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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended: **September 30, 2011**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to_____

Commission File Number: **000-53166**

MUSCLEPHARM CORPORATION
(Exact name of registrant as specified in its charter)

Nevada	**77-0664193**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4721 Ironton Street, Building A
Denver, CO 90839
(Address of principal executive offices and zip code)

(303) 396-6100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or 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	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

As of November 7, 2011, there were 381,360,239 shares outstanding of the registrant's common stock.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1.	Financial Statements.	3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	23
Item 3.	Quantitative and Qualitative Disclosures About Market Risk.	29
Item 4.	Controls and Procedures.	29

PART II – OTHER INFORMATION

Item 1.	Legal Proceedings.	30
Item 1A.	Risk Factors.	30
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds.	30
Item 3	Defaults Upon Senior Securities.	32
Item 4.	(Removed and Reserved).	32
Item 5.	Other Information.	33
Item 6.	Exhibits.	34
Signatures		35

PART I – FINANCIAL INFORMATION

Item 1.Financial Statements.

MusclePharm Corporation and Subsidiary
Consolidated Balance Sheets

	September 30, 2011 (unaudited)	December 31, 2010
Assets		
Current Assets		
Cash	$ -	$ 43,704
Accounts receivable	3,605,076	426,761
Prepaid stock compensation	823,261	893,240
Other current assets	245,234	42,605
Total Current Assets	4,673,570	1,406,310
Property and equipment	903,625	138,551
Prepaid stock compensation	41,728	1,088,131
Other assets	98,445	87,989
Total Assets	**$ 5,717,368**	**$ 2,720,981**
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Accounts payable and accrued liabilites	$ 4,695,399	$ 3,155,701
Cash overdraft	27,008	-
Debt	1,023,441	289,488
Derivative liabilities	4,265,953	622,944
Deferred revenue	54,260	75,733
Due to factor	-	71,783
Total Current Liabilities	10,066,061	4,215,649
Long Term Liabilities:		
Debt	792,941	250,000
Total Liabilities	10,859,002	4,465,649
Stockholders' Deficit		
Series A, Convertible Preferred Stock, $0.001 par value; 10,000,000 shares authorized, none issued and outstanding	-	-
Common Stock, $0.001 par value; 500,000,000 shares authorized, 354,374,865 and 118,649,439 issued and outstanding	354,374	118,649
Additional paid-in capital	28,711,667	20,012,122
Accumulated deficit	(34,207,675)	(21,875,438)
Total Stockholders' Deficit	(5,141,634)	(1,744,667)
Total Liabilities and Stockholders' Deficit	**$ 5,717,368**	**$ 2,720,981**

PART I – FINANCIAL INFORMATION

MusclePharm Corporation and Subsidiary
Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	**2010**	**2011**	**2010**
Sales	$ 5,756,426	$ 1,409,016	$ 13,077,006	$ 3,135,712
Cost of sales	3,838,035	927,506	8,643,900	2,120,113
Gross profit	1,918,391	481,510	4,433,106	1,015,599
General and administrative expenses	4,330,735	2,759,153	9,826,443	8,420,275
Loss from operations	(2,412,344)	(2,277,643)	(5,393,337)	(7,404,676)
Other income (expense)				
Interest expense	499,800	(231,739)	(3,002,589)	(900,886)
Derivative expense	481,667	-	(3,576,192)	-
Change in fair value of derivative liabilities	1,547,185	-	2,181,955	-
Loss on settlement of accounts payable	-	(364,472)	(2,542,073)	(369,668)
Total other income (expense) - net	2,528,653	(596,211)	(6,938,899)	(1,270,554)
Net Income (loss)	**$ 116,309**	**$ (2,873,854)**	**(12,332,236)**	**$ (8,675,230)**
Net Income (loss) per common share - basic and dilutive	$ 0.00	$ (0.08)	(0.05)	$ (0.28)
Weighted average number of common shares outstanding during the period - basic and dilutive	326,088,629	35,923,947	225,410,157	30,473,190

PART I – FINANCIAL INFORMATION

MusclePharm Corporation and Subsidiary
Consolidated Statements of Cash Flows
(unaudited)

	Nine Months Ended September 30,	
	2011	**2010**
Cash Flows From Operating Activities:		
Net loss	$ (12,332,236)	$ (8,675,230)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	89,390	10,830
Bad debt	84,018	6,771
Stock based compensation	558,209	4,213,585
Amortization of prepaid stock based compensation	1,436,631	-
Amortization of debt discount and debt issue costs	2,659,918	714,430
Loss on extinguishment of debt	-	402,739
Derivative expense	3,576,192	-
Change in fair value of derivative liabilities	(2,181,955)	-
Loss on sale of accounts receivable	-	51,644
Loss (Gain) on settlement of accounts payable	2,542,073	(84,715)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(3,262,333)	(730,131)
Prepaid and other	(213,152)	49,417
Inventory	-	(181,782)
Deposits	-	(4,485)
Other current Assets	-	(52,268)
Accounts payable and accrued liabilities	2,995,123	1,870,492
Deferred revenue	(21,473)	40,456
Due to factor	(5,853)	-
Net Cash Used In Operating Activities	(4,075,448)	(2,368,247)
Cash Flows From Investing Activities:		
Purchases of property and equipment	(771,652)	(30,395)
Net Used In Investing Activities	(771,652)	(30,395)
Cash Flows From Financing Activities:		
Proceeds from sale of accounts receivable	-	226,847
Repayment of debt - related party	-	(39,291)
Proceeds from issuance of debt	4,495,756	1,259,000
Debt issue costs	(219,368)	-
Payment for recapitalization from merger	-	(25,108)
Proceeds from issuance of common stock	500,000	1,005,692
Cash overdraft	27,008	(17,841)
Net Cash Provided By Financing Activities	4,803,396	2,409,299
Net increase (decrease) in cash	(43,704)	10,657
Cash at beginning of period	43,704	-
Cash at end of period	**$ -**	**$ 10,657**

PART I – FINANCIAL INFORMATION

MusclePharm Corporation and Subsidiary
Consolidated Statements of Cash Flows
(unaudited)

	Nine Months Ended September 30,	
	2011	**2010**
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities:		
Stock issued for future services - third parties	$ 326,500	$ -
Debt discount recorded on convertible debt accounted for as a derivative liability	$ 3,273,181	$ -
Stock issued to settle debt - third parties	$ 1,521,355	$ 678,325
Conversion of notes to common stock	$ 2,379,913	$ 564,037
Conversion of notes to common stock payable	$ -	$ -
Reclassification of derivative liability to additional paid in capital	$ 1,024,409	$ -
Beneficial conversion feature - convertible debt	$ -	$ 426,000
Conversion of preferred stock to common stock	$ -	$ 73
Stock issued to acquire equipment	$ 82,811	$ -
Share cancellation	$ 350	$ -

MusclePharm Corporation and Subsidiary
Notes to Consolidated Financial Statements
September 30, 2011
(Unaudited)

Note 1 Nature of Operations and Basis of Presentation

Nature of Operations

MusclePharm Corporation (the "Company" or "MP"), was organized as a limited liability company in the State of Colorado on April 22, 2008. On February 18, 2010, the Company executed a reverse recapitalization with Tone in Twenty, Inc., a then inactive public shell company, and changed its name to MusclePharm Corporation.

The Company markets branded sports nutrition products.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information.

The financial information as of December 31, 2010 is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K for the years ended December 31, 2010 and 2009. The unaudited interim consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K, which contains the audited financial statements and notes thereto, together with the Management's Discussion and Analysis, for the years ended December 31, 2010 and 2009.

Certain information or footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The interim results for the nine months ended September 30, 2011 are not necessarily indicative of results for the full fiscal year.

Note 2 Summary of Significant Accounting Policies

Principles of Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

Such estimates and assumptions impact, among others, the following: the fair value of share-based payments, fair value of derivative liabilities, estimates of the probability and potential magnitude of contingent liabilities and the valuation allowance for deferred tax assets due to continuing operating losses.

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 consolidated financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from our 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. Also, see Note 3 regarding going concern and liquidity matters.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less and money market accounts to be cash equivalents. There were no cash equivalents at September 30, 2011 and at December 31, 2010.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents trade obligations from customers that are subject to normal trade collection terms. 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.

The Company does not charge interest on past due receivables. Receivables are determined to be past due based on the payment terms of the original invoices.

Accounts receivable at September 30, 2011 and December 31, 2010:

Accounts receivable	$ 3,766,300	$ 542,863
Less: allowance for doubtful accounts	(161,224)	(116,102)
Accounts receivable – net	$ 3,605,076	$ 426,761

At September 30, 2011 and December 31, 2010, the Company had the following concentrations of accounts receivable with customers:

Customer	2011	2010
A	29%	40%
B	21%	24%
C	20%	-%
D	4%	11%

Property and Equipment

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

Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances, such as service discontinuance or technological obsolescence, indicate that the carrying amount of the long-lived asset may not be recoverable. When such events occur, the Company compares the carrying amount of the asset to the undiscounted expected future cash flows related to the asset. If the comparison indicates that impairment is present, the amount of the impairment is calculated as the difference between the excess of the carrying amount over the fair value of the asset. If a readily determinable market price does not exist, fair value is estimated using discounted expected cash flows attributable to the asset.

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, 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 September 30, 2011 and December 31, 2010, using quoted prices in active markets for identical liabilities (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

		September 30, 2011	December 31, 2011
Derivative liabilities	Level 2	$ 4,265,953	$ 622,944

The Company's financial instruments consisted primarily of cash, accounts receivable, prepaid stock compensation, other assets, accounts payable and accrued liabilities, demand loans and short term debt. The carrying amounts of the Company's financial instruments generally approximated their fair values as of September 30, 2011 and December 31, 2010, 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. The Company records sales allowances and discounts as a direct reduction of sales. Sales for the three and nine months ended September 30, 2011 and 2010 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales	$ 5,811,685	$ 1,452,354	$ 13,321,274	$ 3,263,959
Discount	(55,259)	(43,338)	(244,268)	(128,247)
Sales - Net	$ 5,756,426	$ 1,409,016	$ 13,077,006	$ 3,135,712

The Company has an informal 7-day right of return for products. There were nominal returns for the three and nine months ended September 30, 2011 and 2010.

For the nine months ended September 30, 2011 and 2010, the Company had the following concentrations of revenues with customers:

Customer	2011	2010
A	39%	37%
B	14%	9%
C	-%	15%
D	6%	11%

Cost of Sales

Cost of sales represents costs directly related to the production and manufacturing of the Company's products.

Shipping and Handling

Product sold is shipped directly to the customer from the manufacturer. Any freight billed to customers is offset against shipping costs and included in cost of sales.

Advertising

The Company expenses advertising costs when incurred.

Advertising for the three and nine months ended September 30, 2011 and 2010 are as follows:

Three Months Ended September 30,		Nine Months Ended September 30,	
2011	2010	2011	2010
$ 2,676,417	$ 1,143,663	$ 5,869,049	$ 4,199,773

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 would be recorded as a debt discount against the face amount of the respective debt instrument. The discount would be amortized to interest expense over the life of the debt.

Derivative Liabilities

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion 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 will continue 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 note and is being 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.

Earnings Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

Since the Company reflected a net loss for the nine months ended September 30, 2011 and 2010, respectively, the effect of considering any common stock equivalents, if exercisable, would have been anti-dilutive. A separate computation of diluted earnings (loss) per share is not presented.

Common stock equivalents consist of exercisable instruments at the balance sheet date. The Company has the following common stock equivalents at September 30, 2011 and 2010:

	2011	2010
Stock options (exercise price - $0.50/share)	2,767,500	-
Warrants (exercise price - $0.10 - $1.50/share)	56,696,327	-
Convertible debt	210,751,119	2,202,000
Total common stock equivalents	270,214,946	2,202,000

In the above table, some of the convertible debt from 2011 and 2010 contains discount to market provisions that would cause variability in the exercise price at the balance sheet date. As a result, common stock equivalents could change at each reporting period.

Reclassification

Certain items in the 2010 financial statement presentation have been reclassified to conform to the 2011 presentation. Such reclassifications have no effect on previously reported financial condition, operations or cash flows.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that are expected to have an effect on the Company's consolidated financial statements.

Note 3 Going Concern and Liquidity

As reflected in the accompanying unaudited interim consolidated financial statements, the Company had a net loss of $12,332,236 and net cash used in operations of $4,075,448 for the nine months ended September 30, 2011 and a working capital deficit and stockholders' deficit of $5,392,491 and $5,141,634 respectively, at September 30, 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, 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

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

The accompanying unaudited interim consolidated financial statements have been prepared on a going concern basis, 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.

Note 4 Property and Equipment

Property and equipment consisted of the following at September 30, 2011 and December 31, 2010:

	September 30, 2011	December 31, 2010	Estimated Useful Life
Leasehold improvements	$ 218,256	$ 67,760	*
Furniture and fixtures	759,272	55,305	3 years
Displays	32,056	32,057	5 years
Website	11,462	11,462	3 years
	1,021,046	166,584	
Less: Accumulated depreciation and amortization	(117,421)	(28,033)	
	$ 903,625	**$ 138,551**	

* The shorter of 5 years or the life of the lease.

Note 5 Debt

At September 30, 2011 and December 31, 2010, debt consists of the following:

	September 30, 2011	December 31, 2010
Convertible debt – secured – derivative liabilities	$ 1,847,097	$ 380,000
Conventional convertible debt – secured	-	225,000
Convertible debt - unsecured	-	78,249
Less: debt discount	(1,159,352)	(331,261)
Convertible debt – net	687,745	351,988
Secured debt	-	187,500
Unsecured debt	1,128,637	-
Total debt	1,816,382	539,488
Less: current portion	(1,023,441)	(289,488)
Long term debt	$ 792,941	$ 250,000

Debt in default of $30,000 is included as a component of short-term debt.

(A) Convertible Debt – Secured – Derivative Liabilities

During the nine months ended September 30, 2011, the Company issued $3,798,733 in convertible debt – secured – derivative liabilities. The Company issued these debt instruments with 13 different sets of conversion terms. The Material terms of the Company's convertible debt – secured – derivative liabilities are as follows:

		Amount of Principal Raised
Interest Rate	6% - 12%	
Default interest rate	15% - 22%	
Maturity	April 5, 2011 to June 2, 2014	
Conversion terms 1	Average 10 day trade pricing divided by 200% of outstanding principal balance	$ 827,600
Conversion terms 2	Lesser of: Average of the lowest 2 closing prices of the 5 days preceding conversion date or $0.025/share	$ 775,000
Conversion terms 3	60% of the average of the lowest 3 closing prices in the 10 days preceding conversion date	$ 170,000
Conversion terms 4	$0.03	$ 100,000
Conversion terms 5	65% of the average of the lowest 3 closing prices in the 30 days preceding conversion	$ 303,800
Conversion terms 6	62% of the lowest closing prices in the 7 days preceding conversion date	$ 40,000
Conversion terms 7	70% of the average of the lowest 3 closing prices in the 30 days preceding conversion	$ 600,000
Conversion terms 8	50% of the average closing prices in the 10 days preceding conversion	$ 85,000
Conversion terms 9	45% of the lowest 3 closing prices in the 10 days preceding conversion	$ 277,500
Conversion terms 10	35% of the lowest 3 closing prices in the 10 days preceding conversion	$ 100,000
Conversion terms 11	Lesser of: 50% of average of the lowest 3 closing prices of the 20 days preceding conversion date or $0.05/share	$ 33,000
Conversion terms 12	50% of lowest trade price in preceding 20 days	$ 45,000
Conversion terms 13	80% of lowest trade price in preceding 30 days	$ 441,833
		$ 3,798,733

During the nine months ended September 30, 2011, the Company converted $2,379,913 in notes into 132,321,172 shares of the Company's common stock at prices ranging from $0.01 to $0.08 per share, based upon the terms of the debt conversion.

The following is a summary of the Company's convertible debt – secured:

Convertible debt – secured – derivative liabilities – December 31, 2010	$ 380,000
Issuance of convertible debt – secured – derivative liabilities	3,798,733
Conversions of convertible debt to common stock	(2,331,636)
Convertible debt - secured – September 30, 2011	$ 1,847,097

(B) Conventional Convertible Debt – Secured

Terms of the Company's conventional convertible debt are as follows:

- Interest rate 8%,
- All notes were due by December 31, 2010, and were converted in 2011,
- Conversion of principal and accrued interest at rates ranging from 150% - 300%,
- Secured by all assets of the Company, and
- All conversion rates associated with these instruments were at or above market. There is no BCF.

During the nine months ended September 30, 2011, the Company issued 7,226,649 shares of common stock, having a fair value of $426,970 ($0.06 - $0.10/share) to settle convertible notes payable, originating prior to December 31, 2010, having a face value of $225,000. As a result, the Company recorded a loss on debt conversion of $137,017.

The following is a summary of the Company's conventional convertible debt –secured:

Conventional convertible debt - secured – December 31, 2010	$	225,000
Settlement of debt through issuance of common stock		(225,000)
Conventional convertible debt - secured – September 30, 2011	$	-

(C) Convertible Debt – Unsecured

During the nine months ended September 30, 2011, $102,649 was converted into 11,501,829, shares of common stock, having a fair value of $76,647 ($0.101/share), based upon the quoted closing trading price. The Company recorded a loss on debt settlement of $24,107.

During the nine months ended September 30, 2011, the Company issued an additional $90,000 of conventional convertible notes, convertible at 200% of the face value of the note, bearing 8% interest annually.

The following is a summary of the Company's unsecured debt:

Unsecured debt – December 31, 2010	$	78,249
Issuance of convertible secured notes		90,000
Settlement of debt through issuance of common stock		(102,649)
Unsecured debt – September 30, 2011	$	65,600

Table above this has been combined with convertible secured debt

(D) Secured Debt

During the nine months ended September 30 2011, $187,500 was converted into 7,500,000 shares of common stock, having a fair value of $437,500 ($0.058/share - $0.059/share), based upon the quoted closing trading price. The Company recorded a loss on debt settlement of $250,000.

The following is a summary of the Company's secured debt:

Secured debt – December 31, 2010	$	187,500
Settlement of debt through issuance of common stock		(187,500)
Secured debt – September 30, 2011	$	-

(E) Debt Issue Costs

The following is a summary of the Company's debt issue costs:

Debt issue costs – net – December 31, 2010	$ 34,404
Issue costs paid during nine months ended September 30, 2011	219,368
Amortization of debt issue costs – September 30, 2011	(225,686)
Debt issue costs – net – September 30, 2011	$ 28,086

(F) Debt Discount

During the nine months ended September 30, 2011, the Company issued convertible debt with embedded derivatives and warrants. The Company recorded the derivatives and warrants at fair value and are amortizing the debt discount over the life of the debt. Debt discount is as follows:

Debt discount balance at December 31, 2010	**$ 331,261**
Discount recorded for convertible notes issued during nine months ended September 30, 2011	3,262,323
Accretion of debt discount to interest expense during the nine months ended September 30, 2011	(2,434,232)
Debt discount balance at September 30, 2011	**$ 1,159,352**

Note 6 Derivative Liabilities

The Company identified conversion features embedded within convertible debt - secured (see Note 5(A)). The Company has determined that the features associated with the embedded conversion option should be accounted for at fair value as a derivative liability.

As a result of the application of ASC No. 815, the fair value of the conversion feature is summarized as follow:

Derivative liability balance at December 31, 2010	**$ 622,944**
Fair value at the commitment date for convertible notes issued during nine months ended September 30, 2011	6,849,374
Reclassification of derivative liability to additional paid in capital	(1,024,409)
Fair value mark to market adjustment	(2,181,956)
Derivative liability balance at September 30, 2011	**$ 4,265,953**

The Company recorded the derivative liability to debt discount to the extent of the gross proceeds raised, and expensed immediately the remaining value of the derivative as it exceeded the gross proceeds of the note. The Company recorded a derivative expense for $3,576,192 during the nine months ended September 30, 2011.

The fair value at the commitment and remeasurement dates for embedded conversion features and warrants were based upon the following management assumptions:

	Commitment Date	Remeasurement Date
Expected dividends	0%	0%
Expected volatility	150%-204%	212%
Expected term: conversion feature	0.02 – 3 years	0.04 – 2.67 years
Expected term: warrants	2.5 – 5 years	2.5 – 5 years
Risk free interest rate	0.11% - 1.16%	0.11%

Note 7 Stockholders' Deficit

(A) Common Stock

On April 18, 2011, the Company increased its authorized shares of common stock to 500,000,000.

During the nine months ended September 30, 2011, the Company issued the following common stock:

Transaction Type	Quantity	Valuation	Loss on Settlement	Range of Value per Share
Conversion of debt (1)	132,321,172	$ 2,379,913	$ 1,056,369	$ 0.01–0.08
Settlement of accounts payable and accrued expenses (2)	65,097,382	$ 3,642,108	$ 1,485,704	$ 0.02-0.12
Services – rendered (3)	15,220,665	$ 527,231		$ 0.03–1.15
Services – prepaid stock compensation (4)	6,586,207	$ 326,500		$ 0.05-0.09
Common shares issued for cash (5)	20,000,000	$ 500,000		$ 0.025
Share cancellation (6)	(3,500,000)	$ (350)		$ 0.0001
Total	235,725,426	$ 7,375,402	$ 2,542,073	$ 0.0001–1.15

The fair value of all stock issuances above is based upon the quoted closing trading price on the date of issuance, except for stock issued for cash and warrants, which was based upon the cash received. Stock issued in the conversion of preferred stock was recorded at par value.

The following is a more detailed description of some of the Company's stock issuances from the table above:

(1) Conversion of Debt

The Company issued 132,321,172 shares of common stock to settle notes payable having a fair value of $2,379,913 In connection therewith the Company has recorded a loss on settlement of $1,056,369.

(2) Settlement of Accounts Payable and Accrued Expense and Loss on Settlement

Of the total shares issued to settle accounts payable, accrued expenses and contract settlements the Company issued 65,097,382 shares of common stock having a fair value of $3,642,108. The Company has recorded losses in connection with these settlements of $1,485,704.

(3) Stock Issued for Services

During nine months ended September 30, 2011, the Company issued 15,220,665 shares of common stock for services, having a fair value of $527,231 based upon the quoted closing trading price.

(4) Prepaid Stock Compensation

During the nine months ended September 30, 2011, the Company issued 6,586,207 shares of common stock for future services, having a fair value of $326,500. The agreements commenced during the periods July 2010 – September 2011 and terminate during the periods July 2011 - November 2012.

The following represents the allocation of prepaid stock compensation:

Prepaid stock compensation – December 31, 2010	$ 1,981,371
Stock issued for future services	320,249
Amortization of prepaid stock compensation	(1,436,631)
Prepaid stock compensation – September 30, 2011	864,989
Less: current portion	(823,261)
Long term portion	$ 41,728

(5) Common Stock Issued for Cash

The Company issued 20,000,000 shares of it's common stock for proceeds of $500,000

(6) Share Cancellation

The Company cancelled 3,500,000 shares during the nine months ended September 30, 2011, valued at par ($0.001). The Company is disputing the issuance of these shares due to non-performance by a consultant.

(B) Stock Options

On February 1, 2010, the Company's board of directors and shareholders approved the 2010 Stock Incentive Plan ("2010 Plan"). The 2010 Plan allows the Company to grant incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units and stock appreciation rights to key employees and directors of the Company or its subsidiaries, consultants, advisors and service providers. Any stock option granted in the form of an incentive stock option will be intended to comply with the requirements of Section 422 of the Internal Revenue Code of 1986, as amended. Only stock options granted to employees qualify for incentive stock option treatment. No incentive stock option shall be granted after February 1, 2020, which is 10 years from the date the 2010 Plan was initially adopted. A stock option may be exercised in whole or in installments, which may be cumulative. Shares of common stock purchased upon the exercise of a stock option must be paid for in full at the time of the exercise in cash or such other consideration determined by the compensation committee. Payment may include tendering shares of common stock or surrendering of a stock award, or a combination of methods.

The 2010 Plan will be administered by the compensation committee. The compensation committee has full and exclusive power within the limitations set forth in the 2010 Plan to make all decisions and determinations regarding the selection of participants and the granting of awards; establishing the terms and conditions relating to each award; adopting rules, regulations and guidelines; and interpreting the 2010 Plan. The Compensation Committee will determine the appropriate mix of stock options and stock awards to be granted to best achieve the objectives of the Plan. The 2010 Plan may be amended by the Board or the compensation committee, without the approval of stockholders, but no such amendments may increase the number of shares issuable under the 2010 Plan or adversely affect any outstanding awards without the consent of the holders thereof. The total number of shares that may be issued shall not exceed 5,000,000, subject to adjustment in the event of certain recapitalizations, reorganizations and similar transactions.

On April 2, 2010, the Company's board of directors authorized the issuance of 2,767,500 stock options, having a fair value of $630,990, which was expensed immediately since all stock options vested immediately. These options expire on April 2, 2015.

The Company applied fair value accounting for all share based payment awards. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes assumptions used in the year ended December 31, 2010 is as follows:

Exercise price	$ 0.50
Expected dividends	0%
Expected volatility	74.8%
Risk fee interest rate	1.4%
Expected life of option	2.5 years
Expected forfeitures	0%

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

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance – December 31, 2010 – outstanding	2,767,500	$ 0.50		$ -
Balance – December 31, 2010 – exercisable	2,767,500	$ 0.50		$ -
Granted	-	$ -		
Exercised	-	$ -		
Forfeited	-	$ -		
Balance – September 30, 2011 – outstanding	2,767,500	$ .32	1.25 years	$ -
Balance - September 30, 2011 – exercisable	2,767,500	$ 0.50	1.25 years	$ -
Grant date fair value of options granted – 2011		$ -		
Weighted average grant date fair value – 2011		$ -		
Outstanding options held by related parties – 2011	2,000,000			
Exercisable options held by related parties – 2011	2,000,000			
Fair value of stock options granted to related parties – 2011	$ -			

(C) Stock Warrants

During the nine months ended September 30, 2011, the Company issued 61,376,327 stock warrants attached to certain convertible debt (Note 5A). These warrants contain variable exercise features, resulting in the treatment of these warrants as derivative liabilities.

