Clinical Trials Group (ACTG). Michael received his BS Pharmacy and Doctor of Pharmacy degrees from Purdue University.

Dr. Ron Sekura – Director of Therapeutic Research. Dr. Sekura is the former Chief of the Pharmaceutical and Regulatory Affairs Branch of the Division of AIDS at The National Institute of Allergy and Infectious Diseases (NIAID) of the National Institute of Health (NIH) as well as a former Research Chemist at The National Institute of Child Health and Human Development (NICHD) at the NIH and the Center for Biologics Evaluation and Research

(CBER), and FDA. He received his Bachelor of Science and Master of Science in Biochemistry degrees at Pennsylvania State University and his PhD at Cornell University. Dr. Sekura is the author of over sixty scientific publications.

Maribel Selbovitz – Director of Global Therapeutics Product Procurement Development. Ms. Selbovitz is a graduate of Cornell University and received her Master’s in Public Health at the Johns Hopkins University Bloomberg School of Health. She worked as the Client Intake Specialist at Positive Health Project and Syringe Exchange Program Coordinator at the Foundation for Research on Sexually Transmitted Diseases and is a partner in BioEquity Partners. Selbovitz is a member of the Cornell AIDS Clinical Trials Group Community Advisory Board and AIDS Treatment Advocacy Coalition. She presented at the 5th European Conference on Clinical and Social Research on AIDS and Drugs, International Conference on Antiviral Research, 5th IAS Conference on HIV Pathogenesis, Treatment and Prevention and XVIII International AIDS Conference.

Louie Simmons – Chief Strength Advisor. Mr. Simmons is a strength consultant for the New England Patriots, Green Bay Packers, Seattle Seahawks, Cleveland Browns, and numerous Football Bowl Subdivision college football teams. Mr. Simmons is the owner of the West Side Barbell, located in Columbus, Ohio.

Greg Jackson – Director of Fight Development. Mr. Jackson is an expert in mixed martial arts, representing a combination of basic Judo and wrestling. He has trained and developed top-ranked fight teams, with several fights appearing on spike TV's Ultimate Fighter.

Paul Dillet – Chief Bodybuilding Advisor. Mr. Paul Dillet is one of the most influential bodybuilders and a legend in the bodybuilding world. He has been instrumental in creating a new era in fitness and bodybuilding for the everyday athlete.

Legal Proceedings

None of the members of the board of directors or other executives has been involved in any bankruptcy proceedings, criminal proceedings, any proceeding involving any possibility of enjoining or suspending members of our board of directors or other executives from engaging in any business, securities or banking activities, and have not been found to have violated, nor been accused of having violated, any Federal or State securities or commodities laws.

Director Independence

On an annual basis, each director and executive officer will be obligated to disclose any transactions with our Company and any of its subsidiaries in which a director or executive officer, or any member of his or her immediate family, have a direct or indirect material interest. Following completion of these disclosures, our board of directors will make an annual determination as to the independence of each director using the current standards for "independence" that satisfy both the criteria for the Nasdaq and the NYSE Amex Equities.

As of December 31, 2011, the board of directors determined that the Company does not currently have any directors that are considered "independent" under the aforementioned standards.

Committees of the Board of Directors

Concurrent with having sufficient members and resources, the board of directors intends to establish an audit committee and a compensation committee. The audit committee will review the results and scope of the audit and other services provided by the independent auditors and review and evaluate the system of internal controls. The compensation committee will review and recommend compensation arrangements for the officers and employees. No final determination has yet been made as to the memberships of these committees or when we will have sufficient members to establish committees. We believe that we will need a minimum of three (3) independent directors to have effective committee systems.

EXECUTIVE COMPENSATION

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive		Total (\$)
						Plan Compensation (\$)	All Other Compensation (\$)	
Brad J. Pyatt <i>Chief Executive Officer</i>	2011	\$250,000	\$170,410 (1)	\$1,555,921(1)	\$0	\$0	\$0	\$1,976,331
	2010	\$194,821	\$0	\$2,650,000	\$0	\$0	\$0	\$2,844,821
	2009	\$133,992	\$0	\$0	\$0	\$0	\$0	\$133,992
Cory Gregory <i>Senior President</i>	2011	\$150,000	\$ ¹⁷⁰ _{,410} (2)	\$1,555,921(2)	\$0	\$0	\$0	\$1,876,331
	2010	\$78,892	\$0	\$2,650,000	\$0	\$0	\$0	\$2,728,892
	2009	\$17,846	\$0	\$0	\$0	\$0	\$0	\$17,846
Lawrence S. Meer <i>Chief Financial Officer</i>	2011	\$74,400	\$0	\$0	\$0	\$0	\$0	\$74,400
	2010	\$75,493	\$0	\$0	\$228,000(3)	\$0	\$0	\$303,493
Leonard K. Armenta (4) <i>Former Executive Vice President</i>	2011	\$86,400	\$0	\$0	\$0	\$0	\$0	\$86,400
	2010	\$83,215	\$0	\$0	\$228,000(3)	\$0	\$0	\$311,215
	2009	\$54,799	\$0	\$0	\$0	\$0	\$0	\$54,799
Jeremy DeLuca <i>President, Chief Marketing Officer</i>	2011	\$65,833 (5)	\$170,410 (6)	\$1,555,921(5)	\$0	\$0	\$0	\$1,792,164
John H. Blucher <i>Chief Operating Officer</i>	2011	\$36,458 (7)	\$50,000 (8)	\$0	\$0	\$0	\$0	\$86,458

Explanatory Information Relating to 2011 Summary Compensation Table

- (1) Pursuant to the terms of Mr. Pyatt's employment agreement, for each one million dollars (\$1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. Pyatt shall receive (i) ten thousand dollars (\$10,000) and (ii) one hundred thousand dollars

(\$100,000) worth of the Company's common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. During the year ended December 31, 2011, the Company experienced revenue growth of \$17,041,041.76 from the prior year. As such, Mr. Pyatt received a cash bonus payment of \$170,410. Further, in accordance with Mr. Pyatt's employment agreement, Mr. Pyatt received a stock award of \$1,704,104, equal to 148,182,957 shares of the Company's common stock, at a price per share of \$0.01150, which was the closing price of the Company's common stock on February 1, 2012, the original anticipated date of issuance. These shares were re-priced to \$0.01055, which was the closing price of the Company's common stock on December 31, 2011. With such price change, the bonus shares issued to Mr. Pyatt are valued at \$1,555,921 as of December 31, 2011.

Subsequent to the filing of the Company's Annual Report on Form 10-K/A, filed on July 9, 2012, Mr. Pyatt voluntarily agreed to return (i) \$30,311 of his cash bonus and (ii) \$303,109 worth of his stock bonus, equal to a total of 26,357,328 shares of common stock. The shares of common stock have been returned and the cash portion shall be withheld from future bonus payments.

(2) Pursuant to the terms of Mr. Gregory's employment agreement, for each one million dollars (\$1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. Gregory shall receive (i) ten thousand dollars (\$10,000) and (ii) one hundred thousand dollars (\$100,000) worth of the Company's common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. During the year ended December 31, 2011, the Company experienced revenue growth of \$17,041,041.76 from the prior year. As such, Mr. Gregory received a cash bonus payment of \$170,410. Further, in accordance with Mr. Gregory's employment agreement, Mr. Gregory received a stock award of \$1,704,104, equal to 148,182,957 shares of the Company's common stock, at a price per share of \$0.01150, which was the closing price of the Company's common stock on February 1, 2012, the original anticipated date of issuance. These shares were re-priced to \$0.01055, which was the closing price of the Company's common stock on December 31, 2011. With such price change, the bonus shares issued to Mr. Gregory are valued at \$1,555,921 as of December 31, 2011.