In addition, the Company issued 200,000, 5 year stock purchase warrants, with exercise prices ranging from $0.08 - $0.10 per share for services rendered. The company recorded an expense of $16,200 as a result of the issuance.

The Company applied fair value accounting for stock warrant issuance. The fair value of each stock warrant granted is estimated on the date of issuance using the Black-Scholes option-pricing model. The Black-Scholes assumptions used at issuance are as follows:

Exercise price	$ 0.10 - 1.50
Expected dividends	0%
Expected volatility	180%
Risk fee interest rate	1.16%
Expected life of warrants	2.5 to 5 years
Expected forfeitures	0%

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

	Warrants	Weighted Average Exercise Price
Outstanding – December 31, 2010	750,000	$ 1.50
Exercisable – December 31, 2010	750,000	$ 1.50
Granted	61,576,327	$ 0.10
Exercised	-	$ -
Forfeited/Cancelled	-	$ -
Outstanding – September 30, 2011	62,326,327	$ 0.10
Exercisable – September 30, 2011	56,696,327	$ 0.10

Warrants Outstanding				Warrants Exercisable	
Range of exercise price	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 0.10- $1.50	62,326,327	4.14 years	$ 0.10	56,696,327	$ 0.10

At September 30, 2011 and December 31, 2010, the total intrinsic value of warrants outstanding and exercisable was $0 and $0, respectively.

Note 8 Committments, Contingencies and Other Matters

(A) Other Matters

In April 2010, the Company entered into a factoring agreement (the "agreement") and sold its accounts receivable. During 2010, the Company entered into legal proceedings with the factor, as a result of the Company's customers not remitting funds directly to the factor.

A settlement, of $96,783, was reached on November 10, 2010. During 2010, the Company repaid $25,000, leaving a remaining balance of $71,783 due to factor. In January 2011, the Company paid $10,000.

On December 22, 2010, the Company became involved in a business dispute with a manufacturer, seller and distributor of their product line (the "manufacturer") regarding their respective obligations. The parties settled their dispute in private mediation. As a result of the settlement, the Company agreed to pay a maximum of $425,000. The Company issued 511,509 shares in 2010 of common stock having a fair value of $100,000. The Company settled the balance due in 2011, by issuing 4,932,500 shares of common stock, having a fair value of $187,435. The Company recorded a loss on debt settlement of $88,785.

On February 28, 2011, the remaining $65,930, inclusive of fees and interest, was settled with the issuance of 2,187,666 shares of common stock, having a fair value of $126,885. The Company recorded a loss on this debt settlement of $60,955. This has been included as component of stock issued to settle accounts payable and accrued expenses (Note 7).

At September 30, 2011, the Company no longer factors its accounts receivable.

(B) Litigations, Claims and Assessments

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm its business.

Other legal matters to which the Company is party do exist. The outcome of these matters is not probable nor reasonably estimable. The Company intends to defend these matters vigorously.

(C) Taxes

As of September 30, 2011, accounts payable and accrued expenses included a balance of approximately $196,000 pertaining to accrued payroll taxes. The taxes represent employee withholdings that have yet to be remitted to the taxing agencies. The balance consists of the following;

Prior to the Company becoming a publicly traded company in February 2010, the Company existed as an LLC, which had accrued payroll taxes/penalties/interest of approximately $53,000.

As of the filing of this report, the Company repaid approximately $55,000. The remaining $141,000 is expected to be repaid in the fourth quarter of 2011

Accrued payroll taxes – MusclePharm, Inc.	$	101,000
Accrued payroll taxes/penalties/interest – MusclePharm, LLC	$	53,000
Accrued penalties and interest - MusclePharm, Inc	$	42,000
	$	196,000
Payment in October 2011	$	(55,000)
Balance due	$	141,000

Note 9 Subsequent Events

Debt Issuance

On October 1, 2011 the Company borrowed $100,000 cash related to a debt financing the terms have not yet been finalized.

On October 6, 2011 the Company borrowed $50,000 in the form of a convertible promissory note bearing interest at 8%. The note matures on July 12, 2012 and is convertible into shares of the Company's common stock at a variable conversion price. Due to the variable conversion feature, the Company will need to determine the fair value of the derivative liability associated with this debt instrument.

On October 6, 2011 the Company borrowed $150,000 in the form of a convertible promissory note bearing interest at 8%. The note matures on April 3, 2012 and is convertible into shares of the Company's common stock at a variable conversion price. Due to the variable conversion feature, the Company will need to determine the fair value of the derivative liability associated with this debt instrument

Conversion of Debt and Demand Loans and Accrued Interest

During the period October 1, 2011 through November 7, 2011, the Company issued 22,803,731 shares of common stock to convert notes payable and accrued interest totaling $194,871.

One note payable totaling $41,600 in principal and accrued interest was converted over the period October 28, 2011 through November 3, 2011, into 4,181,643 shares of the Company's common stock at a conversion price of approximately $0.01.

Item 2.Management's Discussion and Analysis of Financial Condition and Results of Operations.

This report and other reports filed by our Company from time to time with the SEC 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. 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 unaudited 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 National Sanitation Foundation International and 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 and recognition;

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 Nine Months Ended September 30, 2011 and 2010 (unaudited):

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Sales	$ 13,077,006	$ 3,135,712
Gross profit	$ 4,433,106	$ 1,015,599
General and administrative expenses	$ (9,826,443)	$ (8,420,275)
Loss from operations	$ (5,393,337)	$ (7,404,676)
Other expenses	$ (6,938,899)	$ (1,270,554)
Net Loss	$ (12,332,236)	$ (8,675,230)
Net loss per common share – basic and diluted	$ (0.05)	$ (0.28)

Sales

Sales were $13,077,006 for the nine months ended September 30, 2011, as compared to $3,135,712 for the comparable nine months ended September 30, 2010. The increase in sales was primarily attributable to increased brand awareness. Since inception, the Company has focused on an aggressive marketing plan to penetrate the market. 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.

Gross Profit

Gross profit percentage strengthened from 32% during the nine months ended September 30, 2010, to 34% during the nine months ended September 30, 2011. The increase in the gross profit percentage is primarily attributable to the Company's ability to negotiate more favorable terms at the retail level due to the increased volume in product sales.

General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2011, were $9,826,443, as compared to $8,420,275 for the comparable nine months ended September 30, 2010. The $1,406,168 increase is attributable to increases in customer store support of approximately $1,427,000, $506,000 for product samples and giveaways, trade show related expenses of approximately $97,000, research and development fees of approximately $330,000 and travel expenses of $96,500, offset by decreases in professional fees of approximately $1,202,000.

Loss from Operations

The loss from operations for the nine months ended September 30, 2011, was $5,393,337 as compared to $7,404,676 for the comparable nine months ended September 30, 2010. The decrease in the net operating loss for the period is primarily attributable an aggressive marketing plan and the Company's ability to gain brand recognition resulting in increased sales during the nine months ended September 30, 2011, as compared to the nine months ended September 30, 2010. Margins on our product sales remained relatively stable between the comparable periods.

Other Expenses

Other expenses for the nine months ended September 30, 2011, were $6,938,899, as compared to $1,270,554 for the comparable nine months ended September 30, 2010. The increase in other expenses of $5,668,345 is primarily attributable to the financing transactions the Company entered into during the nine months ended September 30, 2011. The Company issued $3,798,733 in convertible notes during the nine months ended September 30, 2011. These notes bore interest at rates ranging from 6% to 12% per annum. Interest expense during the nine months ended September 30, 2011, increased $2,101,703 as compared to the comparable nine months ended September 30, 2010. In addition, the convertible notes contained embedded derivatives, due to the Company not being able to determine the number of shares needed to settle the conversion privilege. As a result, on the commitment date of each financing, the Company recorded aggregate derivative expenses of $3,576,192 and on the date of re-measurement, which is September 30, 2011, a gain on the change in fair market value of $2,181,955. There were no derivative liabilities recorded as of September 30, 2010.

The Company also issued shares of the Company's common stock to satisfy aged accounts payable, accrued expenses and debt. The Company recorded a loss on settlement in the amount of $2,542,073 as a result of these transactions.

Net Loss

Net loss for the nine months ended September 30, 2011, was $12,332,236 or loss per share of $(0.05), as compared to $8,675,230 or loss per share of $(0.28) for the comparable nine months ended September 30, 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 Three Months Ended September 30, 2011 and 2010 (unaudited):

	Three months ended	
	September 30, 2011	**September 30, 2010**
Sales	$ 5,756,426	$ 1,409,016
Gross profit	$ 1,918,391	$ 481,510
General and administrative expenses	$ 4,330,735	$ 2,759,153
Loss from operations	$ 2,412,344	$ 2,277,643
Other (income) expenses - net	$ (2,528,653)	$ 596,211
Net Income (Loss)	$ 116,309	$ (2,873,854)
Net Income (loss) per common share – basic and diluted	$ 0.00	$ (0.08)

Sales

Sales were $5,756,426 for the three months ended September 30, 2011, as compared to $1,409,016 for the comparable three months ended September 30, 2010. The significant increase in sales was primarily attributable to increased brand awareness. Since inception, the Company has focused on an aggressive marketing plan for market penetration. 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.

Gross Profit

A gross profit percentage decreased from 34% during the three months ended September 30, 2010, to 33% during the three months ended September 30, 2011 is primarily attributable to the product mixed sold during the 2011 period. Our product mix may vary from quarter to quarter.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2011, were $4,330,735, as compared to $2,759,153 for the comparable three months ended September 30, 2010. The $1,571,582 increase is attributable to increases in; advertising of approximately $1,532,000, research and development fees of approximately $53,000 and salaries of $260,124. The Company's employee headcount increased from 12 employees during the three months ended September 30, 2010, to 21 employees during the three months ended September 30, 2011. These increases were offset by a significant decrease in professional fees of $680,000 during the 2011 period.

Loss from Operations

Loss from operations for the three months ended September 30, 2011, was $2,412,344 as compared to $2,277,643 for the comparable three months ended September 30, 2010. The increase in operating loss is primarily attributable to an aggressive marketing plan and the Company's ability to gain brand recognition resulting in increased sales during the three months ended September 30, 2011, as compared to the three months ended September 30, 2010.

Other (Income) Expenses - Net

Other expenses for the three months ended September 30, 2011, were ($2,528,653), as compared to $596,211 for the comparable three months ended September 30, 2010. The decrease in other expenses of $3,124,864 is primarily attributable to features associated with the financing transactions the Company entered into during the three months ended September 30, 2011. Interest expense during the three months ended September 30, 2011, decreased approximately $731,539 as compared to the comparable three months ended September 30, 2010. In addition, the convertible notes contained embedded derivatives, due to the Company not being able to determine the number of shares needed to settle the conversion privilege. As a result, on the commitment date of each financing, the Company recorded aggregate derivative expenses of ($481,667) and on the date of re-measurement, which is September 30, 2011, a change in fair market value of ($1,547,185). There were no derivative liabilities recorded for the three months ended September 30, 2010.

The Company also issued shares of the Company's common stock to satisfy aged accounts payable, accrued expenses and debt. The Company recorded a loss on settlement in the amount of $-0- as a result of these transactions.

Net Income (Loss)

Net income for the three months ended September 30, 2011, was $116,309 or income per share of $0.00, as compared to a net loss of $2,873,854 or loss per share of $(0.08) for the comparable three months ended September 30, 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.

Liquidity and Capital Resources

The following table summarizes total current assets, liabilities and working capital at September 30, 2011 compared to December 31, 2010.

	September 30, 2011 (unaudited)	December 31, 2010	Increase/Decrease
Current Assets	$ 4,673,570	$ 1,406,310	$ 3,267,260
Current Liabilities	$ 10,066,061	$ 4,215,649	$ 5,850,412
Working Capital (Deficit)	$ (5,392,491)	$ (2,809,339)	$ (2,583,152)

At September 30, 2011, we had a working capital deficit of $5,392,491, as compared to a working capital deficit of $2,809,339, at December 31, 2010, an increase of $(2,583,152). The increase is primarily attributable to the Company issuing $3,798,733 in convertible notes during the nine months ended September 30, 2011. The Company continues to devote significant resources to continue aggressively market the product line.

Net cash used for operating activities for the nine months ended September 30, 2011 and 2010, was $(4,075,448) and $(2,368,247), respectively. The changes in net cash used in operating activities are attributable to our net loss adjusted for non-cash charges as presented in the consolidated statements of cash flows and changes in working capital as discussed above.

Net cash used for investing activities for the nine months ended September 30, 2011 and 2010, was $(771,652) and $(30,395), respectively. Increases in cashed used in investing activities relates to purchases of gym and office equipment during the nine months ended September 30, 2011.

Net cash obtained through all financing activities for the nine months ended September 30, 2011, was $4,803,396, as compared to $2,409,299 for the nine months ended September 30, 2010.

Going Concern

As reflected in the accompanying unaudited interim consolidated financial statements, the Company had a net loss of $12,332,236 and net cash used in operations of $4,075,448 for the nine months ended September 30, 2011, and a working capital deficit and stockholders' deficit of $5,392,491 and $5,141,634, respectively, at September 30, 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, 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;
- 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.

Financings

Our primary source of operating cash has been through the sale of equity and through the issuance of convertible 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 execute the business plan.

Off-Balance Sheet Arrangements

Other than the operating leases, as of September 30, 2011, the Company did not have any off-balance sheet arrangements. We are obligated under an operating lease for the rental of office space. Future minimum rental commitments with a remaining term in excess of one year as of September 30, 2011 are as follows:

PERIODS ENDING DECEMBER 31,

2011	$ 6,692
2012	87,560
2013	93,448
2014	99,576
2015	105,704
Total minimum lease payments	$ 392,980

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ materially from those estimates. The Company believes the following accounting policies are critical to the judgments and estimates used in the preparation of its financial statements:

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents trade obligations from customers that are subject to normal trade collection terms. 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.

The Company does not charge interest on past due receivables. Receivables are determined to be past due based on the payment terms of the original invoices.

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. The Company records sales allowances and discounts as a direct reduction of sales.

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 would be recorded as a debt discount against the face amount of the respective debt instrument. The discount would be amortized to interest expense over the life of the debt.

Derivative Liabilities

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion 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 will continue 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 note 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

There are no recent accounting pronouncements that are expected to have an effect on the Company's consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We do not hold any derivative instruments and do not engage in any hedging activities.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in the reports we file pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO"), to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can only provide a reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Management designed the disclosure controls and procedures to provide reasonable assurance of achieving the desired control objectives.

We carried out an evaluation, under the supervision and with the participation of our management, including our PEO and PFO, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based upon that evaluation, the PEO and PFO concluded that the Company's disclosure controls and procedures were ineffective.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act) during the quarter ended September 30, 2011, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. 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.

Item 1A. Risk Factors.

We believe there are no changes that constitute material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on April 1, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On July 1, 2011, the Company issued 20,000,000 shares of the Company's common stock for cash proceeds of $500,000. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 1, 2011, the Company issued 699,200 shares of the Company's common stock for a May 2011 conversion of convertible notes to common stock payable. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 3, 2011, a convertible noteholder converted $5,000 in principal into 208,644 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 8, 2011, a convertible noteholder converted $8,600 in principal into 353,713 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 11, 2011, a convertible noteholder converted $50,000 in principal into 3,636,364 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 12, 2011, a convertible noteholder converted $40,000 in principal into 3,095,455 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 12, 2011, the Company issued 100,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $3,050 ($0.0305/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 14, 2011, a convertible noteholder converted $75,000 in principal into 6,234,327 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 20, 2011, a convertible noteholder converted $77,000 in principal into 5,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder

On July 20, 2011, a convertible noteholder converted $46,500 in principal into 6,038,961 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder

On July 26, 2011, a convertible noteholder converted $75,000 in principal into 5,999,069 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 28, 2011, a convertible noteholder converted $75,000 in principal into 5,999,069 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On July 29, 2011, a convertible noteholder converted $8,000 in principal into 333,616 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 1, 2011, a convertible noteholder converted $50,000 in principal into 3,300,247 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 2, 2011, a convertible noteholder converted $125,000 in principal into 5,216,103 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 3, 2011, a convertible noteholder converted $10,000 in principal into 660,049 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 4, 2011, the Company issued securities exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) of the Securities Act, to a third party fund. Pursuant to this transaction, on August 4, 2011, the Company directed its transfer agent to issue and deliver to the third party 1,794,871 shares of the Company's common stock in satisfaction of a debt in the amount of $100,000.

On August 16, 2011, a convertible noteholder converted $87,500 in principal into 5,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 22, 2011, the Company issued 375,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $11,250 ($0.03/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 22, 2011 the Company issued 75,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $2,250 ($0.03/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 24, 2011, a convertible noteholder converted $15,000 in principal into 980,392 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 29, 2011, a convertible noteholder converted $15,000 in principal into 1,013,514 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On August 30, 2011, the Company issued 100,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $3,000 ($0.03/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder

On August 30, 2011, the Company issued 3,934,426 shares of the Company's common stock to a consultant for services rendered at a fair value of $ ($0.02/share). The Consultant returned to the Company 1,725,129 shares issued in the prior quarter. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 6, 2011, a convertible noteholder converted $10,000 in principal into 872,180 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 6, 2011, the Company issued 2,586,207 shares of the Company's common stock to a consultant for services to be rendered at a fair value of $75,000 ($0.02899/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 7, 2011, a convertible noteholder converted $52,500 in principal into 3,000,000 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 13, 2011, a convertible noteholder converted $50,000 in principal into 10,164,384 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 19, 2011, a convertible noteholder converted $10,000 in principal into 1,204,819 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 22, 2011, a convertible noteholder converted $12,000 in principal into 1,445,783 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 23, 2011, a convertible noteholder converted $25,000 in principal into 2,577,320 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 26, 2011, a convertible noteholder converted $12,000 in principal into 1,445,783 shares of the Company's common stock. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

On September 30, 2011, the Company issued 100,000 shares of the Company's common stock to a consultant for services rendered at a fair value of $8,100 ($0.081/share), based upon contract value. The issuance of such securities was exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

Item 3. Defaults Upon Senior Securities.

There were no defaults upon senior securities during the quarter ended September 30, 2011.

Item 4. (Removed and Reserved).

Item 5. Other Information.

Entry into Material Definitive Agreements

Jeremy DeLuca Employment Agreement

On November 14, 2011 (the "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 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.

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.

The description of the DeLuca Employment Agreement does not purport to be complete and is qualified in its entirety by reference to such document, a copy of which is attached hereto as Exhibit 10.5 and incorporated herein by reference.

Brad Pyatt Amended and Restated Employment Agreement

On November 14, 2011, the Company entered into an amended and restated employment agreement (the "Pyatt Employment Agreement") with Brad Pyatt, the Company's Chief Executive Officer ("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, 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 Pyatt shall be made within 90 days after the end of the Company's fiscal year.

The description of the Pyatt Employment Agreement does not purport to be complete and is qualified in its entirety by reference to such document, a copy of which is attached hereto as Exhibit 10.6 and incorporated herein by reference.

Cory Gregory Amended and Restated Employment Agreement

On November 14, 2011, the Company entered into an amended and restated employment agreement (the "Gregory Employment Agreement") with Cory Gregory, the Company's Senior President ("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, 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 Gregory shall be made within 90 days after the end of the Company's fiscal year.

The description of the Gregory Employment Agreement does not purport to be complete and is qualified in its entirety by reference to such document, a copy of which is attached hereto as Exhibit 10.7 and incorporated herein by reference.

Item 6.Exhibits.

Exhibit No.	Description
4.1	$2,651,000 Senior Secured Convertible Promissory Note, dated June 29, 2011, issued in favor of Inter-Mountain Capital Corp. *
4.2	Common Stock Purchase Warrant, dated June 29, 2011, issued in favor of Inter-Mountain Capital Corp. *
10.1	Note and Warrant Purchase Agreement, dated June 29, 2011, by and between MusclePharm Corporation and Inter-Mountain Capital Corp. *
10.2	Stock Purchase Agreement, dated July 7, 2011, by and between MusclePharm Corporation and Carriage Group, LLC (as filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 19, 2011)
10.3	Endorsement Agreement, dated July 20, 2011, by and between MusclePharm Corporation and Michael Vick, individually (as filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 22, 2011)
10.4	Employment Agreement, dated September 16, 2011, by and between MusclePharm Corporation and John H. Bluher, individually *
10.5	Employment Agreement, dated November 14, 2011, by and between MusclePharm Corporation and Jeremy DeLuca, individually *
10.6	Employment Agreement, dated November 14, 2011, by and between MusclePharm Corporation and Brad Pyatt, individually *
10.7	Employment Agreement, dated November 14, 2011, by and between MusclePharm Corporation and Cory Gregory, individually *
31.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 302 of 2002*
31.2	Certification of Principal Financial Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 302 of 2002*
32.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Principal Financial Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MUSCLEPHARM CORPORATION

Date: November 14, 2011

By: */s/ Brad J. Pyatt*
Name: Brad J. Pyatt
Title: Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2011

By: */s/ Lawrence S. Meer*
Name: Lawrence S. Meer
Title: Chief Financial Officer
(Principal Financial Officer)

COMPANY NOTE

$2,651,000.00 **June 29, 2011**

MUSCLEPHARM CORPORATION
Secured Convertible Promissory Note

FOR VALUE RECEIVED, MusclePharm Corporation, a Nevada corporation (the "***Borrower***"), hereby promises to pay to the order of Inter-Mountain Capital Corp., a Delaware corporation, or its successors or assigns (the "***Lender***," and together with the Borrower, the "***Parties***"), the principal sum of $2,651,000.00 together with all accrued and unpaid interest thereon, fees incurred or other amounts owing hereunder, all as set forth below in this Secured Convertible Promissory Note (this "***Note***"). This Note is issued pursuant to that certain Note and Warrant Purchase Agreement of even date herewith, entered into by and between the Borrower and the Lender (the "***Purchase Agreement***"). Defined terms used herein but not otherwise defined shall have the meanings ascribed thereto in the Purchase Agreement.

1. **Principal and Interest Payments**. Interest on the unpaid principal balance of this Note shall accrue at the rate of 6% per annum, compounding daily. Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed. Upon the occurrence of an Event of Default (as defined below) or a Trigger Event (as defined below), the Outstanding Balance (as defined below) of this Note shall accrue interest at the rate of 18.00% per annum, compounding daily, from and after the date of the occurrence of the Event of Default or Trigger Event, as applicable, whether before or after judgment. The Borrower shall pay to the Lender all outstanding amounts due hereunder in a payment due on or before the date that is forty-eight (48) months from the date hereof (the "***Maturity Date***"). All payments owing hereunder shall be in lawful money of the United States of America delivered to the Lender at the address furnished to the Borrower for that purpose. All payments shall be applied first to (a) costs of collection, if any, then to (b) fees and penalties, if any, then to (c) accrued and unpaid interest, and thereafter (d) to principal. For purposes hereof, the term "***Outstanding Balance***" means the sum of the outstanding principal balance of this Note and any accrued but unpaid interest, collection and enforcement costs, and any other fees and penalties incurred under this Note.

2. **Original Issue Discount**. The Borrower acknowledges that the principal amount of this Note exceeds the Purchase Price and that such excess consists of (a) the OID, and (b) the Transaction Expenses, both of which shall be fully earned and charged to the Borrower upon the execution of this Note and paid to the Lender as part of the outstanding principal balance as set forth in this Note.

3. **Conversion**.

(a) Optional Conversion. At any time or from time to time prior to payment in full of the entire Outstanding Balance, the Lender shall have the right, at the Lender's option, to convert the Outstanding Balance, in whole or in part (the "***Conversion Amount***"), into shares of common stock, par value $0.001 per share (the "***Common Stock***") of the Borrower; *provided*, *however*, that the conversion by the Lender of the Outstanding Balance shall be exercisable in tranches (each, a "***Tranche***"), consisting of (1) an initial Tranche ("***Tranche #1***") in an amount equal to $651,000.00 and any interest and/or fees accrued thereon under the terms of this Note and the other Transaction Documents, and (2) ten additional Tranches (each, a "***Subsequent Tranche***") each in an amount equal to $200,000.00 and any interest or fees accrued thereon under the terms of this Note or the other Transaction Documents. The first Subsequent Tranche shall correspond to Buyer Trust Deed Note #1, the second Subsequent Tranche shall correspond to Buyer Trust Deed Note #2, and so forth through Buyer Trust Deed Note #10. The Lender's right to convert any of the Subsequent Tranches is conditioned upon the Lender's payment in full of the Buyer Trust Deed Note corresponding to such Subsequent Tranche (upon the satisfaction of such condition, such Tranche becomes a "***Conversion Eligible Tranche***"). For the avoidance of doubt, a Conversion Eligible Tranche may be converted in whole or in part at any time subsequent to the first date on which such Subsequent Tranche becomes a Conversion Eligible Tranche. At all times hereunder, any fees or penalties incurred including, without limitation, any fees incurred in connection with a Trigger Effect (as defined below), shall be added to any then-current Conversion Eligible Tranche. The number of shares of Common Stock to be issued upon a conversion hereunder shall be determined by dividing (1) the Conversion Amount by (2) the Market Price (as defined below) (as may be adjusted pursuant to the terms hereof, the "***Conversion Price***"). For purposes hereof, the "***Market Price***" is defined as 80% (as may be adjusted from time to time pursuant to the terms hereof, the "***Conversion Factor***") of the lowest trade price (the "***Trade Price***") during the thirty (30) Trading Days immediately preceding the Conversion Date (as defined below); *provided, however*, that in the event the ten (10) day trailing average closing price of the Common Stock is less than two and one half cents ($0.025) per share (as adjusted pursuant to the terms hereof, the "***Trigger Price***"), the Conversion Factor shall be reduced to 70%. For the avoidance of doubt, the foregoing penalty shall not be deemed a Trigger Event and is not subject to the limitations or terms set forth in Section 12 below. The trading data used to compute the Trade Price shall be as reported by Bloomberg, LP ("***Bloomberg***"), or if such information is not then being reported by Bloomberg, then as reported by such other data information source as may be mutually agreeable to the Borrower and the Lender.