Subsequent to the filing of the Company's Annual Report on Form 10-K/A, filed on July 9, 2012, Mr. Gregory voluntarily agreed to return (i) \$30,311 of his cash bonus and (ii) \$303,109 worth of his stock bonus, equal to a total of 26,357,328 shares of common stock. The shares of common stock have been returned and the cash portion shall be withheld from future bonus payments.

(3) Represents 1,000,000 options issued, valued on the date of grant, April 2, 2010.

(4) Mr. Armenta resigned from his position as the Company's Executive Vice President on September 16, 2011.

(5) This figure is based on a pro-rated annual salary of \$125,000.

(6) Pursuant to the terms of Mr. DeLuca's employment agreement, for each one million dollars (\$1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. DeLuca shall receive (i) ten thousand dollars (\$10,000) and (ii) one hundred thousand dollars (\$100,000) worth of the Company's common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. During the year ended December 31, 2011, the Company experienced revenue growth of \$17,041,041.76 from the prior year. As such, Mr. DeLuca received a cash bonus payment of \$170,410. Further, in accordance with Mr. DeLuca's employment agreement, Mr. DeLuca received a stock award of \$1,704,104, equal to 148,182,957 shares of the Company's common stock, at a price per share of \$0.01150, which was the closing price of the Company's common stock on February 1, 2012, the original anticipated date of issuance. These shares were re-priced to \$0.01055, which was the closing price of the Company's common stock on December 31, 2011. With such price change, the bonus shares issued to Mr. DeLuca are valued at \$1,555,921 as of December 31, 2011.

Subsequent to the filing of the Company's Annual Report on Form 10-K/A, filed on July 9, 2012, Mr. DeLuca voluntarily agreed to return (i) \$30,311 of his cash bonus and (ii) \$303,109 worth of his stock bonus, equal to a total of 26,357,328 shares of common stock. The shares of common stock have been returned and the cash portion shall be withheld from future bonus payments.

(7) This figure is based on a pro-rated annual salary of \$175,000.

(8) Mr. Blucher received this bonus pursuant to the terms of his employment agreement.

2011 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

OPTION AWARDS

Name (a)	Number of Securities Underlying Unexercised Options Exercisable (#) (b)	Number of Securities Underlying Unexercised Options (#) (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) (d)	Option Exercise Price (\$) (e)	Option Expiration Date (f)
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STOCK AWARDS

Number of Shares or Units of Stock Held (g)	Market Value of Units of Stock That Have Not Vested (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Other Rights
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								(#) (i)	That Have Not Vested (#) (j)
Brad J. Pyatt <i>Chief Executive Officer</i>	-	-	-	-	-	-	-	-	-
Cory Gregory <i>Senior President</i>	-	-	-	-	-	-	-	-	-
Lawrence S. Meer <i>Chief Financial Officer</i>	1,000,000 (1)	-	-	\$ 0.50	4/2/2015	-	-	-	-
Leonard K. Armenta (2) <i>Former Executive VP</i>	-	-	-	-	-	-	-	-	-
Jeremy DeLuca <i>Chief Marketing Officer President</i>	-	-	-	-	-	-	-	-	-
John H. Blucher <i>Chief Operating Officer</i>	-	-	-	-	-	-	-	-	-

(1) Represents 1,000,000 options issued, valued on the date of grant, April 2, 2010.

(2) Resigned on September 16, 2011.

Director Compensation

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named directors by us during the years ended December 31, 2011, 2010 and 2009.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (e)	Option Awards (\$) (f)	Non-Equity Incentive Plan	All Other Compensation (\$) (h)	Total (\$) (i)
						Compensation (\$) (g)		
Brad J. Pyatt <i>Director</i>	2011	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	2010	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	2009	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cory Gregory <i>Director</i>	2011	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	2010	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	2009	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Employment Agreements*Brad J. Pyatt, Chief Executive Officer*