(b) Conversion Mechanics. In order to convert this Note into Common Stock, the Lender shall give written notice to the Borrower at its principal corporate office or the notice address provided in the Purchase Agreement (which notice, notwithstanding anything herein to the contrary, may be given via facsimile, email, or other means in the discretion of the Lender) pursuant to the forms attached hereto as **Exhibit A** (the "***Conversion Notice***") and **Exhibit A-1** (the "***Conversion Worksheet***") of the election to convert the same pursuant to this Section 3 (the date on which a Conversion Notice is given, a "***Conversion Date***"). Such Conversion Notice shall state the Conversion Amount, the number of shares of Common Stock to which the Lender is entitled pursuant to the Conversion Notice (the "***Conversion Shares***"), and the account into which the shares of Common Stock are to be deposited (the "***Lender Account***"). The Borrower shall immediately, but in no event later than three (3) Trading Days after receipt of a Conversion Notice (the "***Delivery Date***"), deliver the Conversion Shares to the Lender Account. Notwithstanding anything to the contrary herein, all such deliveries of Conversion Shares shall be electronic, via DWAC. In the event the Borrower fails to deliver the Conversion Shares on or before the Delivery Date, in addition to all other remedies available to the Lender hereunder or under any other Transaction Documents and at law or in equity, a penalty equal to 1.5% of the Conversion Amount shall be added to the balance of this Note per day until such Conversion Shares are delivered. The conversion shall be deemed to have been made immediately prior to the close of business on the date of the Conversion Notice, and the person or entity entitled to receive the shares of Common Stock upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date.

(c) No Fractional Shares. Conversion calculations pursuant to Section 3(a) shall be rounded up to the nearest whole share, and no fractional shares shall be issuable by the Borrower upon conversion of this Note or any portion thereof. All shares issuable upon conversion of this Note or any portion thereof shall be aggregated for purposes of determining whether such conversion would result in the issuance of a fractional share.

(d) No Impairment. The Borrower will not, by amendment of its Certificate of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Borrower, but will at all times in good faith assist in the carrying out of all the provisions of this Section 3 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the Lender against impairment.

4. **Prepayment by the Borrower**. The Borrower may, in its sole and absolute discretion, pay in cash all or any portion of the Outstanding Balance at any time prior to the Maturity Date, *provided that* in the event the Borrower elects to prepay all or any portion of the Outstanding Balance, it shall pay to the Lender 105% of the portion of the Outstanding Balance the Borrower elects to prepay.

5. **Certain Adjustments**. The number and class of securities into which this Note may be converted under Section 3 shall be subject to adjustment in accordance with the following provisions:

(a) Computation of Adjusted Conversion Price. Except as hereinafter provided, in case the Borrower shall at any time after the date hereof issue or sell any (i) shares of Common Stock or preferred shares convertible into Common Stock, or (ii) debt, warrants, options or other instruments or securities convertible into or exercisable for shares of Common Stock (together herein referred to as "***Equity Securities***"), in each case for consideration (or with a conversion price or exercise price) per share of Common Stock less than the Conversion Price in effect immediately prior to the issuance or sale of such securities or instruments, or without consideration, other than for Excepted Issuances (as defined below), then forthwith upon such issuance or sale, the Conversion Price shall (until another such issuance or sale) be reduced to the price equal to the price (or conversion price or exercise price) of any such securities or instruments; *provided, however*, that in no event shall the Conversion Price be adjusted pursuant to this computation to an amount in excess of the Conversion Price in effect immediately prior to such computation. For the purposes of this Section 5, the term Conversion Price shall mean the Conversion Price per share set forth in Section 3(a) hereof, as adjusted from time to time pursuant to the provisions of this Section.

"***Excepted Issuances***" shall mean, collectively, (i) the Borrower's issuance of securities in connection with strategic license agreements and other partnering arrangements so long as such issuances are not for the purpose of raising capital and in which holders of such securities or debt are not at any time granted registration rights, and (ii) the Borrower's issuance of Common Stock or the issuance or grant of options to purchase Common Stock to employees, directors, and consultants (including, but not limited to, attorneys), pursuant to plans or agreements which are constituted or in effect on the date of this Note or any plans or agreements to be entered into in connection with an S-8 Registration Statement to be filed following the date of this Note.

For purposes of any computation to be made in accordance with this Section 5, the following provisions shall be applicable:

(i) In case of the issuance or sale of any Equity Securities for consideration part or all of which shall be cash, the amount of the cash consideration shall be deemed to be the amount of cash received by the Borrower for such Equity Securities (or, if Equity Securities are offered by the Borrower for subscription, the subscription price, or, if such securities shall be sold to underwriters or dealers for public offering without a subscription price, the public offering price, before deducting therefrom any compensation paid or discount allowed in the sale, underwriting or purchase thereof by underwriters or dealers or other persons or entities performing similar services), or any expenses incurred in connection therewith and less any amounts payable to security holders or any affiliate thereof, including, without limitation, any employment agreement, royalty, consulting agreement, covenant not to compete, earnout or contingent payment right or similar arrangement, agreement or understanding, whether oral or written; all such amounts shall be valued at the aggregate amount payable thereunder whether such payments are absolute or contingent and irrespective of the period or uncertainty of payment, the rate of interest, if any, or the contingent nature thereof.

(ii) In case of the issuance or sale (otherwise than as a dividend or other distribution on any capital stock of the Borrower) of Equity Securities for consideration part or all of which shall be other than cash, the amount of the consideration other than cash shall be deemed to be the value of such consideration as determined in good faith by the Board of Directors of the Borrower.

(iii) Equity Securities issuable by way of dividend or other distribution on any capital stock of the Borrower shall be deemed to have been issued immediately after the opening of business on the day following the record date for the determination of stockholders entitled to receive such dividend or other distribution and shall be deemed to have been issued without consideration.

(iv) The reclassification of securities of the Borrower other than Equity Securities into securities including Equity Securities shall be deemed to involve the issuance of such Equity Securities for consideration other than cash immediately prior to the close of business on the date fixed for the determination of security holders entitled to receive such securities, and the value of the consideration allocable to such securities shall be determined as provided in this Section 5.

(v) The number of Equity Securities at any one time outstanding shall include the aggregate number of shares of Common Stock issued or issuable (subject to readjustment upon the actual issuance thereof) upon the exercise of then outstanding options, rights, warrants, and convertible and exchangeable securities.

(b) Adjustment for Reorganization or Recapitalization. If, while this Note remains outstanding and unconverted, there shall be a reorganization or recapitalization of the Borrower (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein), all necessary or appropriate lawful provisions shall be made so that the Lender shall thereafter be entitled to receive upon conversion of this Note, the greatest number of shares of stock or other securities or property that a holder of the class of securities deliverable upon conversion of this Note would have been entitled to receive in such reorganization or recapitalization if this Note had been converted immediately prior to such reorganization or recapitalization, all subject to further adjustment as provided in this Section 5. If the per share consideration payable to the Lender for such class of securities in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Board of Directors of the Borrower. The foregoing provisions of this subsection shall similarly apply to successive reorganizations or recapitalizations and to the stock or securities of any other corporation that are at the time receivable upon the conversion of this Note. In all events, appropriate adjustment shall be made in the application of the provisions of this Note (including adjustment of the Conversion Price and number of shares of Common Stock into which this Note is then convertible pursuant to the terms and conditions of this Note) with respect to the rights and interests of the Lender after the transaction, to the end that the provisions of this Note shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable or issuable after such reorganization or recapitalization upon conversion of this Note.

(c) Adjustments for Split, Subdivision or Combination of Shares. If the Borrower at any time while this Note remains outstanding and unconverted, shall split or subdivide any class of securities into which this Note may be converted into a different number of securities of the same class, the number of shares of such class issuable upon conversion of this Note immediately prior to such split or subdivision shall be proportionately increased and the Conversion Price, Trigger Price, and any other applicable prices for such class of securities shall be proportionately decreased. If the Borrower at any time while this Note, or any portion hereof, remains outstanding and unconverted shall combine any class of securities into which this Note may be converted, into a different number of securities of the same class, the number of shares of such class issuable upon conversion of this Note immediately prior to such combination shall be proportionately decreased and the Conversion Price, Trigger Price, and any other applicable prices for such class of securities shall be proportionately increased.

(d) Adjustments for Dividends in Stock or Other Securities or Property. If, while this Note remains outstanding and unconverted, the holders of any class of securities as to which conversion rights under this Note exist at the time shall have received, or, on or after the record date fixed for the determination of eligible stockholders, shall have become entitled to receive, without payment therefor, other or additional stock or other securities or property (other than cash) of the Borrower by way of dividend, then and in each case, this Note shall represent the right to acquire, in addition to the number of shares of such class of security receivable upon conversion of this Note, and without payment of any additional consideration therefor, the amount of such other or additional stock or other securities or property (other than cash) of the Borrower that such holder would hold on the date of such conversion had such holder been the holder of record of the class of security receivable upon conversion of this Note on the date hereof and had thereafter, during the period from the date hereof to and including the date of such conversion, retained such shares and/or all other additional stock available to such holder as aforesaid during said period, giving effect to all adjustments called for during such period by the provisions of this Section 5.

(e) Adjustments for Spin Offs. If, at any time while any portion of this Note remains outstanding and unconverted, the Borrower spins off or otherwise divests itself of a part of its business or operations or disposes of all or of a part of its assets in a transaction (the "***Spin Off***") in which the Borrower, in addition to or in lieu of any other compensation received and retained by the Borrower for such business, operations or assets, causes securities of another entity (the "***Spin Off Securities***") to be issued to security holders of the Borrower, the Borrower shall cause (i) to be reserved Spin Off Securities equal to the number thereof which would have been issued to the Lender had the entire balance of this Note outstanding on the record date (the "***Record Date***") for determining the amount and number of Spin Off Securities to be issued to security holders of the Borrower been converted as of the close of business on the Trading Day immediately before the Record Date (the "***Reserved Spin Off Shares***"), and (ii) to be issued to the Lender on the conversion of all or any portion of this Note, such amount of the Reserved Spin Off Shares equal to (x) the Reserved Spin Off Shares multiplied by (y) a fraction, of which (I) the numerator is the principal amount of the portion of the Outstanding Balance then being converted, and (II) the denominator is the entire Outstanding Balance of this Note. In the event of any Spin Off, (i) the Lender shall have the right to convert the Outstanding Balance by delivering a Conversion Notice to the Borrower within ten (10) days of receipt of notice of such Spin Off from the Borrower, or (ii) immediately upon the consummation of a Spin Off, all amounts owed under this Note shall accelerate and be immediately due and payable in the sole discretion of the Lender.

(f) No Change Necessary. The form of this Note need not be changed because of any adjustment in the number and class of securities issuable upon its conversion.

6. **Further Adjustments**. In case at any time or, from time to time, the Borrower shall take any action that affects the class of securities into which this Note may be converted under Section 3, other than an action described herein, then, unless such action will not have a material adverse effect upon the rights of the Lender, the number and class of securities into which this Note is convertible shall be adjusted in such a manner and at such time as shall be equitable under the circumstances.

7. **Certificate as to Adjustments**. Upon the occurrence of each adjustment or readjustment pursuant to Section 5 or Section 6, the Borrower at its sole expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to the Lender a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Borrower shall, upon the written request at any time of the Lender, furnish or cause to be furnished to the Lender a like certificate setting forth (i) such adjustments and readjustments, and (ii) the number and class of securities and the amount, if any, of other property which at the time would be received upon the conversion of this Note under Section 3.

8. **Security**. This Note is secured by that certain Security Agreement of even date herewith (the "***Security Agreement***") executed by the Borrower in favor of the Lender encumbering certain assets of the Borrower, as more specifically set forth in the Security Agreement, all the terms and conditions of which are hereby incorporated into and made a part of this Note.

9. **Change of Control**. In the event of (i) any transaction or series of related transactions (including any reorganization, merger or consolidation) that results in the transfer of 50% or more of the outstanding voting power of the Borrower, or (ii) a sale of all or substantially all of the assets of the Borrower to another person or entity, this Note shall be automatically due and payable in cash. The Borrower will give the Lender not less than ten (10) Trading Days' prior written notice of the occurrence of any events referred to in this Section 9.

10. **Representations and Warranties of the Borrower**. In addition to the representations and warranties set forth in the Purchase Agreement and the Security Agreement, which are incorporated herein, the Borrower hereby represents and warrants to the Lender that:

(a) The Borrower understands and acknowledges that the number of Conversion Shares issuable upon conversion of this Note will increase in certain circumstances. The Borrower further acknowledges that its obligation to issue Conversion Shares upon conversion of this Note in accordance with its terms is absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other stockholders of the Borrower;

(b) The Borrower's Common Stock is registered under Section 12(g) of the Securities Exchange Act of 1934 (the "***Exchange Act***");

(c) The Borrower is not and for at least the last 12 months prior to the date hereof has not been a "shell company," as defined in paragraph (i)(1)(i) of Rule 144 or Rule 12(b)(2) of the Exchange Act;

(d) The Borrower is subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act and has filed all required reports under Section 13 or Section 15(d) of the Exchange Act during the 12 months prior to the date hereof (or for such shorter period that the Borrower was required to file such reports); and

(e) The issuance of this Note has been duly authorized by the Borrower. Upon conversion in accordance with the terms of this Note, the Conversion Shares, when issued, will be validly issued, fully paid and non-assessable, free from all taxes, liens, claims, pledges, mortgages, restrictions, obligations, security interests and encumbrances of any kind, nature and description. The Borrower has reserved from its duly authorized capital stock the appropriate number of shares of Common Stock for issuance upon conversion of this Note as required by the terms of this Note.

11. **Affirmative and Negative Covenants**. In addition to the covenants set forth in the Purchase Agreement, the Borrower covenants and agrees, while any portion of this Note remains outstanding and unconverted, as follows:

(a) The Borrower shall do all things necessary to preserve and keep in full force and effect its corporate existence including, without limitation, maintain all licenses or similar qualifications required by it to engage in its business in all jurisdictions in which it is at the time so engaged; and continue to engage in business of the same general type as conducted as of the date hereof; and continue to conduct its business substantially as now conducted or as otherwise permitted hereunder;

(b) The Borrower shall pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property before the same shall become delinquent or in default, which, if unpaid, might reasonably be expected to give rise to liens or charges upon such properties or any part thereof, unless, in each case, the validity or amount thereof is being contested in good faith by appropriate proceedings and the Borrower has maintained adequate reserves with respect thereto in accordance with GAAP;

(c) The Borrower shall comply in all material respects with all federal, state and local laws and regulations, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations and requirements (collectively, "***Requirements***") of all governmental bodies, departments, commissions, boards, insurers, courts, authorities, officials or officers which are applicable to the Borrower or any of its properties, except where the failure to so comply would not have a Material Adverse Effect on the Borrower or any of its properties; *provided*, *however*, that nothing provided herein shall prevent the Borrower from contesting the validity or the application of any Requirements;

(d) The Borrower shall keep proper records and books of account with respect to its business activities, in which proper entries, reflecting all of their financial transactions, are made in accordance with GAAP;

(e) From the date hereof until the date that is six (6) months after the date that all the Conversion Shares either have been sold by the Lender, or may permanently be sold by the Lender without any restrictions pursuant to Rule 144 (the "***Registration Period***"), the Borrower shall file with the Securities and Exchange Commission (the "***SEC***") in a timely manner all required reports under Sections 13 or 15(d) of the Exchange Act and such reports shall conform to the requirement of the Exchange Act and the SEC for filing thereunder;

(f) The Borrower shall furnish to the Lender, so long as the Lender owns any Common Stock, promptly upon request, (i) a written statement by the Borrower that it has complied with the reporting requirements of Rule 144, (ii) a copy of the most recent annual or quarterly report of the Borrower and such other reports and documents so filed by the Borrower, and (iii) such other information as may be reasonably requested to permit the Lender to sell such securities pursuant to Rule 144 without registration;

(g) During the Registration Period, the Borrower shall not terminate its status as an issuer required to file reports under the Exchange Act even if the Exchange Act or the rules and regulations thereunder would otherwise permit such termination;

(h) On the date hereof and at all times prior to the repayment in full of this Note, the Borrower shall reserve the number of shares required by the Share Reserve for the purpose of, among other things, the conversion of this Note. The Borrower represents that it has sufficient authorized and unissued shares of Common Stock available to create the Share Reserve after considering all other commitments that may require the issuance of Common Stock. The Borrower shall take all action reasonably necessary to at all times have authorized, and reserved for the purpose of issuance, such number of shares of Common Stock as shall be necessary to effect the full conversion of the Note and the full exercise of the Warrant multiplied by 1.5. If at any time the Share Reserve is insufficient to effect the full conversion of the Note and the full exercise of the Warrant, the Borrower shall increase the Share Reserve accordingly. If the Borrower does not have sufficient authorized and unissued shares of Common Stock available to increase the Share Reserve, the Borrower shall call and hold a special meeting of the stockholders within thirty (30) days of such occurrence, for the sole purpose of increasing the number of authorized shares. The Borrower's management shall recommend to the stockholders to vote in favor of increasing the number of shares of Common Stock authorized. Management shall also vote all of its shares in favor of increasing the number of authorized shares of Common Stock. The Borrower shall use its best efforts to cause such additional shares of Common Stock to be authorized so as to comply with the requirements of this Section 11(h);

(i) The Common Stock shall be listed or quoted for trading on any of (i) NYSE Amex, (ii) the New York Stock Exchange, (iii) the Nasdaq Global Market, (iv) the Nasdaq Capital Market, (v) the OTC Bulletin Board, or (f) the OTCQX or OTCQB (each, a "***Primary Market***"). The Borrower shall promptly secure the listing of all of its securities issuable under the terms of the Transaction Documents upon each national securities exchange and automated quotation system, if any, upon which the Common Stock is then listed (subject to official notice of issuance) and shall maintain such listing of all securities from time to time issuable under the terms of the Transaction Documents;

(j) The Borrower shall notify the Lender in writing, promptly upon learning thereof, of any litigation or administrative proceeding commenced or threatened against the Borrower involving a claim in excess of $250,000.00;

(k) The Borrower shall use the proceeds from this Note for working capital and general corporate purposes only; and

(l) The Borrower shall notify the Lender in writing, promptly upon the occurrence of any Event of Default or any Trigger Event.

12. **Trigger Events**. Upon each occurrence of any of the following events (each, a "***Trigger Event***"), (a) the Conversion Factor shall be reduced by 10 percentage points (i.e., if the Conversion Factor were 80% immediately prior to the occurrence of the Trigger Event, it shall be reduced to 70% upon the occurrence of a Trigger Event), and (b) this Note shall accrue interest at the rate of 18% per annum, whether before or after judgment (the "***Trigger Effects***"); *provided, however*, that (1) in no event shall the Trigger Effects be applied more than two times, and (2) notwithstanding any provision to the contrary herein, in no event shall the applicable interest rate at any time exceed the maximum interest rate allowed under applicable law:

(a) Decline in Volume. A decline in the ten (10)-day trailing average daily dollar volume of the Common Stock in its Primary Market to less than $15,000.00 of volume per day at any time.

(b) Decline in Price. The ten (10) day trailing average closing price of the Common Stock is less than two cents ($0.02) per share.

(c) Events of Default. The occurrence of any Event of Default (other than an Event of Default under Section 13(k)).

13. **Default**. If any of the events specified below shall occur (each, an "***Event of Default***") the Lender may by written notice to the Borrower declare the entire Outstanding Balance immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Transaction Documents to the contrary notwithstanding; *provided*, *however*, that upon the occurrence or existence of any Event of Default described in Section 13(f) or (g), immediately and without notice, all outstanding obligations payable by the Borrower hereunder shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Transaction Documents to the contrary notwithstanding:

(a) Failure to Pay. The Borrower shall fail to make any payment when due and payable under the terms of this Note including, without limitation, any payment of costs, fees, interest, principal or other amount due hereunder (a "***Payment Default***").

(b) Transfer or Pledge of the Buyer Trust Deed Notes. The Borrower shall sell, transfer, assign, pledge, hypothecate or otherwise alienate or encumber the Buyer Trust Deed Notes in any way without the prior written consent of the Lender.

(c) Failure to Deliver Shares. The Borrower (or its transfer agent) shall fail to deliver the Conversion Shares as provided under Section 3(b) of this Note or the shares of Common Stock required to be delivered upon exercise of the Warrant as per the terms and conditions hereof and thereof (a "***Share Delivery Default***").

(d) Breaches of Covenants. The Borrower or its subsidiaries, if any, shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Note or any of the other Transaction Documents, including without limitation all reporting covenants and covenants to timely file all required quarterly and annual reports and any other filings required pursuant to Rule 144.

(e) Representations and Warranties. Any representation, warranty or certificate made or furnished by or on behalf of the Borrower to the Lender in writing included in this Note or in connection with any of the Transaction Documents, or as an inducement to the Lender to enter into this Note or any of the other Transaction Documents, shall be false, incorrect, incomplete or misleading in any material respect when made or furnished.

(f) Failure to Pay Debts; Voluntary Bankruptcy. If any of the Borrower's assets are assigned to its creditors, if the Borrower fails to pay its debts generally as they become due, or if the Borrower files any petition, proceeding, case or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, rule, regulation, statute or ordinance (collectively, "***Laws and Rules***"), or any other Law and Rule for the relief of, or related to, debtors.

(g) Involuntary Bankruptcy. If any involuntary petition is filed under any bankruptcy or similar Law or Rule against the Borrower, or a receiver, trustee, liquidator, assignee, custodian, sequestrator or other similar official is appointed to take possession of any of the assets or properties of the Borrower or any guarantor.

(h) Governmental Action. If any governmental or regulatory authority takes or institutes any action that will materially affect the Borrower's financial condition, operations or ability to pay or perform the Borrower's obligations under this Note.

(i) Judgment. A judgment is entered against the Borrower for an amount in excess of $250,000.00.

(j) Share Reserve. The Borrower's failure to maintain authorized but unissued shares of Common Stock equal to at least 150% of the number of shares of Common Stock that would be needed to fully convert this Note and exercise the Warrant at any given time.

(k) Trigger Event. The occurrence of any Trigger Event (other than a Trigger Event under Section 12(c)) that is not cured within ten (10) Trading Days of the occurrence thereof.

14. **Right of Offset**. Notwithstanding anything to the contrary herein or in the Transaction Documents, the Borrower may at its option deduct and offset any amount owed by the Lender under the Buyer Trust Deed Notes from any amount owed by the Borrower under this Note, *provided that* the Borrower shall have delivered five (5) Trading Days' written notice of such offset to the Lender. In the event that the Borrower's exercise of its offset rights under this Section 14 results in the full satisfaction of the Lender's obligations under one or more of the Buyer Trust Deed Notes, then the Borrower shall return to the Lender for cancellation such Buyer Trust Deed Note(s) or, in the event such Buyer Trust Deed Note(s) have been lost, stolen or destroyed, a lost note affidavit in a form reasonably acceptable to the Lender. Notwithstanding anything to the contrary herein, the foregoing right of offset shall not apply to any amount owed by the Borrower under this Note that has become part of a Conversion Eligible Tranche.

15. **Ownership Limitation**. Notwithstanding the provisions of this Note, if at any time after the date hereof, the Lender shall or would receive shares of Common Stock in payment of interest or principal under this Note or upon conversion of this Note, so that the Lender would, together with other shares of Common Stock held by it or its Affiliates, own or beneficially own by virtue of such action or receipt of additional shares of Common Stock a number of shares exceeding 9.99% of the number of shares of Common Stock outstanding on such date (the "***9.99% Cap***"), the Borrower shall not be obligated and shall not issue to the Lender shares of Common Stock which would exceed the 9.99% Cap, but only until such time as the 9.99% Cap would no longer be exceeded by any such receipt of shares of Common Stock by the Borrower. The foregoing limitations are enforceable, unconditional and non-waivable and shall apply to all Affiliates and assigns of the Lender.

16. **No Rights or Liabilities as Stockholder**. This Note does not by itself entitle the Lender to any voting rights or other rights as a stockholder of the Borrower. In the absence of conversion of this Note, no provisions of this Note, and no enumeration herein of the rights or privileges of the Lender, shall cause the Lender to be a stockholder of the Borrower for any purpose.

17. **Unconditional Obligation**. Subject to the terms of the Purchase Agreement, no provision of this Note shall alter or impair the obligation of the Borrower, which is absolute and unconditional, to pay the principal of, and interest on, this Note at the time, place, and rate, and in the currency or where contemplated herein in shares of Common Stock, as applicable, as herein prescribed. This Note is a direct obligation of the Borrower.

18. **Confession of Judgment**. Upon the occurrence of a Payment Default or a Share Delivery Default, in addition to any other rights or remedies the Lender may have under the Transaction Documents or applicable law, the Lender shall have the right, but not the obligation, to cause the Confession of Judgment attached hereto as Exhibit B to be entered into a court of competent jurisdiction, *provided, however*, that the Lender shall give the Borrower ten (10) days written notice of its intent to file the Confession of Judgment, during which period the Borrower shall have the opportunity to cure the applicable Payment Default or Share Delivery Default.

19. **Binding Effect**. This Note shall be binding on the Parties and their respective heirs, successors, and assigns; *provided, however*, that neither party shall assign its rights hereunder in whole or in part without the express written consent of the other party, except that the Lender may assign this Note to any of its Affiliates without the prior written consent of the Borrower and, furthermore, the Borrower agrees that it shall not unreasonably withhold, condition or delay its consent to any other assignment of this Note by the Lender.

20. **Governing Law; Venue**. The terms of this Note shall be construed in accordance with the laws of the State of Utah as applied to contracts entered into by Utah residents within the State of Utah which contracts are to be performed entirely within the State of Utah. With respect to any disputes arising out of or related to this Note, the Parties consent to the exclusive personal jurisdiction of, and venue in, the state courts in Utah (or in the event of federal jurisdiction, the United States District Court for the District of Utah), and hereby waive, to the maximum extent permitted by law, any objection, including any objection based on *forum non conveniens*, to the bringing of any such proceeding in such jurisdiction or to any claim that such venue of the suite, action or proceeding is improper.

21. **Customer Identification–USA Patriot Act Notice**. The Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "***Act***"), and the Lender's policies and practices, the Lender is required to obtain, verify and record certain information and documentation that identifies the Borrower, which information includes the name and address of the Borrower and such other information that will allow the Lender to identify the Borrower in accordance with the Act.

22. **Lawful Interest**. It being the intention of the Lender and the Borrower to comply with all applicable laws with regard to the interest charged hereunder, it is agreed that, notwithstanding any provision to the contrary in this Note or any other Transaction Document, no such provision, including without limitation any provision of this Note providing for the payment of interest or other charges, shall require the payment or permit the collection of any amount in excess of the maximum amount of interest permitted by law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the indebtedness evidenced by this Note or by any extension or renewal hereof ("***Excess Interest***"). If any Excess Interest is provided for, or is adjudicated to be provided for, in this Note or any other Transaction Document, then in such event:

(a) the provisions of this Section 22 shall govern and control;

(b) the Borrower shall not be obligated to pay any Excess Interest;

(c) any Excess Interest that the Lender may have received hereunder shall, at the option of the Lender, be (i) applied as a credit against the principal balance due under this Note or the accrued and unpaid interest thereon not to exceed the maximum amount permitted by law, or both, (ii) refunded to the Borrower, or (iii) any combination of the foregoing;

(d) the applicable interest rate or rates shall be automatically subject to reduction to the maximum lawful rate allowed to be contracted for in writing under the applicable governing usury laws, and this Note and the Transaction Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in such interest rate or rates; and

(e) the Borrower shall not have any action or remedy against the Lender for any damages whatsoever or any defense to enforcement of this Note or arising out of the payment or collection of any Excess Interest.

23. **Pronouns**. Regardless of their form, all words used in this Note shall be deemed singular or plural and shall have the gender as required by the text.

24. **Headings**. The various headings used in this Note as headings for sections or otherwise are for convenience and reference only and shall not be used in interpreting the text of the section in which they appear and shall not limit or otherwise affect the meanings thereof.

25. **Severability**. If any part of this Note is construed to be in violation of any law, such part shall be modified to achieve the objective of the Parties to the fullest extent permitted by law and the balance of this Note shall remain in full force and effect.

26. **Attorneys' Fees**. If any action at law or in equity is necessary to enforce this Note or to collect payment under this Note, the Lender shall be entitled to recover reasonable attorneys' fees directly related to such enforcement or collection actions.

27. **Amendments and Waivers; Remedies**. No failure or delay on the part of a Party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to a Party hereto at law, in equity or otherwise. Any amendment, supplement or modification of or to any provision of this Note, any waiver of any provision of this Note, and any consent to any departure by either Party from the terms of any provision of this Note, shall be effective (i) only if it is made or given in writing and signed by the Borrower and the Lender and (ii) only in the specific instance and for the specific purpose for which made or given.

28. **Notices**. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given if it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient, as set forth in the Purchase Agreement. Any Party may send any notice, request, demand, claim or other communication hereunder to the intended recipient at the address set forth in the Purchase Agreement using any other means (including personal delivery, expedited courier, messenger service, facsimile, ordinary mail, or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient or receipt is confirmed electronically or by return mail. Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in any manner herein set forth.

29. **Entire Agreement**. This Note, together with the other Transaction Documents, contains the complete understanding and agreement of the Borrower and the Lender and supersedes all prior representations, warranties, agreements, arrangements, understandings, and negotiations with respect to the subject matter thereof. THIS NOTE, TOGETHER WITH THE OTHER TRANSACTION DOCUMENTS, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY ALLEGED PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Note as of the date set forth above.

Exhibits

Exhibit A – Conversion Notice
Exhibit A-1 – Conversion Worksheet
Exhibit B – Confession of Judgment

BORROWER:

MUSCLEPHARM CORPORATION

By: /s/ Brad J. Pyatt
Name: Brad J. Pyatt
Title: Chief Executive Officer

ACKNOWLEDGED, ACCEPTED AND AGREED:

INTER-MOUNTAIN CAPITAL CORP.

By: /s/ John M. Fife
John M. Fife, President

[Signature page to Secured Convertible Promissory Note]

EXHIBIT A

INTER-MOUNTAIN CAPITAL CORP.
303 EAST WACKER DRIVE, SUITE 1200
CHICAGO, ILLINOIS 60601

Date: _____

MusclePharm Corporation
4721 Ironton Street, Building A
Denver, Colorado 90839
Attn: Brad Pyatt

VIA FAX: _____

CONVERSION NOTICE

The above-captioned Lender hereby gives notice to MusclePharm Corporation, a Nevada corporation (the "***Company***"), pursuant to that certain Secured Convertible Promissory Note made by the Company in favor of the Lender on June ___, 2011 (the "***Note***"), that the Lender elects to convert the portion of the Note balance set forth below into fully paid and non-assessable shares of Common Stock of the Company as of the date of conversion specified below. Such conversion shall be based on the Conversion Price set forth below. In the event of a conflict between this Conversion Notice and the Note, the Note shall govern, or, in the alternative, at the election of the Lender in its sole discretion, the Lender may provide a new form of Conversion Notice to conform to the Note.

A. Date of conversion: _____
B. Conversion #: _____
C. Conversion Amount: _____
D. Lowest trade price _____ (of last 30 Trading Days per Exhibit A-1)
E. Conversion Factor: ____%
F. Conversion Price: _____ (D multiplied by E)
G. Conversion Shares: _____ (C divided by F)
H. Remaining Note Balance: _____

Please transfer the Conversion Shares electronically (via DWAC) to the following account:

Broker: _____ Address: _____
DTC#: _____ _____
Account #: _____ _____
Account Name: _____

Sincerely,

INTER-MOUNTAIN CAPITAL CORP.

By: _____
John M. Fife, President

EXHIBIT A-1

CONVERSION WORKSHEET

Trading Day	Lowest Trade Price	Lowest (Yes or No)
Average		

EXHIBIT B

CONFESSION OF JUDGMENT

THIS WARRANT AND THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THIS WARRANT AND THE COMMON STOCK ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THIS WARRANT UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES LAW OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO MUSCLEPHARM CORPORATION THAT SUCH REGISTRATION IS NOT REQUIRED.

MUSCLEPHARM CORPORATION

WARRANT TO PURCHASE SHARES OF COMMON STOCK

1. Issuance. In consideration of good and valuable consideration as set forth in the Purchase Agreement (defined below), including without limitation the Initial Cash Purchase Price, the receipt and sufficiency of which is hereby acknowledged by MusclePharm Corporation, a Nevada corporation (the "***Company***"), Inter-Mountain Capital Corp., a Delaware corporation, its successors or registered assigns (the "***Holder***"), is hereby granted the right to purchase at any time on or after the Issue Date (as defined below) until the date which is the last calendar day of the month in which the fifth anniversary of the Issue Date occurs (the "***Expiration Date***"), a number of fully paid and nonassessable shares (the "***Warrant Shares***") of the Company's common stock, par value $0.001 per share (the "***Common Stock***"), equal to $800,000.00 divided by 80% of the lowest trade price of the Common Stock reported by Bloomberg (defined below) during the thirty (30) Trading Days (defined below) immediately preceding the Issue Date, as such number may be modified according to the terms hereof. This Warrant to Purchase Shares of Common Stock (this "***Warrant***") is being issued pursuant to the terms of that certain Note and Warrant Purchase Agreement of even date herewith (the "***Purchase Agreement***"), to which the Company and the Holder (or the Holder's predecessor in interest) are parties.

Unless otherwise indicated herein, capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

This Warrant was originally issued to the Holder or the Holder's predecessor in interest on June 29, 2011 (the "***Issue Date***").

2. Exercise of Warrant.

2.1 General.

(a) This Warrant is exercisable in whole or in part at any time and from time to time commencing on the Issue Date and ending on the Expiration Date. Such exercise shall be effectuated by submitting to the Company (either by delivery to the Company or by email or facsimile transmission) a completed and duly executed Notice of Exercise substantially in the form attached to this Warrant as **Exhibit A**. The date such Notice of Exercise is either faxed, emailed or delivered to the Company shall be the "***Exercise Date***," provided that, if such exercise represents the full exercise of the outstanding balance of the Warrant, the Holder shall tender this Warrant to the Company within five (5) Trading Days thereafter. The Notice of Exercise shall be executed by the Holder and shall indicate (i) the number of shares of Common Stock then being purchased pursuant to such exercise and (ii) if applicable (as provided below), whether the exercise is a cashless exercise.

For purposes of this Warrant, the term "***Trading Day***" means any day during which the principal market on which the Common Stock is traded (the "***Principal Market***") shall be open for business.

(b) Notwithstanding any other provision contained herein or in any other Transaction Document to the contrary, at any time prior to the Expiration Date, the Holder may elect a "cashless" exercise of this Warrant for any Warrant Shares whereby the Holder shall be entitled to receive a number of shares of Common Stock equal to (x) the excess of the Current Market Value (as defined below) over the aggregate Exercise Price (as defined below) of the portion of the Warrant then being exercised, divided by (y) the Adjusted Price of the Common Stock (as defined below).

For the purposes of this Warrant, the following terms shall have the following meanings:

"***Adjusted Price of the Common Stock***" shall mean the Conversion Price, as defined in that certain Secured Convertible Promissory Note of even date herewith issued pursuant to the Purchase Agreement in conjunction with this Warrant (the "***Note***"), without regard to whether such Note remains outstanding or has been fully repaid, cancelled or otherwise retired on any relevant Exercise Date, and as such Conversion Price may be adjusted pursuant to the terms of such Note.

"***Current Market Value***" shall mean an amount equal to the Market Price of the Common Stock, multiplied by the number of shares of Common Stock specified in the applicable Notice of Exercise.

"***Closing Price***" shall mean the 4:00 P.M. last sale price of the Common Stock on the Principal Market on the relevant Trading Day(s), as reported by Bloomberg LP (or if that service is not then reporting the relevant information regarding the Common Stock, a comparable reporting service of national reputation selected by the Holder and reasonably acceptable to the Company) ("***Bloomberg***") for the relevant date.

"***Exercise Price***" shall mean $0.10 per share of Common Stock, as may be adjusted according to the terms hereof.

"***Market Price of the Common Stock***" shall mean the higher of: (i) the Closing Price of the Common Stock on the Issue Date; or (ii) the VWAP of the Common Stock for the Trading Day that is two (2) Trading Days prior to the Exercise Date.

"***VWAP***" shall mean the volume-weighted average price of the Common Stock on the Principal Market for a particular Trading Day or set of Trading Days, as the case may be, as reported by Bloomberg.

(c) If the Notice of Exercise form elects a "cash" exercise (or if the cashless exercise referred to in the immediately preceding subsection (b) is not available in accordance with the terms hereof), the Exercise Price per share of Common Stock for the shares then being exercised shall be payable, at the election of the Holder, in cash or by certified or official bank check or by wire transfer in accordance with instructions provided by the Company at the request of the Holder.

(d) Upon the appropriate payment to the Company, if any, of the Exercise Price for the shares of Common Stock purchased, together with the surrender of this Warrant (if required), the Company shall immediately deliver the applicable Warrant Shares electronically via Deposit/Withdrawal at Custodian ("***DWAC***") to the account designated by the Holder on the Notice of Exercise. If for any reason the Company is not able to deliver the Warrant Shares via DWAC, notwithstanding its best efforts to do so, the Company shall deliver certificates representing the Warrant Shares to the Holder as provided in the Notice of Exercise (the certificates delivered in such manner, the "***Warrant Share Certificates***") within three (3) Trading Days (such third Trading Day, a "***Delivery Date***") of (i) with respect to a "cashless exercise," the Exercise Date as the case may be, or, (ii) with respect to a "cash" exercise, the later of the Exercise Date or the date the payment of the Exercise Price for the relevant Warrant Shares is received by the Company.

(e) The Company understands that a delay in the electronic delivery of Warrant Shares or the delivery of the Warrant Share Certificates, as the case may be, beyond the Delivery Date (assuming electronic delivery is not available) could result in economic loss to the Holder. As compensation to the Holder for such loss, the Company agrees to pay, in addition to all other penalties and fees set forth in the Transaction Documents, late payment fees (as liquidated damages and not as a penalty) to the Holder for late delivery of Warrant Shares or Warrant Share Certificates, as applicable, equal to 1.5% of the Warrant Share Value (as defined below) per day until such Warrant Shares or Warrant Share Certificates are delivered. For purposes hereof, the term "***Warrant Share Value***" means the number of Warrant Shares to be delivered pursuant to an applicable Notice of Exercise multiplied by the VWAP of the Common Stock on the applicable Delivery Date set forth in the Notice of Exercise. The Company shall pay any payments incurred under this subsection in immediately available funds upon demand. Furthermore, in addition to any other remedies which may be available to the Holder, in the event that the Company fails for any reason to effect delivery of the Warrant Shares or the Warrant Share Certificates, as applicable, by the Delivery Date, the Holder may revoke all or part of the relevant Warrant exercise by delivery of a notice to such effect to the Company, whereupon the Company and the Holder shall each be restored to their respective positions immediately prior to the exercise of the relevant portion of this Warrant, except that the liquidated damages described above shall be payable through the date notice of revocation or rescission is given to the Company.

(f) The Holder shall be deemed to be the holder of the Warrant Shares issuable to it in accordance with the provisions of this Section 2.1 on the Exercise Date.

2.2 Ownership Limitation. Notwithstanding the provisions of this Warrant, if at any time after the date hereof, the Holder shall or would receive shares of Common Stock upon exercise of this Warrant, so that the Holder would, together with other shares of Common Stock held by it or its Affiliates, hold by virtue of such action or receipt of additional shares of Common Stock a number of shares exceeding 9.99% of the number of shares of Common Stock outstanding on such date (the "***9.99% Cap***"), the Company shall not be obligated and shall not issue to the Holder shares of Common Stock which would exceed the 9.99% Cap, but only until such time as the 9.99% Cap would no longer be exceeded by any such receipt of shares of Common Stock by the Holder. The foregoing limitations are enforceable, unconditional and non-waivable and shall apply to all Affiliates and assigns of the Holder.

3. Mutilation or Loss of Warrant. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) receipt of reasonably satisfactory indemnification, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will execute and deliver to the Holder a new Warrant of like tenor and date and any such lost, stolen, destroyed or mutilated Warrant shall thereupon become void.

4. Rights of the Holder. The Holder shall not, by virtue of this Warrant alone, be entitled to any rights of a stockholder in the Company, either at law or in equity, and the rights of the Holder are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

5. Protection Against Dilution and Other Adjustments.

5.1 Capital Adjustments. If the Company shall at any time prior to the expiration of this Warrant subdivide the Common Stock, by split-up or stock split, or otherwise, or combine its Common Stock, or issue additional shares of its Common Stock as a dividend, the number of Warrant Shares issuable on the exercise of this Warrant shall forthwith be automatically increased proportionately in the case of a subdivision, split or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Exercise Price, Conversion Price (in the event of a cashless exercise), and other applicable amounts, but the aggregate purchase price payable for the total number of Warrant Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 5.1 shall become effective automatically at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

5.2 Reclassification, Reorganization and Consolidation. In case of any reclassification, capital reorganization, or change in the capital stock of the Company (other than as a result of a subdivision, combination, or stock dividend provided for in Section 5.1 above), then the Company shall make appropriate provision so that the Holder shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization, or change by a holder of the same number of shares of Common Stock as were purchasable by the Holder immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the purchase price per Warrant Share payable hereunder, provided the aggregate purchase price shall remain the same.

5.3 Subsequent Equity Sales. If the Company or any subsidiary thereof, as applicable, at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition of), including any issuance of Common Stock upon conversions pursuant to the Note, any Common Stock, preferred shares convertible into Common Stock, or debt, warrants, options or other instruments or securities which are convertible into or exercisable for shares of Common Stock (together herein referred to as "***Equity Securities***"), at an effective price per share less than the Exercise Price (such lower price, the "***Base Share Price***" and such issuance collectively, a "***Dilutive Issuance***") (if the holder of the Common Stock or Equity Securities so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options, or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance), including any issuance of Common Stock upon conversions pursuant to the Note, then, the Exercise Price shall be reduced and only reduced to equal the Base Share Price and the number of Warrant Shares issuable hereunder shall be increased such that the aggregate Exercise Price payable hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the aggregate Exercise Price payable prior to such adjustment (such adjusted number of Warrant Shares issuable hereunder, the "***Adjusted Warrant Shares***"). Such adjustment shall be made whenever such Common Stock or Equity Securities are issued. The Company shall notify the Holder, in writing, no later than the Trading Day following the issuance of any Common Stock or Equity Securities subject to this Section 5.3, indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price, or other pricing terms (such notice, the "***Dilutive Issuance Notice***"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 5.3, upon the occurrence of any Dilutive Issuance, after the date of such Dilutive Issuance the Holder is entitled to receive the Adjusted Warrant Shares at an Exercise Price equal to the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise.

5.4 Notice of Adjustment. When any adjustment is required to be made in the number or kind of shares purchasable upon exercise of this Warrant, or in the Exercise Price, pursuant to the terms hereof, the Company shall promptly notify the Holder of such event and of the number of Warrant Shares or other securities or property thereafter purchasable upon exercise of this Warrant.

5.5 Exceptions to Adjustment. Notwithstanding the provisions of Sections 5.3 and 5.4, no adjustment to the Exercise Price shall be effected as a result of an Excepted Issuance. "***Excepted Issuances***" shall mean, collectively, (i) the Company's issuance of securities in connection with strategic license agreements and other partnering arrangements so long as such issuances are not for the purpose of raising capital and in which holders of such securities or debt are not at any time granted registration rights, and (ii) the Company's issuance of Common Stock or the issuance or grant of options to purchase Common Stock to employees, directors, and consultants, pursuant to plans or agreements which are constituted or in effect on the Issue Date.

6. Certificate as to Adjustments. In each case of any adjustment or readjustment in the shares of Common Stock issuable on the exercise of this Warrant, the Company at its expense will promptly cause its Chief Financial Officer or other appropriate designee to compute such adjustment or readjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or receivable by the Company for any additional shares of Common Stock issued or sold or deemed to have been issued or sold, (b) the number of shares of Common Stock outstanding or deemed to be outstanding, and (c) the Exercise Price and the number of shares of Common Stock to be received upon exercise of this Warrant, in effect immediately prior to such adjustment or readjustment and as adjusted or readjusted as provided in this Warrant. The Company will forthwith mail a copy of each such certificate to the Holder and any Warrant Agent (as defined below) appointed pursuant to Section 8 hereof.

7. Transfer to Comply with the Securities Act. This Warrant, and the Warrant Shares, have not been registered under the 1933 Act. Neither this Warrant nor any of the Warrant Shares or any other security issued or issuable upon exercise of this Warrant may be sold, transferred, pledged or hypothecated without (a) an effective registration statement under the 1933 Act relating to such security or (b) an opinion of counsel reasonably satisfactory to the Company that registration is not required under the 1933 Act. Until such time as registration has occurred under the 1933 Act, each certificate for this Warrant, the Warrant Shares and any other security issued or issuable upon exercise of this Warrant shall contain a legend, in form and substance satisfactory to counsel for the Company, setting forth the restrictions on transfer contained in this Section 7. Any such transfer shall be accompanied by a transferor assignment substantially in the form attached to this Warrant as **Exhibit B** (the "***Transferor Assignment***"), executed by the transferor and the transferee and submitted to the Company. Upon receipt of the duly executed Transferor Assignment, the Company shall register the transferee thereon as the new Holder on the books and records of the Company and such transferee shall be deemed a "registered holder" or "registered assign" for all purposes hereunder, and shall have all the rights of the Holder.

8. Warrant Agent. The Company may, by written notice to the Holder, appoint an agent (a "***Warrant Agent***") for the purpose of issuing shares of Common Stock on the exercise of this Warrant pursuant hereto, exchanging this Warrant pursuant hereto, and replacing this Warrant pursuant hereto, or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such Warrant Agent.

9. Transfer on the Company's Books. Until this Warrant is transferred on the books of the Company, the Company may treat the Holder as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

10. Notices. Any notice required or permitted hereunder shall be given in the manner provided in the subsection headed "Notices" in the Purchase Agreement, the terms of which are incorporated herein by reference.

11. Supplements and Amendments; Whole Agreement. This Warrant may be amended or supplemented only by an instrument in writing signed by the parties hereto. This Warrant, together with the Purchase Agreement and all the other Transaction Documents, taken together, contains the full understanding of the parties hereto with respect to the subject matter hereof and thereof and there are no representations, warranties, agreements or understandings other than expressly contained herein and therein.

12. Governing Law. This Warrant shall be governed by, and construed in accordance with, the laws of the State of Utah, without reference to the choice of law provisions thereof. The Company and, by accepting this Warrant, the Holder, each irrevocably submits to the exclusive personal jurisdiction of the courts of the State of Utah located in Salt Lake County and the United States District Court for the District of Utah for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Warrant and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Warrant. The Company and, by accepting this Warrant, the Holder, each irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company and, by accepting this Warrant, the Holder, each irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

13. Remedies. The remedies at law of the Holder of this Warrant in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Warrant are not and will not be adequate and, without limiting any other remedies available to the Holder, to the fullest extent permitted by law, such terms may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise.

14. Counterparts. This Warrant may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. Signature delivered via facsimile or email shall be considered original signatures for purposes hereof.

15. Descriptive Headings. Descriptive headings of the sections of this Warrant are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by an officer thereunto duly authorized.

Dated: June 29, 2011

MUSCLEPHARM CORPORATION

By: /s/ Brad J. Pyatt

Brad J. Pyatt
(Print Name)

Chief Executive Officer
(Title)

[Signature page to Warrant]

EXHIBIT A

NOTICE OF EXERCISE OF WARRANT

TO: MUSCLEPHARM CORPORATION
ATTN: _____
VIA FAX TO: ( )_____

The undersigned hereby irrevocably elects to exercise the right, represented by the Warrant to Purchase Shares of Common Stock dated as of June 29, 2011 (the "***Warrant***"), to purchase _ shares of the common stock, $0.001 par value ("***Common Stock***"), of MUSCLEPHARM CORPORATION, and tenders herewith payment in accordance with Section 2 of the Warrant, as follows:

_____ CASH: $_____ = (Exercise Price x number of shares of Common Stock issuable upon exercise ("***Exercise Shares***"))

_____ Payment is being made by:
_____ enclosed check
_____ wire transfer
_____ other

_____ CASHLESS EXERCISE:

Net number of Warrant Shares to be issued to Holder: _____*

* based on: $\frac{\text{Current Market Value - (Exercise Price x Exercise Shares)}}{\text{Adjusted Price of Common Stock}}$

Where:		
Market Price of Common Stock ["***MP***"]	=	$_____
Current Market Value [MP x Exercise Shares]	=	$_____
Exercise Price	=	$_____
Adjusted Price of Common Stock	=	$_____

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Warrant.

It is the intention of the Holder to comply with the provisions of Section 2.2 of the Warrant regarding certain limits on the Holder's right to exercise thereunder. The Holder believes this exercise complies with the provisions of such Section 2.2. Nonetheless, to the extent that, pursuant to the exercise effected hereby, the Holder would have more shares of Common Stock than permitted under Section 2.2, this notice should be amended and revised, *ab initio*, to refer to the exercise which would result in the issuance of the maximum number of such shares permitted under such provision. Any exercise above such amount is hereby deemed void and revoked.

As contemplated by the Warrant, this Notice of Exercise is being sent by facsimile to the fax number and officer indicated above.

If this Notice of Exercise represents the full exercise of the outstanding balance of the Warrant, the Holder either (1) has previously surrendered the Warrant to the Company or (2) will surrender (or cause to be surrendered) the Warrant to the Company at the address indicated above by express courier within five (5) Trading Days after delivery or email or facsimile transmission of this Notice of Exercise.

The certificates representing the Warrant Shares should be transmitted by the Company to the Holder

_____ via express courier, or

_____ by electronic transfer

after receipt of this Notice of Exercise (by facsimile transmission or otherwise) to:

_____
_____
_____

Dated: _____

_____
[Name of Holder]

By: _____

EXHIBIT B

FORM OF TRANSFEROR ENDORSEMENT
(To be signed only on transfer of the Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto the person(s) named below under the heading "Transferees" the right represented by the Warrant to Purchase Shares of Common Stock dated as of June 29, 2011 (the "***Warrant***") to purchase the percentage and number of shares of common stock, $0.001 par value ("***Common Stock***"), of MUSCLEPHARM CORPORATION specified under the headings "Percentage Transferred" and "Number Transferred," respectively, opposite the name(s) of such person(s) and appoints each such person attorney to transfer the undersigned's respective right on the books of MUSCLEPHARM CORPORATION with full power of substitution in the premises.