On August 15, 2011, the Company entered into an employment agreement (the “Pyatt Employment Agreement”) with Brad J. Pyatt, individually, pursuant to which Mr. Pyatt will serve as the Company’s Chief Executive Officer (the “CEO”). The term of the Pyatt Employment Agreement is for a period of sixty (60) months, commencing retroactively on January 1, 2011, and expiring on December 31, 2015 (the “Pyatt Term”). Pursuant to the terms of the Employment Agreement, the CEO is to receive a base salary of \$250,000 for the 2011 calendar year; \$350,000 for the 2012 calendar year; \$400,000 for the 2013 calendar year; \$450,000 for the 2014 calendar year; and \$500,000 for the 2015 calendar year. Further, the CEO shall receive, upon execution of the Pyatt Employment Agreement, 31 shares of the Company’s Series B Preferred Stock. In addition, upon the three year anniversary of the Pyatt Employment Agreement, the CEO shall receive 10,000 shares of the Company’s Series A Preferred Stock.

During the Pyatt Term, the CEO’s responsibilities will include all aspects of the day to day business operations of the Company. The CEO shall also be responsible for determining necessary strategic partnerships and investment opportunities relating to the Company, both nationally and internationally, and shall have wide discretion in

implementing the vision, strategic goals and operational mission of the Company. The CEO shall, on a full time and exclusive basis, devote all of his business time, attention and energies to the operations of the Company and other duties as required by the Pyatt Employment Agreement, and shall use his best efforts to advance the best interests of the Company.

On November 14, 2011, the Company entered into an amended and restated employment agreement with Mr. Pyatt. The parties amended the Pyatt Employment Agreement in order to amend section 3(c) as it relates to Mr. Pyatt's bonus payment. The amended Pyatt Employment Agreement now provides that, for each one million dollars (\$1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. Pyatt shall receive (i) ten thousand dollars (\$10,000) and (ii) one hundred thousand dollars (\$100,000) worth of the Company's common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. The aforementioned payments to Mr. Pyatt shall be made within 90 days after the end of the Company's fiscal year.

Cory Gregory, Senior President

On August 15, 2011, the Company entered into an employment agreement (the "Gregory Employment Agreement") with Cory Gregory, individually, pursuant to which Mr. Gregory will serve as the Company's Senior President (the "Senior President"). The term of the Gregory Employment Agreement is for a period of sixty (60) months, commencing retroactively on January 1, 2011, and expiring on December 31, 2015 (the "Gregory Term"). Pursuant to the terms of the Gregory Employment Agreement, the Senior President is to receive a base salary of \$150,000 for the 2011 calendar year; \$200,000 for the 2012 calendar year; \$250,000 for the 2013 calendar year; \$300,000 for the 2014 calendar year; and \$350,000 for the 2015 calendar year. Further, the Senior President shall receive, upon execution of the Gregory Employment Agreement, 20 shares of the Company's Series B Preferred Stock. In addition, upon the three year anniversary of the Gregory Employment Agreement, the Senior President shall receive 10,000 shares of the Company's Series A Preferred Stock.

During the Gregory Term, the Senior President's responsibilities will include, but shall not be limited to, on a full time and exclusive basis, devoting all of his business time, attention and energies to the operations of the Company and other duties as required by the Gregory Employment Agreement and as directed by the Board of Directors, and shall use his best efforts to advance the best interests of the Company.

On November 14, 2011, the Company entered into an amended and restated employment agreement with Mr. Gregory. The parties amended the Gregory Employment Agreement in order to amend section 3(c) as it relates to Mr. Gregory's bonus payment. The amended Gregory Employment Agreement now provides that, for each one million dollars (\$1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. Gregory shall receive (i) ten thousand dollars (\$10,000) and (ii) one hundred thousand dollars (\$100,000) worth of the Company's common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. The aforementioned payments to Mr. Gregory shall be made within 90 days after the end of the Company's fiscal year.

John H. Blucher, Chief Operating Officer

On September 16, 2011, the Company entered into an employment agreement (the "Blucher Employment Agreement") with John H. Blucher, individually ("Blucher"), appointing Blucher as the Company's Chief Operating Officer.