Transferees	Percentage Transferred	Number Transferred

Dated:_____, _____

_____
[Transferor *Name must conform to the name of Holder as specified on the face of the Warrant]*

By: _____
Name: _____

Signed in the presence of:

_____
(Name)

ACCEPTED AND AGREED:

_____
[TRANSFEREE]

By: _____
Name: _____

NOTE AND WARRANT PURCHASE AGREEMENT

THIS NOTE AND WARRANT PURCHASE AGREEMENT, dated as of June 29, 2011 (this "*Agreement*"), is entered into by and between **MUSCLEPHARM CORPORATION**, a Nevada corporation (the "*Company*"), and **INTER-MOUNTAIN CAPITAL CORP.**, a Delaware corporation, its successors or assigns (the "*Buyer*").

WITNESSETH:

WHEREAS, the Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration for offers and sales to accredited investors afforded, inter alia, under Regulation D ("*Regulation D*") as promulgated by the United States Securities and Exchange Commission (the "*SEC*") under the Securities Act of 1933, as amended (the "*1933 Act*"), and/or Section 4(2) of the 1933 Act; and

WHEREAS, the Buyer wishes to acquire from the Company, and the Company desires to issue and sell to the Buyer, the Warrant (as defined below) and the Note (as defined below), which Note will be convertible into shares of common stock of the Company, par value $0.001 per share (the "*Common Stock*"), upon the terms and subject to the conditions of the Note, the Warrant, this Agreement and the other Transaction Documents (as defined below).

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. CERTAIN DEFINITIONS. As used herein, each of the following terms has the meaning set forth below, unless the context otherwise requires:

"*Affiliate*" means, with respect to a specific Person referred to in the relevant provision, another Person who or which controls or is controlled by or is under common control with such specified Person.

"*Buyer's Counsel*" means Carman Lehnhof Israelsen LLP.

"*Buyer Control Person*" means each manager, executive officer, promoter, and such other Persons as may be deemed in control of the Buyer pursuant to Rule 405 under the 1933 Act or Section 20 of the 1934 Act (as defined below).

"*Certificate of Incorporation*" means the certificate of incorporation, articles of incorporation or other charter document (howsoever denominated) of the Company, as amended to date.

"*Closing Date*" means the date of the closing of the purchase and sale of the Note and the Warrant.

"*Company Control Person*" means each director, executive officer, promoter, and such other Persons as may be deemed in control of the Company pursuant to Rule 405 under the 1933 Act or Section 20 of the 1934 Act.

"*Company Counsel*" means Lucosky Brookman LLP.

"*Company's SEC Documents*" means the Company's filings on the SEC's EDGAR system.

"*Conversion Date*" means the date a Holder submits a Notice of Conversion, as provided in the Note.

"*Conversion Shares*" means the shares of Common Stock issuable upon conversion of the Note and/or in payment of accrued interest, as contemplated in the Note.

"*Delivery Date*" has the meaning ascribed to it in the Note (with respect to Conversion Shares) or the Warrant (with respect to Warrant Shares).

"*Holder*" means the Person holding the relevant Securities at the relevant time.

"*Last Audited Date*" means December 31, 2010.

"*Material Adverse Effect*" means an event or combination of events, which individually or in the aggregate, would reasonably be expected to (a) adversely affect the legality, validity or enforceability of the Note, the Warrant or any of the Transaction Documents, (b) have or result in a material adverse effect on the results of operations, assets, or financial condition of the Company and its subsidiaries, taken as a whole, or (c) adversely impair the Company's ability to perform fully on a timely basis its material obligations under any of the Transaction Documents or the transactions contemplated thereby.

"*Maturity Date*" has the meaning ascribed to it in the Note.

"*Person*" means any living person or any entity, such as, but not necessarily limited to, a corporation, partnership or trust.

"*Principal Trading Market*" means (a) NYSE Amex, (b) the New York Stock Exchange, (c) the Nasdaq Global Market, (d) the Nasdaq Capital Market, (e) the OTC Bulletin Board, (f) the OTCQX or OTCQB, or (g) such other market on which the Common Stock is principally traded at the relevant time, but shall not include the "pink sheets."

"*Rule 144*" means (a) Rule 144 promulgated under the 1933 Act or (b) any other similar rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration under the 1933 Act.

"*Securities*" means the Note, the Warrant and the Shares.

"*Shares*" means the shares of Common Stock representing any or all of the Conversion Shares and the Warrant Shares.

"*State of Incorporation*" means Nevada.

"*Subsidiary*" means, as of the relevant date, any subsidiary of the Company (whether or not included in the Company's SEC Documents) whether now existing or hereafter acquired or created.

"*Trading Day*" means any day during which the Principal Trading Market shall be open for business.

"*Transaction Documents*" means this Agreement, the Note, the Security Agreement (defined below), each of the Buyer Trust Deed Notes (defined below), the Trust Deed (defined below), the Request (defined below), the Escrow Agreement (defined below), the Transfer Agent Letter (defined below), the Warrant, the Confession (as defined below), and all other certificates, documents, agreements, resolutions and instruments delivered to any party under or in connection with this Agreement.

"*Transfer Agent*" means, at any time, the transfer agent for the Common Stock.

"*Warrant Shares*" means the shares of Common Stock issuable upon exercise of the Warrant.

"*Wire Instructions*" means the wire instructions for the Initial Cash Purchase Price (as defined below), as provided by the Company, set forth on **Annex I**.

2. AGREEMENT TO PURCHASE; PURCHASE PRICE.

a. Purchase.

(i) Subject to the terms and conditions of this Agreement and the other Transaction Documents, the undersigned Buyer hereby agrees to enter into a Secured Convertible Promissory Note in the principal amount of $2,651,000.00 substantially in the form attached hereto as **Annex II** (the "*Note*"). The Note shall be secured by a Security Agreement substantially in the form attached hereto as **Annex III** listing each of the Buyer Trust Deed Notes as security for the Company's obligations under the Transaction Documents (the "*Security Agreement*"). In consideration thereof, the Buyer shall (1) pay the principal amount indicated as the "Initial Cash Purchase Price" set forth on the Buyer's signature page to this Agreement (the "*Initial Cash Purchase Price*") and (2) issue to the Company the Buyer Trust Deed Notes (the sum of the principal amounts of the Buyer Trust Deed Notes, together with the Initial Cash Purchase Price, the "*Purchase Price*"), which Buyer Trust Deed Notes shall be secured by a Trust Deed substantially in the form attached hereto as **Annex IV** (the "*Trust Deed*") or such substitute collateral as determined by the Buyer in its sole discretion. The Company shall also execute and deliver to the Escrow Agent (as defined in the Escrow Agreement) a Request for Full Reconveyance (the "*Request*") substantially in the form attached hereto as **Annex V**. The Initial Cash Purchase Price shall be paid in accordance with the Wire Instructions. The Initial Cash Purchase Price is allocated to the Note, the OID (as defined below), and the Warrant as set forth in the table in **Annex VI** attached hereto.

(ii) In consideration for the Initial Cash Purchase Price, the Company shall also issue to the Buyer a Warrant to Purchase Shares of Common Stock in the form attached hereto as **Annex VII** (the "*Warrant*") and execute and deliver to the Buyer a Confession of Judgment substantially in the form attached hereto as **Annex VIII** (the "*Confession*").

(iii) The Request shall be held in escrow in accordance with the terms of the Escrow Agreement substantially in the form attached hereto as **Annex IX** (the "*Escrow Agreement*").

(iv) The Company shall also execute and deliver to the Transfer Agent, and the Transfer Agent shall execute to indicate its acceptance thereof, the irrevocable transfer agent instruction letter substantially in the form attached hereto as **Annex X** (the "*Transfer Agent Letter*").

(v) At the Closing (as defined below), the Buyer shall deliver to the Company the following:

(1) The Initial Cash Purchase Price;

(2) A Buyer Trust Deed Note in the principal amount of $200,000.00 substantially in the form attached hereto as **Annex XI** ("*Buyer Trust Deed Note #1*");

(3) A Buyer Trust Deed Note in the principal amount of $200,000.00 substantially in the form attached hereto as **Annex XII** ("*Buyer Trust Deed Note #2*");

(4) A Buyer Trust Deed Note in the principal amount of $200,000.00 substantially in the form attached hereto as **Annex XIII** ("*Buyer Trust Deed Note #3*");

(5) A Buyer Trust Deed Note in the principal amount of $200,000.00 substantially in the form attached hereto as **Annex XIV** ("*Buyer Trust Deed Note #4*");

(6) A Buyer Trust Deed Note in the principal amount of $200,000.00 substantially in the form attached hereto as **Annex XV** ("*Buyer Trust Deed Note #5*");

(7) A Buyer Trust Deed Note in the principal amount of $200,000.00 substantially in the form attached hereto as **Annex XVI** ("*Buyer Trust Deed Note #6*");

(8) A Buyer Trust Deed Note in the principal amount of $200,000.00 substantially in the form attached hereto as **Annex XVII** ("*Buyer Trust Deed Note #7*");

(9) A Buyer Trust Deed Note in the principal amount of $200,000.00 substantially in the form attached hereto as **Annex XVIII** ("*Buyer Trust Deed Note #8*");

(10) A Buyer Trust Deed Note in the principal amount of $200,000.00 substantially in the form attached hereto as **Annex XIX** ("*Buyer Trust Deed Note #9*");

(11) A Buyer Trust Deed Note in the principal amount of $200,000.00 substantially in the form attached hereto as **Annex XX** ("*Buyer Trust Deed Note #10*," and together with Buyer Trust Deed Note #1, Buyer Trust Deed Note #2, Buyer Trust Deed Note #3, Buyer Trust Deed Note #4, Buyer Trust Deed Note #5, Buyer Trust Deed Note #6, Buyer Trust Deed Note #7, Buyer Trust Deed Note #8, and Buyer Trust Deed Note #9, the "*Buyer Trust Deed Notes*"); and

(12) The Trust Deed.

(vi) Notwithstanding anything to the contrary herein, the Buyer may, in its sole discretion, add additional collateral to the collateral covered by the Trust Deed (the "*Collateral*") or substitute collateral as it deems fit provided that the fair market value of the Collateral is not less than the principal balance of the Buyer Trust Deed Notes as of the date of any such substitution. In the event of a substitution of collateral, the Buyer shall timely execute any and all documents necessary or advisable in order to properly grant a first priority security interest upon the substitute collateral in favor of the Company and take such other measures as are necessary or advisable in order to accomplish the intent of the Transaction Documents.

b. Form of Payment; Delivery of Note and Warrant. The purchase and sale of the Note and the Warrant shall take place at a closing (the "*Closing*") to be held at the offices of the Buyer on the Closing Date. At the Closing, the Company will deliver to the Buyer the Transaction Documents against delivery by the Buyer to the Company of the Initial Cash Purchase Price and the Buyer Trust Deed Notes.

c. Initial Cash Purchase Price. The Note carries an original issue discount of $241,000.00 (the "*OID*"). In addition, the Company agrees to pay $15,000.00 ($5,000.00 of which has been previously paid to the Buyer) to the Buyer to cover the Buyer's legal fees, accounting costs, due diligence, monitoring and other transaction costs incurred in connection with the purchase and sale of the Securities, $10,000.00 of which amount is included in the initial principal balance of the Note (the "*Transaction Expenses*"). The Initial Cash Purchase Price, therefore, shall be $400,000.00, computed as follows: $2,651,000.00 *less* the OID *less* the Transaction Expenses *less* the sum of initial principal amounts of the Buyer Trust Deed Notes.

3. BUYER REPRESENTATIONS AND WARRANTIES.

The Buyer represents and warrants to, and covenants and agrees with, the Company, as of the date hereof and as of the Closing Date, as follows:

a. Binding Obligation. The Transaction Documents to which the Buyer is a party, and the transactions contemplated hereby and thereby, have been duly and validly authorized by the Buyer. This Agreement has been executed and delivered by the Buyer, and this Agreement is, and each of the other Transaction Documents to which the Buyer is a party, when executed and delivered by the Buyer (if necessary), will be valid and binding obligations of the Buyer enforceable in accordance with their respective terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally.

b. Accredited Investor Status. The Buyer is an "accredited investor" as that term is defined in Regulation D.

4. COMPANY REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Buyer as of the date hereof and as of the Closing Date that:

a. Rights of Others Affecting the Transactions. There are no preemptive rights of any stockholder of the Company, as such, to acquire the Securities. No other party has a currently exercisable right of first refusal which would be applicable to any or all of the transactions contemplated by the Transaction Documents.

b. Status. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Incorporation and has the requisite corporate power to own its properties and to carry on its business as now being conducted. The Company is duly qualified as a foreign corporation to do business and is in good standing in each jurisdiction where the nature of the business conducted or property owned by it makes such qualification necessary, other than those jurisdictions in which the failure to so qualify would not have or result in a Material Adverse Effect. The Company has registered its stock under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "*1934 Act*"), and is obligated to file reports pursuant to Section 13 or Section 15(d) of the 1934 Act. The Company has taken no action designed to terminate, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the 1934 Act, nor has the Company received any notification that the SEC is contemplating terminating such registration. The Common Stock is quoted on the Principal Trading Market. The Company has received no notice, either oral or written, with respect to the continued eligibility of the Common Stock for quotation on the Principal Trading Market, and the Company has maintained all requirements on its part for the continuation of such quotation. The Company has not, in the twelve (12) months preceding the date hereof, received notice from the Principal Trading Market on which the Common Stock is or has been listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such Principal Trading Market. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements.

c. Authorized Shares.

(i) The authorized capital stock of the Company consists of 10,000,000 shares of Series A Convertible Preferred Stock, $0.001 par value per share, no shares of which have been issued, and 500,000,000 shares of Common Stock, of which approximately 167,610,888 are outstanding. Of the outstanding shares of Common Stock, approximately _____ shares are beneficially owned by Affiliates of the Company.

(ii) Other than as set forth in the Company's SEC Documents, there are no outstanding securities which are convertible into or exchangeable for shares of Common Stock, whether such conversion is currently exercisable or exercisable only upon some future date or the occurrence of some event in the future.

(iii) All issued and outstanding shares of Common Stock have been duly authorized and validly issued and are fully paid and non-assessable. After considering all other commitments that may require the issuance of Common Stock, the Company has sufficient authorized and unissued shares of Common Stock as may be necessary to effect the issuance of the Shares on the Closing Date, were (1) the Note issued and fully converted on that date and (2) the Warrant issued and fully exercised on that date.

(iv) The Shares have been duly authorized by all necessary corporate action on the part of the Company, and, when issued (1) on conversion of, or in payment of interest on the Note, or (2) upon exercise of the Warrant, in each case in accordance with their respective terms, will have been duly and validly issued, fully paid and non-assessable, free from all taxes, liens, claims, pledges, mortgages, restrictions, obligations, security interests and encumbrances of any kind, nature and description, and will not subject the Holder thereof to personal liability by reason of being a Holder.

(v) The Conversion Shares and Warrant Shares are enforceable against the Company and the Company presently has no claims or defenses of any nature whatsoever with respect to the Conversion Shares or the Warrant Shares.

d. Transaction Documents and Stock. This Agreement and each of the other Transaction Documents, and the transactions contemplated hereby and thereby, have been duly and validly authorized by the Company. This Agreement has been duly executed and delivered by the Company and this Agreement is, and the Note, the Security Agreement, the Warrant, the Request, the Escrow Agreement and each of the other Transaction Documents, when executed and delivered by the Company (if necessary), will be, valid and binding obligations of the Company enforceable in accordance with their respective terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium, and other similar laws affecting the enforcement of creditors' rights generally.

e. Non-contravention. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company, the issuance of the Securities in accordance with the terms hereof and thereof, and the consummation by the Company of the other transactions contemplated by this Agreement, the Note, the Security Agreement, the Warrant, the Request, the Escrow Agreement and the other Transaction Documents do not and will not conflict with or result in a breach by the Company of any of the terms or provisions of, or constitute a default under (i) the Certificate of Incorporation or bylaws of the Company, each as currently in effect, (ii) any indenture, mortgage, deed of trust, or other material agreement or instrument to which the Company is a party or by which it or any of its properties or assets are bound, including any listing agreement for the Common Stock except as herein set forth, or (iii) to its knowledge, any existing applicable law, rule, or regulation or any applicable decree, judgment, or order of any court, United States federal or state regulatory body, administrative agency, or other governmental body having jurisdiction over the Company or any of its properties or assets, except such conflict, breach or default which would not have or result in a Material Adverse Effect.

f. Approvals. No authorization, approval or consent of any court, governmental body, regulatory agency, self-regulatory organization, or stock exchange or market or the stockholders of the Company is required to be obtained by the Company for the issuance and sale of the Securities to the Buyer as contemplated by this Agreement, except such authorizations, approvals and consents that have been obtained.

g. Filings; Financial Statements. None of the Company's SEC Documents contained, at the time they were filed, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company with the SEC under the 1934 Act on a timely basis or has received a valid extension of such time of filing and has filed any such report, schedule, form, statement or other document prior to the expiration of any such extension. As of their respective dates, the financial statements of the Company included in the Company's SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). No other information provided by or on behalf of the Company to the Buyer which is not included in the Company's SEC Documents, including, without limitation, information referred to in this Agreement, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstance under which they are or were made, not misleading.

h. Absence of Certain Changes. Since the Last Audited Date, there has been no Material Adverse Effect, except as disclosed in the Company's SEC Documents. Since the Last Audited Date, except as provided in the Company's SEC Documents, the Company has not (i) incurred or become subject to any material liabilities (absolute or contingent) except liabilities incurred in the ordinary course of business consistent with past practices; (ii) discharged or satisfied any material lien or encumbrance or paid any material obligation or liability (absolute or contingent), other than current liabilities paid in the ordinary course of business consistent with past practices; (iii) declared or made any payment or distribution of cash or other property to stockholders with respect to its capital stock, or purchased or redeemed, or made any agreements to purchase or redeem, any shares of its capital stock; (iv) sold, assigned or transferred any other material tangible assets, or canceled any material debts owed to the Company by any third party or material claims of the Company against any third party, except in the ordinary course of business consistent with past practices; (v) waived any rights of material value, whether or not in the ordinary course of business, or suffered the loss of any material amount of existing business; (vi) made any increases in employee compensation, except in the ordinary course of business consistent with past practices; or (vii) experienced any material problems with labor or management in connection with the terms and conditions of their employment.

i. Full Disclosure. There is no fact known to the Company or that the Company should know after having made all reasonable inquiries (other than conditions known to the public generally or as disclosed in the Company's SEC Documents) that has not been disclosed in writing to the Buyer that would reasonably be expected to have or result in a Material Adverse Effect.

j. Absence of Litigation. To the knowledge of the Company, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or threatened against or affecting the Company before or by any governmental authority or non-governmental department, commission, board, bureau, agency or instrumentality or any other person, wherein an unfavorable decision, ruling or finding would have a Material Adverse Effect or which would adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, any of the Transaction Documents. The Company is not aware of any valid basis for any such claim that (either individually or in the aggregate with all other such events and circumstances) could reasonably be expected to have a Material Adverse Effect. There are no outstanding or unsatisfied judgments, orders, decrees, writs, injunctions or stipulations to which the Company is a party or by which it or any of its properties is bound, that involve the transactions contemplated herein or that, alone or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

k. Absence of Events of Default. Neither the Company nor any of its Subsidiaries is in violation of or in default with respect to (i) its Certificate of Incorporation or bylaws or other organizational documents, each as currently in effect, or, to the knowledge of the Company, any material judgment, order, writ, decree, statute, rule or regulation applicable to such entity; or, (ii) to the knowledge of the Company, any material mortgage, indenture, agreement, instrument or contract to which such entity is a party or by which it or any of its properties or assets are bound (nor is there any waiver in effect which, if not in effect, would result in such a violation or default), except such breach or default which would not have or result in a Material Adverse Effect.

l. Absence of Certain Company Control Person Actions or Events. Other than as set forth in the Company's SEC Documents, none of the following has occurred during the past five (5) years with respect to a Company Control Person:

(i) A petition under the federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such Company Control Person, or any partnership in which he or she was a general partner at or within two (2) years before the time of such filing, or any corporation or business association of which he or she was an executive officer at or within two (2) years before the time of such filing;

(ii) Such Company Control Person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(iii) Such Company Control Person was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him or her from, or otherwise limiting, the following activities:

A. acting, as an investment advisor, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, any other Person regulated by the Commodity Futures Trading Commission ("*CFTC*") or engaging in or continuing any conduct or practice in connection with such activity;

B. engaging in any type of business practice; or

C. engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;

(iv) Such Company Control Person was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than sixty (60) days the right of such Company Control Person to engage in any activity described in subsection (iii) immediately above, or to be associated with Persons engaged in any such activity; or

(v) Such Company Control Person was found by a court of competent jurisdiction in a civil action or by the CFTC or SEC to have violated any federal or state securities law, and the judgment in such civil action or finding by the CFTC or SEC has not been subsequently reversed, suspended, or vacated.

m. No Undisclosed Liabilities or Events. The Company has no liabilities or obligations other than those disclosed in the Transaction Documents or the Company's SEC Documents or those incurred in the ordinary course of the Company's business since the Last Audited Date, or which individually or in the aggregate, do not or would not have a Material Adverse Effect. No event or circumstance has occurred or exists with respect to the Company or its properties, business, operations, condition (financial or otherwise), or results of operations, which, under applicable laws, rules or regulations, requires public disclosure or announcement prior to the date hereof by the Company but which has not been so publicly announced or disclosed. There are no proposals currently under consideration or currently anticipated to be under consideration by the Board of Directors or the executive officers of the Company which proposal would (i) change the Certificate of Incorporation or bylaws of the Company, each as currently in effect, with or without stockholder approval, which change would reduce or otherwise adversely affect the rights and powers of the stockholders of the Common Stock or (ii) materially or substantially change the business, assets or capital of the Company, including its interests in Subsidiaries.

n. No Integrated Offering. Neither the Company nor any of its Affiliates nor any Person acting on its or their behalf has, directly or indirectly, made any offer or sale of any security of the Company or solicited any offer to buy any such security under circumstances that would eliminate the availability of the exemption from registration under Regulation D in connection with the offer and sale of the Securities as contemplated hereby.

o. Dilution. Each of the Company and its executive officers and directors is aware that the number of shares of Common Stock issuable upon conversion of the Note and exercise of the Warrant, or pursuant to the other terms of the Transaction Documents may have a dilutive effect on the ownership interests of the other stockholders (and Persons having the right to become stockholders) of the Company. The Company specifically acknowledges that its obligation to issue (i) the Conversion Shares upon conversion of the Note and (ii) the Warrant Shares upon exercise of the Warrant, is binding upon the Company and enforceable regardless of the dilution such issuance may have on the ownership interests of other stockholders of the Company, and the Company will honor such obligations, including honoring every Notice of Conversion (or "*Conversion Notice*" as contemplated by the Note), unless the Company is subject to an injunction (which injunction was not sought by the Company or any of its directors or executive officers) prohibiting the Company from doing so.

p. Fees to Brokers, Placement Agents and Others. The Company has taken no action which would give rise to any claim by any Person for a brokerage commission, placement agent or finder's fees or similar payments by the Buyer relating to this Agreement or the transactions contemplated hereby. Except for such fees arising as a result of any agreement or arrangement entered into by the Buyer without the knowledge of the Company (a "*Buyer's Fee*"), the Buyer shall have no obligation with respect to such fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this subsection that may be due in connection with the transactions contemplated hereby. The Company shall indemnify and hold harmless each of the Buyer, its employees, officers, directors, stockholders, managers, agents, and partners, and their respective Affiliates, from and against all claims, losses, damages, costs (including the costs of preparation and attorneys' fees) and expenses suffered in respect of any such claimed or existing fees (other than a Buyer's Fee, if any).

q. Disclosure. All information relating to or concerning the Company set forth in the Transaction Documents or in the Company's SEC Documents or other public filings provided by or on behalf of the Company to the Buyer is true and correct in all material respects and the Company has not omitted to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. No event or circumstance has occurred or exists with respect to the Company or its business, properties, prospects, operations or financial conditions, which under applicable laws, rules or regulations, requires public disclosure or announcement by the Company.

r. Confirmation. The Company agrees that, if, to the knowledge of the Company, any events occur or circumstances exist prior to the payment of the Purchase Price by the Buyer to the Company which would make any of the Company's representations or warranties set forth herein materially untrue or materially inaccurate as of such date, the Company shall immediately notify the Buyer in writing prior to such date of such events or circumstances, specifying which representations or warranties are affected and the reasons therefor.

s. Title. The Company and the Subsidiaries, if applicable, own and have good and marketable title in fee simple absolute to, or a valid leasehold interest in, all their respective real properties and good title to their other respective assets and properties, subject to no liens, claims or encumbrances except as have been disclosed to the Buyer.

t. Intellectual Property.

(i) Ownership. The Company owns or possesses or can obtain on commercially reasonable terms sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses (software or otherwise), information, know-how, inventions, discoveries, published and unpublished works of authorship, processes and any and all other proprietary rights ("*Intellectual Property*") necessary to the business of the Company as presently conducted, the lack of which could reasonably be expected to have a Material Adverse Effect. Except for agreements with its own employees or consultants, standard end-user license agreements, support/maintenance agreements and agreements entered in the ordinary course of the Company's business, all of which have been made available for review by the Buyer, there are no outstanding options, licenses or agreements relating to the Intellectual Property of the Company, and the Company is not bound by or a party to any options, licenses or agreements with respect to the Intellectual Property of any other person or entity. The Company has not received any written communication alleging that the Company has violated or, by conducting its business as currently conducted, would violate any of the Intellectual Property of any other person or entity, nor is the Company aware of any basis therefor. The Company is not obligated to make any payments by way of royalties, fees or otherwise to any owner or licensor of or claimant to any Intellectual Property with respect to the use thereof in connection with the present conduct of its business other than in the ordinary course of its business. There are no agreements, understandings, instruments, contracts, judgments, orders or decrees to which the Company is a party or by which it is bound which involve indemnification by the Company with respect to infringements of Intellectual Property, other than in the ordinary course of its business.

(ii) No Breach by Employees. The Company is not aware that any of its employees is obligated under any contract or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would materially interfere with the use of his or her efforts to promote the interests of the Company or that would conflict with the Company's business as presently conducted. Neither the execution nor delivery of this Agreement, nor the carrying on of the Company's business by the employees of the Company, nor the conduct of the Company's business as presently conducted, will, to the Company's knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any such employee is now obligated. The Company does not believe it is or will be necessary to use any inventions of any of its employees made prior to their employment by the Company of which it is aware.

5. CERTAIN COVENANTS AND ACKNOWLEDGMENTS.

a. Covenants and Acknowledgements of the Buyer.

(i) Transfer Restrictions. The Buyer acknowledges that (1) the Securities have not been and are not being registered under the provisions of the 1933 Act and, except as included in an effective registration statement, the Shares have not been and are not being registered under the 1933 Act, and may not be transferred unless (A) subsequently registered thereunder, or (B) the Buyer shall have delivered to the Company an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration; (2) any sale of the Securities made in reliance on Rule 144 may be made only in accordance with the terms of such Rule and further, if such Rule is not applicable, any resale of such Securities under circumstances in which the seller, or the Person through whom the sale is made, may be deemed to be an underwriter, as that term is used in the 1933 Act, may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (3) neither the Company nor any other Person is under any obligation to register the Securities under the 1933 Act or to comply with the terms and conditions of any exemption thereunder.

(ii) Restrictive Legend. The Buyer acknowledges and agrees that, until such time as the relevant Securities have been registered under the 1933 Act, and may be sold in accordance with an effective registration statement, or until such Securities can otherwise be sold without restriction, whichever is earlier, the certificates and other instruments representing any of the Securities shall bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of any such Securities):

> THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

(iii) Confession of Judgment. The Buyer agrees it will not file the Confession unless and until an a Payment Default or a Share Delivery Default (as defined in the Note) under the Note has occurred; *provided, however*, that upon such an Payment Default or Share Delivery Default, the Buyer shall be entitled to immediately file such the Confession in an *ex parte* fashion.

b. Covenants, Acknowledgements and Agreements of the Company. As a condition to the Buyer's obligation to purchase the Securities contemplated by this Agreement, and as a material inducement for the Buyer to enter into this Agreement and the other Transaction Documents, until all of the Company's obligations hereunder and the Note are paid and performed in full and the Warrant is exercised in full, or within the timeframes otherwise specifically set forth below, the Company shall comply with the following covenants:

(i) Filings. From the date hereof until the date that is six (6) months after all the Conversion Shares and Warrant Shares either have been sold by the Buyer, or may permanently be sold by the Buyer without any restrictions pursuant to Rule 144 (the "*Registration Period*"), the Company shall timely make all filings required to be made by it under the 1933 Act, the 1934 Act, Rule 144 or any United States state securities laws and regulations thereof applicable to the Company or by the rules and regulations of the Principal Trading Market, and such filings shall conform to the requirements of applicable laws, regulations and government agencies, and, unless such filings are publicly available on the SEC's EDGAR system (via the SEC's web site at no additional charge), the Company shall provide a copy thereof to the Buyer promptly after such filings. Additionally, within four (4) business days following the date of this Agreement, the Company shall file a current report on Form 8-K describing the terms of the transactions contemplated by the Transaction Documents in the form required by the 1934 Act and approved by the Buyer and attaching the material Transaction Documents as exhibits to such filing. The Company shall further redact all confidential information from such Form 8-K. Additionally, the Company shall furnish to the Buyer, so long as the Buyer owns any Securities, promptly upon request, (1) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the 1933 Act and the 1934 Act, (2) a copy of the most recent annual or quarterly report of the Company, and (3) such other information as may be reasonably requested to permit the Buyer to sell such Securities pursuant to Rule 144 without registration.

(ii) Reporting Status. So long as the Buyer beneficially owns Securities and for at least twenty (20) Trading Days thereafter, the Company shall file all reports required to be filed with the SEC pursuant to Sections 13 or 15(d) of the 1934 Act, and shall take all reasonable action under its control to ensure that adequate current public information with respect to the Company, as required in accordance with Rule 144, is publicly available, and shall not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934 Act or the rules and regulations thereunder would permit such termination.

(iii) Listing. The Common Stock shall be listed or quoted for trading on any of (1) NYSE Amex, (2) the New York Stock Exchange, (3) the Nasdaq Global Market, (4) the Nasdaq Capital Market, (5) the OTC Bulletin Board, or (6) the OTCQX or OTCQB. The Company shall promptly secure the listing of all of the Conversion Shares and Warrant Shares upon each national securities exchange and automated quotation system, if any, upon which the Common Stock is then listed (subject to official notice of issuance) and shall maintain such listing of all securities from time to time issuable under the terms of the Transaction Documents. The Company shall comply in all material respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Principal Trading Market and/or the Financial Industry Regulatory Authority, Inc. ("*FINRA*") or any successor thereto, as the case may be, applicable to it at least through the date which is sixty (60) days after the later of (1) the date on which the Note has been converted or paid in full, or (2) the date on which the Warrant has been exercised in full.

(iv) Use of Proceeds. The Company shall use the net proceeds received hereunder for working capital and general corporate purposes only; *provided, however*, the Company will not use such proceeds to pay fees payable (1) to any broker or finder relating to the offer and sale of the Note and the Warrant, or (2) to any other party relating to any financing transaction effected prior to the Closing Date.

(v) Publicity, Filings, Releases, Etc. Neither party shall disseminate any information relating to the Transaction Documents or the transactions contemplated thereby, including issuing any press releases, holding any press conferences or other forums, or filing any reports (collectively, "*Publicity*"), without giving the other party reasonable advance notice and an opportunity to comment on the contents thereof. Neither party will include in any such Publicity any statement or statements or other material to which the other party reasonably objects, unless in the reasonable opinion of counsel to the party proposing such statement, such statement is legally required to be included. "Publicity" for the purposes hereof shall not include any statement or dissemination made in any Form 8-K or a quarterly or annual report on Form 10-Q or 10-K, as the case may be, made with the SEC which refers to the Transaction Documents or the transactions contemplated thereby, which such statements and disseminations shall be expressly permitted.

(vi) FINRA Rule 5110. In the event that the Corporate Financing Rule 5110 of FINRA is or becomes applicable to the transactions contemplated by the Transaction Documents or to the sale by a Holder of any of the Securities, then the Company shall, to the extent required by such rule, timely make any filings and cooperate with any broker or selling stockholder in respect of any consents, authorizations or approvals that may be necessary for FINRA to timely and expeditiously permit the Holder to sell the Securities.

(vii) Keeping of Records and Books of Account. The Company shall keep and cause each Subsidiary to keep adequate records and books of account, in which complete entries shall be made in accordance with GAAP consistently applied, reflecting all financial transactions of the Company and such Subsidiaries, and in which, for each fiscal year, all proper reserves for depreciation, depletion, obsolescence, amortization, taxes, bad debts and other purposes in connection with its business shall be made.

(viii) Corporate Existence. The Company shall (1) do all things necessary to preserve and keep in full force and effect its corporate existence, including, without limitation, preserving and keeping in full force and effect all licenses or similar qualifications required by it to engage in its business in all jurisdictions in which it is at the time so engaged; (2) continue to engage in business of the same general type as conducted as of the date hereof; and (3) continue to conduct its business substantially as now conducted or as otherwise permitted hereunder.

(ix) Taxes. The Company shall pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property before the same shall become delinquent or in default, which, if unpaid, might reasonably be expected to give rise to liens or charges upon such properties or any part thereof, unless, in each case, the validity or amount thereof is being contested in good faith by appropriate proceedings and the Company has maintained adequate reserves with respect thereto in accordance with GAAP.

(x) Compliance. The Company shall comply in all material respects with all federal, state and local laws and regulations, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations and requirements (collectively, "*Requirements*") of all governmental bodies, insurers, departments, commissions, boards, courts, authorities, officials or officers which are applicable to the Company, its business, operations, or any of its properties, except where the failure to so comply would not have a Material Adverse Effect on the Company or any of its properties; *provided, however*, that nothing provided herein shall prevent the Company from contesting in good faith the validity or the application of any Requirements.

(xi) 3(a)(10) Shares. In the event the Company, in violation of the covenants contained herein, ever ceases to be a reporting company for purposes of the 1934 Act for any period of time, then the Company, for so long as Rule 144 is not available to the Buyer as an exemption from registration, shall cause any of its stockholders who at such time are in possession of Common Stock tradable under Section 3(a)(10) of the Securities Act ("*3(a)(10) Shares*") to cease to sell such 3(a)(10) Shares.

(xii) Litigation. From and after the date hereof and until all of the Company's obligations hereunder and the Note is paid and performed in full and the Warrant is exercised in full, the Company shall notify the Buyer in writing, promptly upon learning thereof, of any litigation or administrative proceeding commenced or threatened against the Company involving a claim in excess of $250,000.00.

(xiii) Performance of Obligations. The Company shall promptly and in a timely fashion perform and honor all demands, notices, requests and obligations that exist or may arise under the Transaction Documents.

(xiv) Failure to Make Timely Filings. The Company agrees that, if the Company fails to timely file (utilizing any applicable extensions permitted by the SEC) on the SEC's EDGAR system any information required to be filed by it, whether on a Form 10-K, Form 10-Q, Form 8-K, Proxy Statement or otherwise so as to be deemed a "reporting issuer" with current public information under the 1934 Act, the Company shall be liable to pay to the Holder an amount based on the following schedule (where "*No. Business Days Late*" refers to each Trading Day after the latest due date for the relevant filing):

No. Business Days Late	Late Filing Payment For Each $10,000.00 of Outstanding Principal funded under the Note
1	$ 100.00
2	$ 200.00
3	$ 300.00
4	$ 400.00
5	$ 500.00
6	$ 600.00
7	$ 700.00
8	$ 800.00
9	$ 900.00
10	$ 1,000.00
>10	$1,000.00 + $200.00 for each Trading Day Late beyond 10 days

The Company shall pay any payments incurred under this subsection in immediately available funds upon demand by the Holder; *provided, however*, that the Holder making the demand may specify that the payment shall be made in shares of Common Stock at the Conversion Price (as defined in the Note) applicable to the date of such demand. If the payment is to be made in shares of Common Stock, such shares shall be considered Conversion Shares under the Note, with the "*Delivery Date*" for such shares being determined from the date of such demand. The demand for payment of such amount in shares of Common Stock shall be considered a "*Conversion Notice*" (but the delivery of such shares shall be in payment of the amount contemplated by this subsection and not in payment of any principal or interest on the Note).

(xv) Authorized Shares. The Company shall take all action necessary to at all times have authorized, and reserved for the purpose of issuance, such number of shares of Common Stock as shall be necessary to effect the full conversion of the Note and the full exercise of the Warrant multiplied by 1.5 (the "*Share Reserve*"). If at any time the Share Reserve is insufficient to effect the full conversion of the Note and exercise of the Warrant, the Company shall immediately increase the Share Reserve accordingly. If the Company does not have sufficient authorized and unissued shares of Common Stock available to increase the Share Reserve, the Company shall call and hold a special meeting of the stockholders within thirty (30) days of such occurrence, for the sole purpose of increasing the number of authorized shares of Common Stock. The Company's management shall recommend to the Company's stockholders to vote in favor of increasing the number of authorized shares of Common Stock. Management shall also vote all of its shares in favor of increasing the number of authorized shares of Common Stock. The Company shall use its best efforts to cause such additional shares of Common Stock to be authorized so as to comply with the requirements of this Section.

(xvi) DWAC Eligibility. For so long as (1) any portion of the Note remains outstanding, or (2) any portion of the Warrant remains unexercised, the Company shall use its best efforts to maintain DWAC eligibility. In the event the Company is not DWAC eligible or does not otherwise deliver Shares to the Buyer pursuant to a conversion of all or any portion of the Note or an exercise of all or any portion of the Warrant, the outstanding principal balance of the Note shall increase by an amount equal to the decline in value of the Shares, if any, between the time the applicable Conversion Notice or exercise notice (delivered pursuant to the Warrant) (a "*Notice of Exercise*") was delivered to the Company and the time such Shares are freely tradeable in the Buyer's brokerage account.

(xvii) Anti-Dilution Certification. For so long as (1) any portion of the Note remains outstanding, or (2) any portion of the Warrant remains unexercised, the Company shall deliver to the Buyer on or before the 10th day of each month a certification in the form attached hereto as **Annex XXI** whereby the Company shall notify the Buyer of any events that occurred during the previous month that trigger anti-dilution protection or other adjustments to the applicable Conversion Price (as defined in the Note) or the Exercise Price (as defined in the Warrant) (collectively, "*Adjustment Events*") under the Note or the Warrant or, if no Adjustment Events occurred, certifying to the Buyer that no Adjustment Events occurred during the previous month.

(xviii) Certain Negative Covenants of the Company. From and after the date hereof and until all of the Company's obligations hereunder and the Note is paid and performed in full and the Warrant is exercised in full, the Company shall not:

A. Enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate of the Company, or amend or modify any agreement related to any of the foregoing, except on terms that are no less favorable, in any material respect, than those obtainable from any person or entity who is not an Affiliate of the Company;

B. Transfer, assign, sell, pledge, hypothecate or otherwise alienate or encumber the Buyer Trust Deed Notes in any way without the prior written consent of the Buyer; or

C. Enter into any financing transaction without giving the Buyer notice of such prospective financing transaction (the "*Transaction Notice*") and the pre-emptive right to provide such financing on substantially similar terms within three (3) days of receiving the Transaction Notice.

6. TRANSFER AGENT INSTRUCTIONS.

a. The Company warrants that, with respect to the Securities, other than the stop transfer instructions to give effect to Section 5(a)(i) hereof, it will give the Transfer Agent no instructions inconsistent with instructions to issue Common Stock upon conversion of the Note and/or exercise of the Warrant, as may be applicable from time to time, in such amounts as specified from time to time by the Company to the Transfer Agent, bearing the restrictive legend specified in Section 5(a)(ii) of this Agreement prior to registration of the Shares under the 1933 Act, registered in the name of the Holder or its designee and in such denominations to be specified by the Holder in connection therewith. Except as so provided, the Shares shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the other Transaction Documents. Nothing in this Section shall affect in any way the Buyer's obligations and agreement to comply with all applicable securities laws upon resale of the Securities. If the Buyer provides the Company with an opinion of counsel reasonably satisfactory to the Company that registration of a resale by the Buyer of any of the Securities in accordance with clause (1)(B) of Section 5(a)(i) of this Agreement is not required under the 1933 Act or upon request from a Holder while an applicable registration statement is effective, the Company shall (except as provided in clause (2) of Section 5(a)(i) of this Agreement) permit the transfer of the Securities and, in the case of the Conversion Shares and the Warrant Shares, as may be applicable, use its best efforts to cause the Transfer Agent to promptly electronically transmit to the Holder via DWAC such Conversion Shares or Warrant Shares. The Company specifically covenants that, as of the Closing Date, the Transfer Agent shall be (a) participating in the DWAC program, and (b) DWAC eligible. Moreover, the Company shall notify the Buyer in writing if the Company at any time while the Holder holds Securities becomes aware of any plans of the Transfer Agent to terminate such DWAC participation or eligibility. While any Holder holds Securities, the Company shall at all times after the Closing Date maintain a transfer agent which participates in the DWAC program and is DWAC eligible, and the Company shall not appoint any transfer agent which does not both participate in the DWAC program and maintain DWAC eligibility. Nevertheless, if at any time that the Company receives a Conversion Notice the Transfer Agent is not participating in the DWAC program or the Conversion Shares or Warrant Shares are not otherwise transferable via the DWAC program, then the Company shall instruct the Transfer Agent to issue one or more certificates for Common Stock without legend in such name and in such denominations as specified by the Holder. In the event the Transfer Agent is not DWAC eligible on any Conversion Date or Exercise Date (as defined in the Warrant), and consequently the Company issues Conversion Shares or Warrant Shares pursuant to a Notice of Conversion or Notice of Exercise in certificated rather than electronic form, then in such event the amount set forth in Section 5(b)(xvi) shall be added to the principal balance of the Note.

b. (i) The Company understands that a delay in the delivery of Conversion Shares or Warrant Shares, whether on conversion of all or any portion of the Note and/or in payment of accrued interest, or exercise of the Warrant, beyond the relevant Delivery Date (as defined in the Note or the Warrant, as applicable) could result in economic loss to the Holder. As compensation to the Holder for such loss, in addition to any other available remedies at law or equity, the Company shall pay late payments to the Holder for late delivery of the Shares in accordance with the following schedule (where "*No. Business Days Late*" is defined as the number of Trading Days beyond three (3) Trading Days after the Delivery Date):

No. Business Days Late	Late Payment for Each $10,000.00 of Principal or Interest Being Converted (or amount of Warrant exercise)
1	$ 100.00
2	$ 200.00
3	$ 300.00
4	$ 400.00
5	$ 500.00
6	$ 600.00
7	$ 700.00
8	$ 800.00
9	$ 900.00
10	$ 1,000.00
>10	$1,000.00 + $200.00 for each Business Day Late beyond 10 days

As elected by the Holder, the amount of any payments incurred under this Section 6(b)(i) shall either be automatically added to the principal balance of the Note or otherwise paid by the Company in immediately available funds upon demand. Nothing herein shall limit the Holder's right to pursue additional damages for the Company's failure to issue and deliver the Shares to the Holder within a reasonable time. Furthermore, in addition to any other remedies which may be available to a Holder, in the event that the Company fails for any reason to effect delivery of such Shares within three (3) Trading Days after the Delivery Date, the Holder will be entitled to revoke the relevant Notice of Conversion or Notice of Exercise by delivering a notice to such effect to the Company prior to such Holder's receipt of the relevant Shares, whereupon the Company and the Holder shall each be restored to their respective positions immediately prior to delivery of such Notice of Conversion or Notice of Exercise, as the case may be; *provided, however*, that any payments contemplated by this Section 6(b)(i) which have accrued through the date of such revocation notice shall remain due and owing to the Holder notwithstanding such revocation.

(ii) If, by the fifth Trading Day after the relevant Delivery Date, the Company fails for any reason to deliver the Shares, but at any time after the Delivery Date, the Holder purchases, in an arm's-length open market transaction or otherwise, shares of Common Stock (the "*Covering Shares*") in order to make delivery in satisfaction of a sale of Common Stock by the Holder (the "*Sold Shares*"), which delivery such Holder anticipated to make using the shares of Common Stock to be issued upon such conversion or exercise (a "*Buy-In*"), the Holder shall have the right to require the Company to pay to the Holder, in addition to and not in lieu of the amounts contemplated in other provisions of the Transaction Documents, including, but not limited to, the provisions of the immediately preceding Section 6(b)(i), the Buy-In Adjustment Amount (as defined below). The "*Buy-In Adjustment Amount*" is the amount equal to the number of Sold Shares multiplied by the excess, if any, of (1) the Holder's total purchase price per share (including brokerage commissions, if any) for the Covering Shares over (2) the net proceeds per share (after brokerage commissions, if any) received by the Holder from the sale of the Sold Shares. The Company shall pay the Buy-In Adjustment Amount to the Holder in immediately available funds immediately upon demand by the Holder. By way of illustration and not in limitation of the foregoing, if the Holder purchases shares of Common Stock having a total purchase price (including brokerage commissions) of $11,000.00 to cover a Buy-In with respect to shares of Common Stock the Holder sold for net proceeds of $10,000.00, the Buy-In Adjustment Amount which Company will be required to pay to the Holder will be $1,000.00.

c. The Company shall assume any fees or charges of the Transfer Agent or Company Counsel regarding (i) the removal of a legend or stop transfer instructions with respect to the Securities, and (ii) the issuance of certificates or DWAC registration to or in the name of the Holder or the Holder's designee or to a transferee as contemplated by an effective registration statement. Notwithstanding the foregoing, it shall be the Holder's responsibility to obtain all needed formal requirements (specifically: medallion guarantee and prospectus delivery compliance) in connection with any electronic issuance of shares of Common Stock.

d. The Holder of the Note shall be entitled to exercise its conversion privilege with respect to such Note, notwithstanding the commencement of any case under 11 U.S.C. §101 et seq. (the "*Bankruptcy Code*"). In the event the Company is a debtor under the Bankruptcy Code, the Company hereby waives, to the fullest extent permitted, any rights to relief it may have under 11 U.S.C. §362 in respect of such Holder's exercise privilege. The Company hereby waives, to the fullest extent permitted, any rights to relief it may have under 11 U.S.C. §362 in respect of the conversion of such Note. The Company agrees, without cost or expense to such Holder, to take or to consent to any and all action necessary to effectuate relief under 11 U.S.C. §362.

7. CLOSING DATE.

a. The Closing Date shall occur on the date which is the first Trading Day after each of the conditions contemplated by Sections 8 and 9 hereof shall have either been satisfied or been waived by the party in whose favor such conditions run.

b. Closing of the purchase and sale of the Note and the Warrant, which the parties anticipate shall occur concurrently with the execution of this Agreement and shall occur at the offices of the Buyer on such day or such time as is mutually agreed upon by the Company and the Buyer.

8. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL. The Company's obligation to sell the Note and the Warrant to the Buyer pursuant to this Agreement on the Closing Date is conditioned upon and subject to the fulfillment, on or prior to the Closing Date, of all of the following conditions, any of which may be waived in whole or in part by the Company:

a. The execution and delivery of this Agreement and, as applicable, the other Transaction Documents by the Buyer;

b. Delivery by the Buyer of good funds as payment in full of an amount equal to the Initial Cash Purchase Price in accordance with this Agreement;

c. Delivery by the Buyer to the Company of executed copies of the Buyer Trust Deed Notes and the Trust Deed;

d. The accuracy on the Closing Date of the representations and warranties of the Buyer contained in this Agreement, each as if made on such date, and the performance by the Buyer on or before such date of all covenants and agreements of the Buyer required to be performed on or before such date; and

e. There shall not be in effect any law, rule or regulation prohibiting or restricting the transactions contemplated hereby, or requiring any consent or approval which shall not have been obtained.

9. CONDITIONS TO THE BUYER'S OBLIGATION TO PURCHASE. The Buyer's obligation to purchase the Note and the Warrant from the Company pursuant to this Agreement on the Closing Date is conditioned upon and subject to the fulfillment, on or prior to the Closing Date, of all of the following conditions, any of which may be waived in whole or in part by the Buyer:

a. The execution and delivery of this Agreement, the Security Agreement, the Escrow Agreement, the Request, the Transfer Agent Letter, the Confession, and, as applicable, the other Transaction Documents by the Company;

b. The delivery by the Company to the Buyer of the Note and the Warrant, each in original form, duly executed by the Company, in accordance with this Agreement;

c. On the Closing Date, each of the Transaction Documents executed by the Company on or before such date shall be in full force and effect and the Company shall not be in default thereunder;

d. The Share Reserve shall be sufficient to effect the full conversion of the Note and exercise of the Warrant as of the Closing Date;

e. The accuracy in all material respects on the Closing Date of the representations and warranties of the Company contained in this Agreement and the other Transaction Documents, each as if made on such date, and the performance by the Company on or before such date of all covenants and agreements of the Company required to be performed on or before such date;

f. There shall not be in effect any law, rule or regulation prohibiting or restricting the transactions contemplated hereby, or requiring any consent or approval which shall not have been obtained;

g. From and after the date hereof up to and including the Closing Date, each of the following conditions will remain in effect: (i) the trading of the Common Stock shall not have been suspended by the SEC or on the Principal Trading Market; (ii) trading in securities generally on the Principal Trading Market shall not have been suspended or limited; (iii) no minimum prices shall been established for securities traded on the Principal Trading Market; (iv) there shall not have been any material adverse change in any financial market; and (v) there shall not have occurred any Material Adverse Effect;

h. Except for any notices required or permitted to be filed after the Closing Date with certain federal and state securities commissions, the Company shall have obtained (i) all governmental approvals required in connection with the lawful sale and issuance of the Securities, and (ii) all third party approvals required to be obtained by the Company in connection with the execution and delivery of the Transaction Documents by the Company or the performance of the Company's obligations thereunder; and

i. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents and instruments incident to such transactions shall be reasonably satisfactory in substance and form to the Buyer.

10. INDEMNIFICATION.

a. The Company agrees to defend, indemnify and forever hold harmless the Buyer and its stockholders, directors, officers, managers, members, partners, Affiliates, employees, and agents, and each Buyer Control Person (collectively, the "*Buyer Parties*") from and against any losses, claims, damages, liabilities or expenses incurred (collectively, "*Damages*"), joint or several, and any action in respect thereof to which the Buyer or any of the other Buyer Parties becomes subject, resulting from, arising out of or relating to any misrepresentation, breach of warranty or nonfulfillment of or failure to perform any covenant or agreement on the part of the Company contained in this Agreement or any of the other Transaction Documents, as such Damages are incurred. The Buyer Parties with the right to be indemnified under this Section (the "*Indemnified Parties*") shall have the right to defend any such action or proceeding with attorneys of their own selection, and the Company shall be solely responsible for all reasonable costs and expenses related thereto. If the Indemnified Parties opt not to retain their own counsel, the Company shall defend any such action or proceeding with attorneys of its choosing at its sole cost and expense, provided that such attorneys have been pre-approved by the Indemnified Parties, which approval shall not be unreasonably withheld, and provided further that the Company may not settle any such action or proceeding without first obtaining the written consent of the Indemnified Parties.

b. The indemnity contained in this Agreement shall be in addition to (i) any cause of action or similar rights of the Buyer Parties against the Company or others, and (ii) any other liabilities the Company may be subject to.