Pursuant to the terms of the Blucher Employment Agreement, Blucher is to serve as the Company's Chief Operating Officer from September 16, 2011 (the "Blucher Effective Date"), until September 15, 2013 (the "Blucher Term"). Upon expiration of the Blucher Term, the Blucher Employment Agreement shall be automatically renewed unless either the Company or Blucher provides the other party with written notice at least sixty (60) days prior to the last date of the respective term. During the Blucher Term, Blucher's responsibilities will include general oversight and management of the Company's daily operations, as well as any responsibilities delegated to him by the Company's Chief Executive Officer or board of directors (the "Blucher Duties").

In consideration for performance of the Blucher's Duties during the Term, Blucher is to receive an initial base salary of one hundred and seventy five thousand dollars (\$175,000) per year (the "Blucher Base Salary"), any increases to such salary during the Blucher Term to be determined at the discretion of the Company. Blucher is also eligible to receive an annual performance bonus based on certain goals and performances levels mutually established by the parties, except for 2011, in which Mr. Blucher will receive a bonus of \$50,000.

Blucher was also entitled to receive, beginning on December 31, 2012, and on each successive calendar year end thereafter, stock options to purchase shares of the Company's common stock in the amount of five hundred thousand dollars (\$500,000) (the "2012 Options"). The 2012 Options were to be exercisable into shares of the Company's common

stock at an exercise price equal to the average of the high and low reported selling prices of the Company's common stock on the date of grant and vest in accordance with the schedule outlined in the Bluherr Employment Agreement.

On March 13, 2012, the Company and Bluherr executed an amendment to the Bluherr Employment Agreement, whereby Bluherr waived his rights to the equity based compensation in both the Bluherr Employment Agreement and a consulting agreement with Endion Capital, LLC, and was then to receive (i) 20,000,000 shares of the Company's common stock with piggy-back registration rights, subject to a lock-up period of one year and (ii) a warrant to purchase 10,000,000 shares of the Company's common stock at an exercise price of \$0.008 per share, subject to a lock-up period of six months. The Company and Bluherr have since terminated such amendment, though the parties agreed to not cancel the warrant. The Company and Bluherr plan to enter into a new compensation arrangement prior to September 30, 2012.

Jeremy DeLuca, President, Chief Marketing Officer

On November 14, 2011 (the “DeLuca Execution Date”), the Company entered into an employment agreement (the “DeLuca Employment Agreement”) with Jeremy DeLuca, the Company’s President and Chief Marketing Officer (the “President”). The term of the DeLuca Employment Agreement commences on the DeLuca Execution Date and expires on December 31, 2014 (the “DeLuca Term”). Pursuant to the terms of the DeLuca Employment Agreement, the President is to receive a base salary of \$125,000 for the 2011 calendar year; \$175,000 for the 2012 calendar year; \$225,000 for the 2013 calendar year; and \$300,000 for the 2014 calendar year. In addition, upon the three year anniversary of the DeLuca Employment Agreement, the President shall receive 5,000 shares of the Company’s Series A Preferred Stock.

The DeLuca Employment Agreement also provides that, for each one million dollars (\$1,000,000) in revenue growth achieved by the Company from the revenue figure reported for the prior fiscal year, Mr. DeLuca shall receive (i) ten thousand dollars (\$10,000) and (ii) one hundred thousand dollars (\$100,000) worth of the Company’s common stock, such stock to be valued based on the average closing price for the twenty (20) trading days prior to the date of issuance of such stock. The aforementioned payments to Mr. DeLuca shall be made within 90 days after the end of the Company’s fiscal year.