11. SPECIFIC PERFORMANCE. The Company and the Buyer acknowledge and agree that irreparable damage would occur in the event that any provision of this Agreement or any of the other Transaction Documents were not performed in accordance with its specific terms or were otherwise breached. It is accordingly agreed that the parties (including any Holder) shall be entitled to an injunction or injunctions, without the necessity to post a bond (except as specified below), to prevent or cure breaches of the provisions of this Agreement or any of the other Transaction Documents and to enforce specifically the terms and provisions hereof or thereof, this being in addition to any other remedy to which any of them may be entitled by law or equity; *provided, however* that the Company, upon receipt of a Notice of Conversion or a Notice of Exercise, may not fail or refuse to deliver certificates representing shares of Common Stock and the related legal opinions, if any, or if there is a claim for a breach by the Company of any other provision of this Agreement or any of the other Transaction Documents, the Company shall not raise as a legal defense any claim that the Holder or anyone associated or affiliated with the Holder has violated any provision hereof or any of the other Transaction Documents or has engaged in any violation of law or any other claim or defense, unless the Company has first posted a bond for one hundred fifty percent (150%) of the principal amount and, if relevant, then obtained a court order specifically directing it not to deliver such certificates to the Holder. The proceeds of such bond shall be payable to the Holder to the extent that the Holder obtains judgment or its defense is recognized. Such bond shall remain in effect until the completion of the relevant proceeding and, if the Holder appeals therefrom, until all such appeals are exhausted. This provision is deemed incorporated by reference into each of the Transaction Documents as if set forth therein in full.

12. OWNERSHIP LIMITATION. If at any time after the Closing, the Buyer shall or would receive shares of Common Stock in payment of interest or principal under the Note or upon conversion of the Note or exercise of the Warrant, so that the Buyer would, together with other shares of Common Stock held by it or its Affiliates, hold by virtue of such action or receipt of additional shares of Common Stock a number of shares exceeding 9.99% of the number of shares of Common Stock outstanding on such date (the "*9.99% Cap*"), the Company shall not be obligated and shall not issue to the Buyer shares of Common Stock which would exceed the 9.99% Cap, but only until such time as the 9.99% Cap would no longer be exceeded by any such receipt of shares of Common Stock by the Buyer. The foregoing limitations are enforceable, unconditional and non-waivable and shall apply to all Affiliates and assigns of the Buyer.

13. MISCELLANEOUS. The Company and the Buyer hereby agree that the provisions of this Section 13 shall apply to all of the Transaction Documents.

a. Governing Law and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Utah for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the exclusive personal jurisdiction of the federal courts whose districts encompass any part of Salt Lake County or the state courts of the State of Utah sitting in Salt Lake County in connection with any dispute arising under this Agreement or any of the other Transaction Documents, and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on *forum non conveniens*, to the bringing of any such proceeding in such jurisdictions or to any claim that such venue of the suit, action or proceeding is improper. Nothing in this subsection shall affect or limit any right to serve process in any other manner permitted by law.

b. No Waiver. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

c. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties hereto.

d. Pronouns. All pronouns and any variations thereof in this Agreement refer to the masculine, feminine or neuter, singular or plural, as the context may permit or require.

e. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, but all of which together shall be deemed to constitute one instrument. Facsimile and email copies of signed signature pages will be deemed binding originals.

f. Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

g. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such provision shall be modified to achieve the objective of the parties to the fullest extent permitted and such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

h. Amendment. This Agreement may be amended only by an instrument in writing signed by the Company and the Buyer.

i. Entire Agreement. This Agreement together with the other Transaction Documents constitutes and contains the entire agreement between the Company and the Buyer and supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

j. Currency. All dollar amounts referred to or contemplated by this Agreement or any other Transaction Documents shall be deemed to refer to US Dollars, unless otherwise explicitly stated to the contrary.

k. Buyer's Expenses. In the event the Company or the Buyer elects not to effect the Closing for any reason, the Company shall pay $10,000 in cash to the Buyer for the Buyer's legal, administrative and due diligence expenses. Except as provided in the immediately preceding sentence, and except for $10,000 which has been added to and included in the principal amount of the Note for the Buyer's legal, administrative and due diligence expenses and the sum of $5,000 which the Company has previously paid to the Buyer, the Company and the Buyer shall be responsible for paying such party's own fees and expenses (including legal expenses) incurred in connection with the preparation and negotiation of this Agreement and the other Transaction Documents and the closing of the transactions contemplated hereby and thereby.

l. **Assignment**. Notwithstanding anything to the contrary herein, the rights, interests or obligations of the parties hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by either party without the prior written consent of the other party; *provided, however*, that the Buyer may assign this Agreement to any of its Affiliates without the prior written consent of the Company and, furthermore, the Company agrees that it shall not unreasonably withhold, condition or delay its consent to any other assignment of this Agreement by the Buyer.

m. **Advice of Counsel.** In connection with the preparation of this Agreement and all other Transaction Documents, each of the Company, its stockholders, officers, agents, and representatives acknowledges and agrees that the attorney that prepared this Agreement and all of the other Transaction Documents acted as legal counsel to the Buyer only. Each of the Company, its stockholders, officers, agents, and representatives (i) hereby acknowledges that he/she/it has been, and hereby is, advised to seek legal counsel and to review this Agreement and all of the other Transaction Documents with legal counsel of his/her/its choice, and (ii) either has sought such legal counsel or hereby waives the right to do so.

n. **No Strict Construction.** The language used in this Agreement is the language chosen mutually by the parties hereto and no doctrine of construction shall be applied for or against any party.

o. **Attorney's Fees.** In the event of any action at law or in equity to enforce or interpret the terms of this Agreement or any of the other Transaction Documents, the Prevailing Party (as defined hereafter) shall be entitled to reasonable attorneys' fees, court costs and collection costs in addition to any other relief to which such party may be entitled. "*Prevailing Party*" shall mean the party in any litigation or enforcement action that prevails in the highest number of final rulings, counts or judgments adjudicated by a court of competent jurisdiction.

p. **Replacement of the Note.** Subject to any restrictions on or conditions to transfer set forth in the Note, the Holder of the Note, at its option, may in person or by duly authorized attorney surrender the same for exchange at the Company's principal corporate office, and promptly thereafter and at the Company's expense, except as provided below, receive in exchange therefor one or more new convertible secured promissory note(s), each in the principal amount requested by such Holder, dated the date to which interest shall have been paid on the Note so surrendered or, if no interest shall have yet been so paid, dated the date of the Note so surrendered and registered in the name of such person or persons as shall have been designated in writing by such Holder or its attorney for the same principal amount as the then unpaid principal amount of the Note so surrendered. As applicable, upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of the Note and (i) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it; or (ii) in the case of mutilation, upon surrender thereof, the Company, at its expense, will execute and deliver in lieu thereof a new convertible secured promissory note executed in the same manner as the Note being replaced, in the same principal amount as the unpaid principal amount of such Note and dated the date to which interest shall have been paid on the Note or, if no interest shall have yet been so paid, dated the date of the Note.

q. **Notices.** Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given on the earliest of

(i) the date delivered, if delivered by personal delivery as against written receipt therefor or by confirmed facsimile or electronic mail transmission,

(ii) the fifth Trading Day after deposit, postage prepaid, in the United States Postal Service by registered or certified mail, or

(iii) the third Trading Day after mailing by domestic or international express courier, with delivery costs and fees prepaid,

in each case, addressed to each of the other parties thereunto entitled at the following addresses (or at such other addresses as such party may designate by ten (10) days' advance written notice similarly given to each of the other parties hereto):

If to the Company:

MusclePharm Corporation
Attn: Brad Pyatt
4721 Ironton Street, Building A
Denver, Colorado 90839

with a copy to (which shall not constitute notice):

Lucosky Brookman LLP
Attn: Joseph M. Lucosky, Esq.
33 Wood Avenue South, 6th Floor
Iselin, New Jersey 08830
Telephone: (732) 395-4400

If to the Buyer:

Inter-Mountain Capital Corp.
Attn: John M. Fife
303 East Wacker Drive, Suite 1200
Chicago, Illinois 60601

with a copy to (which shall not constitute notice):

Carman Lehnhof Israelsen LLP
Attn: Jonathan K. Hansen
4626 North 300 West, Suite 160
Provo, Utah 84604
Telephone: (801) 209-5558

14. SURVIVAL OF COVENANTS, REPRESENTATIONS AND WARRANTIES. The Company's and the Buyer's covenants, agreements, representations and warranties contained herein shall survive the execution and delivery of this Agreement and the other Transaction Documents and the Closing hereunder, and shall inure to the benefit of the Buyer and the Company and their respective successors and permitted assigns.

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IN WITNESS WHEREOF, each of the undersigned represents that the foregoing statements made by it above are true and correct and that it has caused this Agreement to be duly executed on its behalf (if an entity, by one of its officers thereunto duly authorized) as of the date first above written.

TOTAL PURCHASE PRICE: $2,400,000.00

INITIAL CASH PURCHASE PRICE: $400,000.00

THE BUYER:

INTER-MOUNTAIN CAPITAL CORP.

By: /s/ John M. Fife
John M. Fife, President

THE COMPANY:

MUSCLEPHARM CORPORATION

By: /s/ Brad J. Pyatt
Name: Brad J. Pyatt
Title: Chief Executive Officer

[SIGNATURE PAGE TO NOTE AND WARRANT PURCHASE AGREEMENT]

ANNEX I	WIRE INSTRUCTIONS
ANNEX II	NOTE
ANNEX III	SECURITY AGREEMENT
ANNEX IV	TRUST DEED
ANNEX V	REQUEST
ANNEX VI	ALLOCATION OF PURCHASE PRICE
ANNEX VII	WARRANT
ANNEX VIII	CONFESSION
ANNEX IX	ESCROW AGREEMENT
ANNEX X	TRANSFER AGENT LETTER
ANNEX XI	BUYER TRUST DEED NOTE #1
ANNEX XII	BUYER TRUST DEED NOTE #2
ANNEX XIII	BUYER TRUST DEED NOTE #3
ANNEX XIV	BUYER TRUST DEED NOTE #4
ANNEX XV	BUYER TRUST DEED NOTE #5
ANNEX XVI	BUYER TRUST DEED NOTE #6
ANNEX XVII	BUYER TRUST DEED NOTE #7
ANNEX XVIII	BUYER TRUST DEED NOTE #8
ANNEX XIX	BUYER TRUST DEED NOTE #9
ANNEX XX	BUYER TRUST DEED NOTE #10
ANNEX XXI	ANTI-DILUTION CERTIFICATION

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of this 15th day of September, 2011 (the "Effective Date"), by and between MUSCLE PHARM CORP., a Nevada corporation (the "Company"), and, John H. Bluher, an individual (the "Executive"). Company or Executive are sometimes referred to herein as "party" or collectively "parties".

RECITALS

WHEREAS, Company and Executive have been working under a consulting agreement and Executive has successfully commenced or completed the work agreed upon under that agreement, and Company has made the cash and warrant payment appropriate under the terms of that Consulting Agreement;

WHEREAS, Company and Executive have decided to enter into an employment relationship for Executive to serve as Chief Operating Officer of the Company, responsibilities to start on September 19th, 2011;

WHEREAS, by unanimous consent of its Board of Directors, Company named Executive to serve as Chief Operating Officer to manage the Company and its day-to-day operations;

WHEREAS, Executive is willing to be employed by the Company and provide services to the Company under the terms and conditions stated herein, as of the Effective Date;

WHEREAS, Company and Executive now mutually desire to enter into this Agreement as approved by the Board of Directors;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, and for other good and valuable consideration, it is hereby agreed by and between the parties hereto as follows:

1. Employment and Duties

1.1 Employment. The Company hereby employs Executive as the Chief Operating Officer ("COO") of the Company and Executive hereby accepts such employment as of the Effective Date pursuant to the terms, covenants and conditions set forth herein. Executive shall report directly to the Chief Executive Officer and the Board of Directors of the Company (the "Board").

1.2 Duties. Executive shall have the overall responsibility as COO for the management and operation of the Company, and shall perform all duties and responsibilities and have such powers which are commonly incident to the position of Chief Operating Officer, as well as any additional responsibilities and authority as may be from time to time assigned or delegated to him by the CEO or the Board of Directors. Executive shall perform the duties assigned to him to the best of his ability and in a manner satisfactory to the Company.

1.3 Change in Responsibility. If, during the term of this agreement, Executive shall not be vested by Employer with the responsibilities of acting as its Chief Operating Officer by lawful Board Action, the Board will have the authority to designate other titles and duties of the Executive by mutual agreement. If mutual agreement between the Board and the Executive are not achieved, and the change is not pursuant to Section 5.1, Executive shall be employed as an advisor and consultant to Employer so that Employer may benefit from Executive's experience. Such employment as an advisor shall be through the end of the calendar year within which the change has occurred, and will allow the Executive to be paid for the full prior year under the company's bonus and compensation cycle. At the end of the calendar year within which the change has occurred, Executive will thereafter be subject to the provisions in Section 5.2 through 5.6 and Section 6 of this Agreement. Executive has the right to decline the advisors position and immediately receive payments under Section 6 hereafter. It is expressly agreed that Executive's services as an advisor and consultant will be required at such times and places as will result in the least inconvenience to Executive, having in mind his other business commitments during that period which may obligate him to perform his services under such other commitments before performing the advisory services under this agreement. While Executive is employed as an advisor and consultant by Employer, Employer shall pay Executive all compensation, benefits provided for in this agreement. During the course for his employment as an advisor and consultant, Executive shall not compete, directly or indirectly, with Employer.

1.4 Time and Efforts. Executive shall devote his full business time, efforts, attention, and energies to the business of the Company and to the performance of Executive's duties hereunder during the Term, and shall not engage in any other business, profession or occupation for compensation or otherwise which would conflict or interfere with the rendition of such services, either directly or indirectly, without the prior written consent of the Company; provided that, nothing herein shall preclude Executive from (i) continuing to serve on any board of directors or trustees of any organization that is not in direct competition or which business conflicts with the Company, (ii) continuing to manage funds or provide consulting services to companies that do not compete with the Company, (iii) being involved in charitable activities, or (iv) managing his personal and family passive investments; provided, further that, in each case, and in the aggregate, such activities shall not materially conflict or interfere with the performance of Executive's duties hereunder or conflict with his duty of loyalty and/or fiduciary duties owed to the Company.

2. Term

The term of employment under this Agreement shall be for a period of two (2) years commencing on the Effective Date (the "Initial Term"), and this Agreement will then be renewed automatically for additional one (1) year periods commencing on the last date of the Initial Term, and on each one (1) year anniversary date thereafter (each subsequent one year period together with the Initial Term, hereinafter collectively the "Term"), unless either the Company or Executive provides the other party with written notice at least sixty (60) days prior to the last date of the Initial Term or any subsequent Term stating that the Agreement will not be renewed. In connection with any notice of non-renewal pursuant to this Section 2, the Executive's termination date of employment will be the last date of the applicable Term and Executive will not be eligible or entitled to receive any severance pay or post-termination benefits that may otherwise be provided under this Agreement; provided, however, that if a notice of non-renewal is provided by the Company to Executive within two (2) years after the date of a Change of Control as defined in Section 5.2(b) below, then the notice of non-renewal shall be deemed to be and shall be treated as a Termination Without Cause After a Change of Control and Executive shall be entitled to the pay and benefits as set forth in Section 6.4 below. The Company reserves the right to relieve Executive from all duties during all or any portion of the 60-day notice period. Notwithstanding the above, either party may terminate this Agreement at any time during the Term pursuant to the applicable provisions of Section 5 of this Agreement.

3. Compensation

As the total consideration for Executive's services rendered hereunder, Executive shall be entitled to the following:

3.1 Base Salary. Executive shall be paid an initial annual base salary of One Hundred Seventy Five Thousand Dollars ($175,000.00) per year ("Base Salary") beginning on the Effective Date of the Agreement and payable in regular installments in accordance with the customary payroll practices of the Company. Executive and the CEO will sign an addendum to this contract to specify performance based objectives that could result in further cash payments. Executive's Base Salary will be reviewed at least annually by the Company and may be increased at the discretion of the Company. The Base Salary may not be decreased, except upon a mutual written agreement between the parties.

3.2 Annual Performance Bonus. In addition to Base Salary, Executive shall be eligible to receive an annual bonus based upon Executive's performance for the preceding year as measured against certain targets and goals as mutually established by the parties. The bonus shall be paid within thirty (30) days of the conclusion of the bonus period. Executive must be employed on the Bonus payment date in order to be eligible to receive the Bonus, except as otherwise expressly provided for in this Agreement. The target Bonus amount for 2011 shall be Fifty Thousand Dollars ($50,000.00). Thereafter, the Board of Directors will determine performance based cash bonus targets.

3.3 Equity Consideration. Effective on December 31, 2012, and at the end of each successive calendar year on December 31 thereafter, or as soon as reasonably practicable after each such December 31 (each a "Grant Date") during the Term of this Agreement, and as part of the consideration for this Agreement and based on the achievement of the specific execution of responsibilities and performance of duties from the immediate prior year as may be determine by the Board, the Compensation Committee of the Board shall grant annually to Executive, non-qualified stock options with a Black Scholes value of Five Hundred Thousand ($500,000), with two year vesting, exercisable into shares of common stock of the Company, with an exercise price per share equal to "Fair Market Value" (as defined in the Company's stock incentive plan) on the applicable Grant Date, which shares shall have a ten year expiration date from the Grant Date and a cashless exercise feature**.** One-third (1/3) of the options granted shall vest immediately upon the applicable Grant Date, one-third (1/3) shall vest on the First anniversary of the applicable Grant Date, and the final one-third (1/3) shall vest on the Second anniversary of the applicable Grant Date.

Effective December 31, 2011, or as soon as practicable thereafter, As part of consideration for this Agreement, the Company will grant non-qualified stock options to Executive, with a value of Fifty Thousand ($50,000) with two year vesting, 1\2 vesting on the Grant Date, 1\2 vesting on the first anniversary of the Grant Date, exercisable into shares of common stock of the Company, with an exercise price per share equal to "Fair Market Value" (as defined in the Company's stock incentive plan) on the applicable Grant Date, which shares shall have a ten year expiration date from the Grant Date and a cashless exercise feature**.** Any unvested options will vest upon (i) a Change of Control as defined in and pursuant to Section 5.2(b) below, or (ii) any termination of Executive's employment other than (a) termination by Executive, or (b) termination for Cause as defined in Section 5.1 below. In the event that the Executive is terminated for any reason other than (i) Cause, (ii) death or (iii) disability or retirement, each Option granted to such Participant, to the extent that it is exercisable at the time of such termination, shall remain exercisable for the 90 day period following such termination, but in no event following the expiration of its term. In the event of the termination of Executive's employment for Cause, each outstanding option granted to Executive shall terminate at the commencement of business on the date of such termination. In the event that the Executive's employment with the Company terminates on account of death, disability or, with respect to any non-qualified stock option, retirement of Executive, each option granted that is outstanding and vested as of the date of such termination shall remain exercisable by Executive (or Executive's legal representatives, heirs or legatees) for the one year period following such termination, but in no event following the expiration of its term.

3.4 Signing Bonus. As an inducement to close the Executive's consulting business and to forego other opportunities, the Company will pay a one time signing bonus in the form of an non-qualified stock option award, 50% vesting on the Grant Date, and 50% vesting on the anniversary of this Agreement, at the price of the common stock on the Grant Date, in the amount of Fifty Thousand Dollars ($50,000) or approximately 2,000,000 shares.

3.5 Compensation Committee. The Annual Performance Bonus and the Equity Consideration shall be reviewed by the Compensation Committee of the Company's Board on an annual basis and may be revised upon mutual agreement between Company and Executive to set performance criteria for purposes of compliance with the exemption requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended ("Code").

3.6 Expenses. During employment, Executive is entitled to reimbursement for reasonable and necessary business expenses incurred by Executive in connection with the performance of Executive's duties and pursuant to applicable Company policy. The Company shall also provide Executive with a laptop computer and cell phone for use during Executive's employment.

3.7 Vacation. Executive shall be entitled to accrue four (4) weeks of paid vacation each year pursuant to the terms and provisions of the Company's vacation leave policies as in effect from time to time. Although unused vacation may be carried over from year to year, the maximum cap on accrual shall be equal to 1.5 times the annual accrual.

3.8 Benefits. Executive shall be entitled to participate in and receive all benefits made available by the Company to its Executives, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements, including without limitation, medical, dental, vision, life and disability insurance plans and coverage.

4. Proprietary Information

As a condition of this Agreement, Executive shall sign the Employee Confidentiality and Invention Assignment Agreement as presented by the Company, and such agreement shall remain in full force and effect as provided therein even after the termination of this Agreement and the employment relationship.

5. Termination

Executive's employment shall terminate upon the happening of the following:

5.1 Termination For Cause. The Company may terminate this Agreement for Cause if the Board of Directors determines that Cause exists. For purposes of this Agreement, "Cause" shall mean:

(a) A proven act of dishonesty, fraud, embezzlement, or misappropriation of proprietary information in connection with the Executive's responsibilities as an Executive;

(b) Executive's conviction of, or plea of nolo contendere to, a felony or a crime involving moral turpitude;

(c) Executive's willful misconduct in connection with his employment duties that is detrimental to the Company and which cannot be cured on reasonable notice to Executive; or

(d) Executive's habitual failure or refusal to perform his employment duties under this Agreement if such failure or refusal is not cured by Executive within twenty (20) days after receiving written notice thereof from the Board of Directors.

For purposes hereof, no act or failure to act by the Executive shall be considered 'willful' unless done or omitted to be done by him not in good faith or without reasonable belief that his action or omission was in the best interest of the Employer or contrary to a formal resolution of the Board. Cause shall not exist unless and until there shall have been delivered to the Executive a copy of a resolution, duly adopted by the Affirmative vote of not less than two thirds of the entire membership of the Board at a meeting of the Board held for the purpose thereof and an opportunity for him, together with his counsel, to be heard before the Board at such meeting, finding that in the good faith option of the Board, the Executive was guilty of conduct set forth above in clause (ii) of this Paragraph and specifying the particulars thereof in detail. The Date of Termination shall be the date specified in the Notice of Termination; provided, however, that, in the case of a termination for Cause under (ii) above, the Date of Termination shall not be earlier than 30 days after delivery of the Notice of Termination. Anything herein to the contrary notwithstanding, if, following a termination of the Executive's employment by the Employer for Cause based upon the conviction of the Executive for a felony, such conviction is overturned in a final determination on appeal, the Executive shall be entitled to the payments and the economic equivalent of the benefits the Executive would have received if his employment had been terminated by the Employer without Cause.

5.2 Termination Without Cause.

(a) The Company may terminate this Agreement Without Cause. For purposes of this Agreement, "Without Cause" shall mean termination by the Company of Executive's employment for any reason, other than as specified in Sections 5.1 or 5.3 hereof, including any termination Without Cause that occurs within a two (2) year period after a Change of Control (as defined below).

(b) Change of Control shall mean the occurrence of any one of the following: (i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, a subsidiary, an affiliate, or a Company employee benefit plan, including any trustee of such plan acting as trustee) becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of Company's then outstanding securities; (ii) a sale of assets involving 50% or more of the fair market value of the assets of Company as determined in good faith by the Board of Directors of the Company; or (iii) any merger or reorganization of the Company whether or not another entity is the survivor, pursuant to which the holders of all the shares of capital stock of the Company outstanding prior to the transaction hold, as a group, fewer than 50% of the shares of capital stock of the Company outstanding after the transaction.

(c) The Company may terminate the employment of Executive and all of the Company's obligations hereunder at any time during the Term of Employment "Without Cause" by giving Executive written notice of such termination, to be effective thirty (30) days following the giving of such written notice, in which case Executive shall receive the compensation, severance and benefit continuation required by Section 6.3 below; provided, however, that if Company terminates Executive's employment Without Cause at any time within a two (2) year period after the date of a Change of Control as defined in Section 5.2(b) above, then Executive shall receive the compensation, severance and benefit continuation required by Section 6.4 below.

5.3 Termination Due to Disability or Death. Executive's employment hereunder may be terminated by the Company as follows:

(a) To the extent permitted by law, upon thirty (30) days' notice to Executive in the event that Executive has been unable to perform substantially all of his duties under this Agreement for an aggregate of 120 days (inclusive of weekends and holidays) within any 12-month period, as the result of Executive's incapacity to perform the essential functions of his job due to a physical or mental disability and after reasonable accommodation made by the Company, and within thirty (30) days of receipt of such notice, Executive shall not have returned to the full-time, continuing performance of his duties hereunder, or

(b) Immediately upon the death of Executive.

5.4 Termination by Executive for Good Reason. Executive may terminate the Agreement for "Good Reason". Executive's termination shall be for "Good Reason" if Executive provides written notice to the Company of the Good Reason within ninety (90) days of the event constituting Good Reason, and provides the Company with a period of thirty (30) days to cure the Good Reason and the Company fails to cure the Good Reason within that period. For purposes of this Agreement, "Good Reason" shall mean any of the following events if the event is effected by the Company or third-parties without Executive's consent: (i) a reduction of more than 10% in Executive's Base Salary or other component of compensation and benefits, except for changes to the Company's generally applicable benefit plans and policies; unless the salary or compensation reduction is part of a general reduction for all executive employees; (ii) a change in the location of the business requiring Executive to move or drive to work more than 40 miles from the current location; (iii) any material diminution of Executive's authority, responsibilities, reporting or job duties (except for any reduction for Cause as defined above); or (iv) any other material breach by the Company of this Agreement. Executive may terminate his/her employment at any time for Good Reason as provided in this Section 5.4, in which case Executive shall receive the compensation, severance and benefit continuation required by Section 6.3 below; provided, however, that if Executive terminates his/her employment at any time for Good Reason within a two (2) year period after the date of a Change of Control as defined in Section 5.2(b) above, then Executive shall receive the compensation, severance and benefit continuation required by Section 6.4 below.