During the DeLuca Term, the President’s responsibilities will include all aspects of the day to day business operations of the Company. The President shall also be responsible for determining necessary strategic partnerships and investment opportunities relating to the Company, both nationally and internationally, and shall have wide discretion in implementing the vision, strategic goals and operational mission of the Company. The President shall, on a full time and exclusive basis, devote all of his business time, attention and energies to the operations of the Company and other duties as required by the DeLuca Employment Agreement, and shall use his best efforts to advance the best interests of the Company.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information known to MusclePharm with respect to the beneficial ownership of the Company’s common stock as of October 4, 2012, unless otherwise noted, by:

- each stockholder known to MusclePharm to own beneficially more than 5% of MusclePharm’s common stock;
- each of MusclePharm’s directors;

- each of MusclePharm's executive officers; and

- all of MusclePharm's current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or dispositive power with respect to securities. Common shares relating to options or warrants currently exercisable, or exercisable within 60 days of October 4, 2012, are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to the community property laws where applicable, the persons or entities named in the tables have sole voting and dispositive power with respect to all shares shown as beneficially owned by them.

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Beneficial Ownership (1)	
Brad J. Pyatt, Chief Executive Officer and Co-Chairman 4721 Ironton St. Denver, CO 80239	140,604,960	6.06	%
Cory Gregory, Senior President 4721 Ironton St. Denver, CO 80239	132,308,658	5.70	%
Lawrence S. Meer, Treasurer 4721 Ironton St. Denver, CO 80239	0	0	%
Jeremy DeLuca, Chief Marketing Officer 4721 Ironton St. Denver, CO 80239	121,825,644	5.25	%
John H. Bluher, Chief Operating Officer and Co-Chairman 4721 Ironton St. Denver, CO 80239	10,000,000 (2)	*	%
Lewis Gary Davis 4721 Ironton St. Denver, CO 80239	0	0	%
Donald W. Prosser 4721 Ironton St. Denver, CO 80239	0	0	%
Mark Groussman 4721 Ironton St. Denver, CO 80239	11,250,000 (3)	*	%
Gordon Burr 4721 Ironton St. Denver, CO 80239	120,000,000(4)	5.17	%
All executive officers and directors as a group (9 persons)	535,989,262	23.09	%

*denotes less than 1%

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(1) Percent of class based on 2,321,005,466 common shares outstanding as of October 4, 2012. This percentage does not include preferred stock ownership or other ownership of convertible securities.

(2) Includes 10,000,000 warrants to purchase shares of common stock at an exercise price of \$0.01.

Includes (i) 7,500,000 shares of common stock and (ii) 3,750,000 warrants to purchase shares of the Company's (3) common stock, held in the name of Melechdavid, Inc., a Florida corporation. Mr. Grossman is the CEO of Melechdavid, Inc., and as such, holds sole dispositive voting power over such securities.

Includes 120,000,000 warrants to purchase shares of the Company's common stock held in the name of El Chichon (4) Partners, LLC, a Colorado limited liability company. Mr. Burr is the manager of El Chichon Partners, LLC, and as such, holds sole dispositive voting power over such securities.

Changes in Control

We are not aware of any arrangements that may result in changes in control" as that term is defined by the provisions of Item 403(c) of Regulation S-K.

TRANSACTIONS WITH RELATED PERSONS, PROMOTERS AND CERTAIN CONTROL PERSONS

Any future transactions or loans between us and our officers, directors, principal stockholders or affiliates will be on terms no less favorable to us than could be obtained from an unaffiliated third party, and will be approved by a majority of disinterested directors.

On February 18, 2010, the Company issued a total of 26,000,000 shares of its common stock to the 12 former owners of Muscle Pharm, LLC in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

On November 18, 2010, Brad Pyatt, the Company's Chief Executive Officer, loaned the Company \$100,000 and received an 8% Convertible Promissory Note exchange. On November 23, 2010, Mr. Pyatt loaned the Company \$256,250 and received an 8% Convertible Promissory Note in exchange. On December 14, 2010, Mr. Pyatt converted all principal and accrued interest underlying the notes (\$358,077.40) into 7,161,548 shares of the Company's common stock.

Muscle Pharm, LLC was formed as a Colorado limited liability company on April 22, 2008. The initial owners of Muscle Pharm LLC were Brad J. Pyatt and Cory Gregory. Mr. Pyatt received a 60% membership interest in exchange for his contribution of formulations for potential products, contacts with GNC Canada and other potential customers, and contacts with professional athletes. Mr. Gregory received a 40% membership interest in exchange for his contacts with Dr. Serrano, Louie Simmons, potential distributors, professional athletes and potential investors. Neither Mr. Pyatt nor Mr. Gregory contributed any cash and no value was placed on their respective contributions.

Other than as set forth above, there are no transactions since our inception, or proposed transactions, to which we were or are to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

- (a) Any director or executive officer of the Company;
- (b) Any majority security holder; and
- (c) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the persons in the above.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION OF SECURITIES ACT LIABILITIES

Our directors and officers are indemnified as provided by the Nevada corporate law and our Bylaws. We have agreed to indemnify each of our directors and certain officers against certain liabilities, including liabilities under the Securities Act. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the provisions described above, or otherwise, we have been

advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by our director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

MusclePharm Corporation and Subsidiaries**Consolidated Balance Sheets**

	(Unaudited) June 30, 2012	December 31, 2011
Assets		
Current Assets		
Cash	\$ 291,971	\$ 659,764
Cash – restricted	52,744	-
Accounts receivable – net	2,057,409	2,569,092
Inventory	219,276	-
Prepaid stock compensation	204,510	534,456
Prepaid sponsorship fees	47,329	203,333
Other	83,003	50,188
Total Current Assets	2,956,242	4,016,833
Property and equipment – net	1,252,630	907,522
Debt issue costs – net	418,866	68,188
Other assets	98,090	53,585
Total Assets	\$ 4,725,828	\$ 5,046,128
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 5,211,373	\$ 9,359,073
Customer deposits	1,150,473	8,047
Debt – net	1,353,553	1,281,742
Derivative liabilities	7,908,860	7,061,238
Total Current Liabilities	15,624,259	17,710,100
Long Term Liabilities:		
Debt – net	114,682	307,240
Total Liabilities	15,738,941	18,017,340
Stockholders' Deficit		
Series A, Convertible Preferred Stock, \$0.001 par value; 5,000,000 shares authorized, none issued and outstanding	-	-
Series B, Preferred Stock, \$0.001 par value; 51 shares authorized, issued and outstanding	-	-

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Series C, Convertible Preferred Stock, \$0.001 par value; 500 shares authorized, none and 190, respectively, issued and outstanding	-	-
Common Stock, \$0.001 par value; 2,500,000,000 shares authorized, 1,416,605,782 and 605,930,613 issued and 1,390,174,207 and 605,930,613 outstanding	1,416,605	605,931
Treasury Stock, at cost; 26,431,575 and zero shares	(460,978)	-
Additional paid-in capital	43,000,612	31,579,538
Accumulated deficit	(55,010,071)	(45,156,681)
Accumulated other comprehensive income	40,719	-
Total Stockholders' Deficit	(11,013,113)	(12,971,212)
Total Liabilities and Stockholders' Deficit	\$ 4,725,828	\$ 5,046,128

See accompanying notes to unaudited financial statements.

PART I – FINANCIAL INFORMATION**MusclePharm Corporation and Subsidiaries****Consolidated Statements of Operations****(unaudited)**

	For The Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Sales - net	\$ 15,429,340	\$ 3,397,742	\$ 31,990,020	\$ 6,431,678
Cost of sales	12,942,605	2,512,828	25,837,767	4,914,361
Gross profit	2,486,735	884,914	6,152,253	1,517,317
General and administrative expenses	4,151,076	2,778,682	8,543,887	4,498,310
Loss from operations	(1,664,341)	(1,893,768)	(2,391,634)	(2,980,993)
Other income (expense)				
Derivative expense	(1,029,541)	(2,698,490)	(2,486,451)	(4,057,859)
Change in fair value of derivative liabilities	9,854,045	766,487	1,496,874	634,770
Loss on settlement of accounts payable, debt and conversion of Series C preferred stock	-	(