5.5 Voluntary Termination. Executive's employment hereunder may be terminated by Executive for any reason (other than by Termination Due to Disability or Death or for Good Reason) upon Executive providing Company with thirty (30) days' notice of Executive's voluntary termination.

6. Effect of Termination

6.1 Termination For Cause or Voluntary Termination. In the event that Executive's employment is terminated pursuant to Sections 5.1 or 5.5 above:

(a) The Company shall pay to Executive, or his representatives, on the date of termination of employment (the "Termination Date") only that portion of the Base Salary provided in Section 3.1 that has been earned to the Termination Date, and any accrued but unpaid Vacation pay provided in Section 3.6, and any expense reimbursements due and owing to Executive as of the Termination Date; and

(b) Executive shall not be entitled to (i) any other salary or compensation, (ii) the Annual Performance Bonus pursuant to Section 3.2, (iii) any Equity Consideration pursuant to Section 3.3 or Section 3.4, nor (iv) any Benefits pursuant to Section 3.7, except for benefit continuation under COBRA or similar state or federal legislation.

6.2 Termination Due to Disability or Death. In the event Executive's employment is terminated pursuant to Section 5.3 above, the Company shall pay to Executive, or his representatives, all of the following:

(a) The payments, if any, referred to in Section 6.1(a) above as of the Termination Date; and

(b) An amount equal to the full year targeted Annual Performance Bonus referenced in Section 3.2 above for the calendar year in which the Termination Date occurs, less applicable statutory deductions and tax withholdings, to be paid within thirty (30) days of the Termination Date; and

(c) For a Termination Due to Disability only, and provided that Executive signs a binding release of all claims relating to his employment in the standard form then being used by the Company at the time, then Company shall continue to pay Executive a severance package equal to six (6) months of Executive's Base Salary at the time of termination. This severance amount shall be paid to Executive in equal regular installments over the six (6) month period pursuant to the Company's regular payroll periods, less applicable statutory deductions and tax withholdings. The first installment shall be paid to Executive on the first payroll period after the Termination Date once the release becomes effective; and

(d) If Executive elects benefit continuation under COBRA or similar state or federal legislation for the available Benefits provided in Section 3.7, Company shall pay or reimburse the COBRA premiums for a period of up to six (6) months commencing on the Termination Date, provided that Executive remains eligible for COBRA continuation coverage.

6.3 Termination Without Cause or for Good Reason. In the event Executive's employment is terminated pursuant to Sections 5.2 or 5.4 above at anytime in which there has not been a qualifying Change of Control termination, the Company shall pay Executive on the date of Termination the payments referred to in Section 6.1(a) above, and provided that, within sixty (60) days of the Termination Date, Executive signs a binding release of all claims relating to his employment in the standard form then being used by the Company at the time, Executive shall also receive all of the following:

(a) A severance package equal to one (1) year of Executive's Base Salary at the time of termination. This severance amount shall be paid to Executive in equal regular installments over the twelve (12) month period pursuant to the Company's regular payroll periods, less applicable statutory deductions and tax withholdings. The first installment shall be paid to Executive on the first payroll period after the Termination Date once the release becomes effective; and

(b) A pro rata amount of the Annual Performance Bonus referenced in Section 3.2 above for the calendar year in which the Termination Date occurs, less applicable statutory deductions and tax withholdings, based on the achievement of any applicable performance terms or goals for the year and to be paid at the same time such Annual Bonus would have been payable under Section 3.2 if Executive had remained employed with the Company; and

(c) If Executive elects benefit continuation under COBRA or similar state or federal legislation for the available Benefits provided in Section 3.7, Company shall pay or reimburse the COBRA premiums for a period of up to twelve (12) months commencing on the Termination Date, provided that Executive remains eligible for COBRA continuation.

6.4 Termination Without Cause or for Good Reason After a Change of Control. In the event Executive's employment is terminated pursuant to Sections 5.2 or 5.4 above within the qualifying two (2) year period after a Change of Control, the Company shall pay Executive on the date of Termination the payments referred to in Section 6.1(a) above, and provided that, within sixty (60) days of the Termination Date, Executive signs a binding release of all claims relating to his employment in the standard form then being used by the Company at the time, Executive shall also receive all of the following:

(a) A severance package equal to two (2) years of Executive's Base Salary at the time of termination. This severance amount shall be paid to Executive in equal regular installments over a twelve (12) month period pursuant to the Company's regular payroll periods, less applicable statutory deductions and tax withholdings. The first installment shall be paid to Executive on the first payroll period after the Termination Date once the release becomes effective; and

(b) An amount equal to double (2 times) the full year targeted Annual Performance Bonus referenced in Section 3.2 above for the calendar year in which the Termination Date occurs, less applicable statutory deductions and tax withholdings, to be paid within thirty (30) days of the Termination Date; and

(c) A one-time cash payment of two hundred thousand dollars ($200,000) less applicable statutory deductions and tax withholdings, to be paid within thirty (30) days of the Termination Date; and

(d) If Executive elects benefit continuation under COBRA or similar state or federal legislation for the available Benefits provided in Section 3.7 Company shall pay or reimburse the COBRA premiums for a period of up to twelve (12) months commencing on the Termination Date, provided that Executive remains eligible for COBRA continuation; and

(e) Executive shall also be entitled to full vesting of all stock, options, incentive or performance share awards, and shall be free from all lock-ups or contractual restrictions on the free sale of shares, and shall have twenty four (24) months within which to sell or exercise awards, shares or options (subject to expiration of the applicable term for any options), but Executive shall not be released from the black-out periods for the next financial reporting quarter following the Termination Date or Securities and Exchange Act of 1934 trading obligations typically required for an executive in this position.

NOTWITHSTANDING THE PROVISIONS SET FORTH ABOVE, IF EXECUTIVE'S EMPLOYMENT, TITLE, RESPONSIBILITY OR ROLE IS CHANGED AS A RESULT OF A CHANGE OF CONTROL (INCLUDING ANY MERGER, ACQUISITION, BUSINESS COMBINATION OR JOINT OPERATING AGREEMENT) WITH ANY THIRD PARTY COMPANY THAT OCCURS WITHIN 180 DAYS OF SIGNING OF THIS AGREEMENT, AND EXECUTIVE ASSUMES A NEW ROLE OTHER THAN COO, BUT WITH SIMILAR RESPONSIBILITIES, THEN THE PROVISIONS OF SECTION 5.4(iii) AND 5.4(iv) ABOVE SHALL NOT APPLY AS A BASIS FOR EXECUTIVE TO ASSERT A TERMINATION FOR GOOD REASON, AND EXECUTIVE SHALL NOT BE ENTITLED TO THE BENEFITS OF THIS SECTION 6.4.

7. Assignment

This Agreement is personal in nature, and neither this Agreement nor any part of any obligation herein shall be assignable by Executive. The Company shall be entitled to assign this Agreement to any affiliate of the Company or any person or entity that assumes the ownership and control of the business of the Company. This Agreement shall inure to the benefit of and shall be binding upon the Company, its successors and assigns.

8. Severability

Should any term, provision, covenant or condition of this Agreement be held to be void or invalid, the same shall not affect any other term, provision, covenant or condition of this Agreement, but such remainder shall continue in full force and effect as though each such voided term, provision, covenant or condition is not contained herein.

9. Governing Law and Submission to Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado applicable to contracts made and to be carried out in Colorado. Subject to the Binding Arbitration provision of this Agreement as set forth below, and without in any way limiting the applicability of binding arbitration, each of the parties submits to the exclusive jurisdiction of any state or federal court sitting in Denver or Arapahoe county, Colorado in any action or proceeding arising out of or relating to this Agreement and further agrees that all claims in respect of the action or proceeding may be heard and determined in any such court to the extent that any court proceeding is necessary in connection with the Binding Arbitration provision below, and further agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the parties agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner so provided by law.

10. Binding Arbitration

Any and all disputes which involve or relate in any way to this Agreement and/or to Executive's employment or termination of employment with the Company, whether initiated by Executive or by the Company and whether based on contract, tort, statute, or common law, shall be submitted to and resolved by final and binding arbitration as the exclusive method for resolving all such disputes. The arbitration shall be private and confidential and conducted in Los Angeles, California pursuant to the Federal Arbitration Act and applicable California law, and pursuant to the applicable rules of the American Arbitration Association ("AAA") relating to employment disputes, unless the parties otherwise mutually agree to modify the AAA Rules. A copy of the AAA Employment Rules are available for review at www.adr.org/employment and are incorporated herein by reference.

The party demanding arbitration shall submit a written claim to the other party, setting out the basis of the claim or claims, within the time period of any applicable statute of limitations relating to such claim(s). If the parties cannot mutually agree upon an Arbitrator, then the parties shall select a neutral Arbitrator through the procedures established by the AAA. The Arbitrator shall have the powers provided under the Colorado Code of Civil Procedure relating to the arbitration of disputes, except as expressly limited or otherwise provided in this Agreement. The parties shall have the right to reasonable discovery as mutually agreed or as determined by the Arbitrator, including at least one deposition each, it being the goal of the parties to resolve any disputes as expeditiously and economically as reasonably practicable. The parties agree to equally share in the payment of the administration costs of the AAA arbitration, including payment of the fees for the Arbitrator, and any other costs directly related to the administration of the arbitration. The parties shall otherwise be responsible for their own respective costs and attorneys fees relating to the dispute, such as deposition costs, expert witnesses and similar expenses, except as otherwise provided in this Agreement to the prevailing party.

The Arbitrator may award, if properly proven, any damages or remedy that a party could recover in a civil litigation, and shall award costs and reasonable attorneys fees to the prevailing party as provided by law. The award of the Arbitrator shall be issued in writing, setting forth the basis for the decision, and shall be binding on the parties to the fullest extent permitted by law, subject to any limited statutory right to appeal as provided by law. Judgment upon the award of the Arbitrator may be entered in any court having proper jurisdiction and enforced as provided by law.

This agreement to arbitrate is freely negotiated between Executive and the Company and is mutually entered into between the parties. Each party understands and agrees that they are giving up certain rights otherwise afforded to them by civil court actions, including but not limited to the right to a jury trial; provided, however, that either party may seek provisional remedies in a court of competent jurisdiction as provided pursuant to applicable law.

11. Captions

The Section captions herein are inserted only as a matter of convenience and reference and in no way define, limit or describe the scope of this Agreement or the intent of any provisions hereof.

12. Compliance with IRC Section 409A

Notwithstanding anything herein to the contrary, (i) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A of the Code) and (ii) if any other payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Board, that does not cause such an accelerated or additional tax. In the event that payments under this Agreement are deferred pursuant to this Section 12 in order to prevent any accelerated tax or additional tax under Section 409A of the Code, then such payments shall be paid at the time specified under this Section 12 without any interest thereon. The Company shall consult with Executive in good faith regarding the implementation of this Section 12; provided that neither the Company nor any of its employees or representatives shall have any liability to Executive with respect thereto. Notwithstanding anything to the contrary herein, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a "Separation from Service" within the meaning of Section 409A of the Code and, for purposes of any such provision of this Agreement, references to a "resignation," "termination," "termination of employment" or like terms shall mean Separation from Service. For purposes of Section 409A of the Code, each payment made under this Agreement shall be designated as a "separate payment" within the meaning of the Section 409A of the Code. Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code: (x) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (y) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred, and (z) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit

13. Entire Agreement

This Agreement contains the entire agreement of the parties relating to the subject matter hereof, and the parties hereto have made no agreements, representations or warranties relating to the subject matter of this Agreement that are not set forth otherwise herein. In this regard, each of the parties represents and warrants to the other party that such party is not relying on any promises or representations that do not appear in writing herein. This Agreement supersedes and replaces any prior agreements that Executive had with the Company. Each of the parties further agrees and understands that this Agreement can be amended or modified only by a written agreement signed by all parties.

14. Notice

All notices and other communications under this Agreement shall be in writing and mailed, telegraphed, telecopied, or delivered by hand (by a party or a recognized courier service) to the other party at the following address (or to such other address as such party may have specified by notice given to the other party pursuant to this provision):

If to the Company:
Muscle Pharm Corp
4721 Ironton Street, Building A
Denver, CO 80239

If to Executive:
John H. Bluher
12981 N 2nd Street
Parker, CO 80134

15. Attorney's Fees

In the event that any party shall bring an action or proceeding in connection with the performance, breach or interpretation of this Agreement, then the prevailing party in any such action or proceeding, as determined by the arbitrator, court or other body having jurisdiction, shall be entitled to recover from the losing party all reasonable costs and expenses of such action or proceeding, including reasonable attorneys' fees, court costs, costs of investigation, expert witness fees and other costs reasonably related to such action or proceeding.

IN WITNESS WHEREOF, this Agreement is executed as of the day and year first above written.

"COMPANY"

MUSCLE PHARM CORP, A Nevada Corporation

By: **/s/ Brad Pyatt**
Brad Pyatt
Chief Executive Officer

and

"EXECUTIVE"

By: **/s/ John H. Bluher**
John H. Bluher

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made as of November 14, 2011, by and between MusclePharm Corporation, a Nevada corporation with offices at 4721 Ironton Street, Building A, Denver, CO 80239 (hereinafter called the "Company"), and Jeremy R. Deluca, residing at 4721 Ironton Street, Building A, Denver, CO 80239 (hereinafter referred to as the "Executive").

WITNESSETH:

WHEREAS, the Company is a healthy life-style company that develops and manufactures a full line of scientifically approved nutritional supplements; and

WHEREAS, the Company's Board of Directors (the "Board" or the "Board of Directors") believes that the Executive possesses the skills and abilities necessary for the Company to meet its current and future objectives; and

WHEREAS, the Executive desires to provide such services to the Company in such capacities, on and subject to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. EMPLOYMENT

Subject to all of the terms and conditions hereof, the Company does hereby employ the Executive and the Executive does hereby accept such employment.

2. TERM

This Agreement shall be effective commencing on November 14, 2011, and shall continue until December 31, 2014 (the "Term"), unless sooner terminated as herein provided including termination under any of the subsections described in Section 7.

3. COMPENSATION

(a) Base Salary. The Company agrees to pay the Executive during the Term hereof an aggregate salary at the annual rate of: (1) the pro-rated portion of One Hundred Twenty Fifty Thousand Dollars ($125,000) for the 2011 calendar year; (2) One Hundred Seventy Five Thousand Dollars ($175,000) for the 2012 calendar year; (3) Two Hundred Twenty Five Thousand Dollars ($225,000) for the 2013 calendar year; (4) Three Hundred Thousand Dollars ($300,000) for the 2014 calendar year. The Company shall make all salary payments in equal bi-weekly installments in arrears. Unless otherwise determined by the Board, Executive's Base Salary at the commencement of the second and each subsequent year shall be adjusted to provide for all cost of living increases. All salary, bonus, or other compensation payable to the Executive shall be subject to the customary withholding, FICA, medical and other tax and other employment taxes and deductions as required by federal, state and local law with respect to compensation paid by an employer to an employee.

(b) Preferred Stock. Notwithstanding the termination provisions contained in Section 7 hereto, the Company shall grant to the Executive:

(1) on the one year anniversary of the date hereof, Five Thousand (5,000) shares of its Series A Preferred Stock (the "Series A Preferred Stock"); and

(2) on the third anniversary of the date hereof, Five Thousand (5,000) shares of its Series A Preferred Stock.

If there is any change in the number or kind of stock outstanding (i) by reason of a stock dividend, spin-off, recapitalization, stock split, or combination or exchange of shares; (ii) by reason of a merger, reorganization, or consolidation; (iii) by reason of a reclassification or change in par value; or (iv) by reason of any other extraordinary or unusual event affecting the outstanding stock, or if the value of outstanding stock is substantially reduced as a result of a spin-off or the Company's payment of an extraordinary dividend or distribution, the number of stock issued, or to be issued, to the Executive pursuant to this Agreement and/or the kind of stock issued, or to be issued, to the Executive pursuant to this Agreement shall be appropriately adjusted by the Company to reflect any increase or decrease in the number of, or change in the kind or value of, issued stock to preclude any dilution to the number or kind of stock issued, or to be issued, to the Executive hereunder.

(c) Bonus. For each one million dollars ($1,000,000) in revenue in excess of the revenue reported for the Company's prior fiscal year in the Company's annual report on Form 10-K, the Executive 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 immediately prior to the date of issuance of such stock. Payments to the Executive pursuant to this Section shall be made within thirty (30) days following the filing of the Company's annual report on Form 10-K for each fiscal year. Additional bonus payments to the Executive, if any, shall be determined by the Board of Directors.

4. DUTIES

The Executive is hereby employed as President and Chief Marketing Officer of the Company and shall perform the following services in connection with the general business of the Company:

(a) Duties as President and Chief Marketing Officer. Except as otherwise determined from time to time by the Board of Directors, Executive shall be involved in all aspects of the day to day business operations of the Company. Executive 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. Executive 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 this Agreement, and shall use his best efforts to advance the best interests of the Company.

(b) Compliance. The Executive hereby agrees to observe and comply with such reasonable rules and regulations of the Company as may be duly adopted from time to time by the Board of Directors and otherwise to carry out and perform those orders, directions and policies stated to him from time to time by the Board of Directors, either as specified in the minutes of the proceedings of the Board of Directors of the Company or otherwise in writing that are reasonably necessary and appropriate to carry out his duties hereunder. Such orders, directions and policies shall be legal and shall be consistent with the Executive's position.

5. EXTENT OF SERVICES

The Executive agrees to serve the Company faithfully and to the best of his ability and shall devote his full time, attention and energies to the business of the Company during customary business hours. The Executive agrees to carry out his duties in a competent and professional manner and to at all times promote the best interests of the Company.

6. BENEFITS AND EXPENSES

During the term of this agreement Executive shall be entitled to, and the Company shall provide, the following benefits in addition to those specified in Section 3:

(a) Vacation. The Executive shall be entitled to 2 weeks vacation in each twelve (12) month period during the Term. Vacation may be taken at such time(s) as Executive may determine provided that such vacation does not interfere with the Company's business operations. The Executive must use his vacation in any event by May 31 of the year next following the year in which the vacation accrues or such vacation time shall expire. The Executive shall not be entitled to compensation for unused vacation except that, upon termination of his employment, the Company shall pay to the Executive for all of his accrued, unexpired vacation time.

(b) Expense Reimbursement. The Company shall reimburse the Executive upon submission of vouchers for his out-of-pocket expenses for travel, entertainment, meals and the like reasonably incurred by him pursuant to his employment hereunder in accordance with the general policy of the Company as adopted by its Board of Directors from time to time.

(c) Health Insurance. The Company shall provide the Executive with health insurance in the coverage consistent with those provided to other key executives of the Company as determined by the Board of Directors from time to time.

(d) Disability. If the Company maintains disability insurance, then the Company shall provide a disability policy for the Executive comparable to the policies in force for other similar executives in the Company. If the Company does not maintain a disability policy, then the Executive may obtain such a policy in amounts equal to his salary and be reimbursed by the Company for all premium payments thereunder.

(e) Other Benefits. The Company shall provide to the Executive other benefits as reasonably determined by the Board from time to time.

7. TERMINATION; DISABILITY; RESIGNATION; TERMINATION WITHOUT CAUSE

(a) Termination for Cause. The Company shall have the right to terminate the Executive's employment hereunder:

(1) For cause upon ten (10) business days' prior written notice to Executive. Upon such termination, Executive shall have no further duties or obligations under this Agreement (except as provided in Section 8) and the obligations of the Company to Executive shall be as set forth below. For purposes of this Agreement, "cause" shall mean:

(A) Executive's conviction of a felony under federal or state law;

(B) Executive's failure to perform (other than as a result of Executive's being Disabled), in any material respect, any of his duties or obligations under or in accordance with this Agreement and either (i) the Executive fails to cure such failure within ten (10) business days following receipt of notice from the Company, or (ii) if such failure by its nature cannot be cured within such ten business day period, the Executive fails to commence to cure such failure within such ten business day period and proceed to cure such failure within thirty (30) days thereafter.

(C) Executive commits any dishonest, malicious or grossly negligent act which is materially detrimental to the business or reputation of the Company, or the Company's business relationships, provided, however, that in such event the Company shall give the Executive written notice specifying in reasonable detail the reason for the termination.

Notwithstanding the foregoing, the Executive may, within ten (10) business days following delivery of the notice of termination referred to in the preceding paragraph, by written notice to the Board of Directors, cause the matter of the termination of his employment by the Company to be discussed at the next regularly scheduled meeting of the Board of Directors or at a special meeting of the Board of Directors requested by a majority of the members of the Board of Directors who are not employees of the Company or any of its subsidiaries. The Executive shall be entitled to be present and to be represented by counsel at such meeting which shall be conducted according to a procedure deemed equitable by a majority of the directors present. If, at such meeting, it shall be determined that the employment of the Executive had been terminated without proper cause, the provisions of this Agreement shall be reinstated with the same force and effect as if the notice of termination had not been given; and the Executive shall be entitled to receive the compensation and other benefits provided herein for the period from the date of the delivery of the notice of termination through the date of such reinstatement.

In the event, the Company terminates the Executive's employment for cause, then the Executive shall be entitled to receive through the end of the Term: (1) his base salary as defined in Section 3(a) hereof; and (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation

In the event that Executive's employment is terminated by the Company without cause including but not limited to an involuntary change in position or termination of the Executive as a result of a material breach of this Agreement by the Company, Executive shall receive from the Company, through the end of the Term: (1) his base salary as defined in Section 3(a) hereof; (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(b) Disability. The Company shall have the right to terminate the Executive's employment hereunder:

(1) By reason of the Executive's becoming Disabled for an aggregate period of ninety (90) days in any consecutive three hundred sixty (360) day period (the "Disability Period").

(A) "Disabled" as used in this Agreement means that, by reason of physical or mental incapacity, Executive shall fail or be unable to substantially perform the customary duties of his employment.

(B) If the existence of a disability is in dispute, it shall be resolved by two physicians, one appointed by Executive and one appointed by the Board of Directors of the Company. If the two physicians so selected cannot agree as to whether or not Executive is Disabled as defined in subsection (A) above, the two physicians so selected shall designate a third physician and a majority of the three physicians so selected shall determine whether or not Executive is Disabled.

(C) In the event Executive is Disabled, during the period of such disability he shall continue to receive his base compensation in the amount set forth in Section 3(a) hereof, which base compensation shall be reduced by the amount of all disability benefits he actually receives under any disability insurance program in place with the Company until the first to occur of (1) the cessation of the Disability or (2) the termination of this Agreement by the Company at any time after the Disability Period. During the period of Disability and prior to termination, the Executive shall continue to receive the benefits provided in Section 6 hereof and shall have the right to exercise options to purchase shares of the Company's common stock in accordance with the 2007 Plan.

(D) For the purposes of this Section 7(b), any amounts to be paid to Executive by the Company pursuant to subsection (C) above, shall not be reduced by any disability income insurance proceeds received by him under any disability insurance policies owned or paid for by the Executive.

(E) If the Executive is terminated at the end of the Disability Period, then the Executive shall receive through the end of the Term: (1) his base salary as defined in Section 3(a) hereof; (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation;; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(c) Death. The Company's employment of the Executive shall terminate upon his death and all payments and benefits shall cease upon such date provided, however, that under this Agreement the estate of such Executive shall be entitled to receive through the date of termination (1) his base salary as defined in Section 3(a) hereof, (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation;; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(d) Termination by the Executive.

The Executive may elect, by written notice to the Company, such notice to be effective immediately upon receipt by the Company, to terminate his employment hereunder if:

(1) The Company sells all or substantially all of its assets;

(2) The Company merges or consolidates with another business entity in a transaction immediately following which the holders of all of the outstanding shares of the voting capital stock of the Company own less than a majority of the outstanding shares of the voting capital stock of the resulting entity (whether or not the resulting entity is the Company); provided, however, that the Executive shall not be permitted to terminate his employment under this subsection unless he notifies the Company in writing that he does not approve of the directors selected to serve on the Board after the merger or similar transaction described herein;

(3) More than fifty (50%) percent of the outstanding shares of the voting capital stock of the Company are acquired by a person or group (as such terms are used in Section 13(d) of the Securities Exchange Act of 1934, as amended), which person or group includes neither the Executive nor the holders of the majority of the outstanding shares of the voting capital stock of the Company on the date hereof; provided, however, that the Executive shall not be permitted to terminate his employment under this subsection unless he notifies the Company in writing that he does not approve of the directors selected to serve on the Board after the merger or similar transaction described herein;

(4) The Company assigns to the Executive duties that are not commensurate with the position for which he is being hired pursuant hereto;

(5) The Company defaults in making any of the payments required under this Agreement and said default continues for a thirty (30) day period after the Executive has given the Company written notice of the payment default.

If the Executive elects to terminate his employment hereunder pursuant to this Section 7(d), then (1) the Company shall continue to pay to the Executive his salary as provided in Section 3(a) hereof through the end of the Term; (2) the Company shall continue to provide to the Executive the benefits provided in Section 6 hereof through the end of the Term; and (3) the Company shall provide Executive an additional two weeks' pay of the Executive's then current Base Salary.

(e) Resignation. If the Executive voluntarily resigns during the term of this Agreement other than pursuant to Section 7(d) hereof, then all payments and benefits shall cease on the effective date of resignation, provided that under this Agreement the Executive shall be entitled to receive through the date of such resignation: (1) his base salary as defined in Section 3(a) hereof, (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(f) Mitigation. In the event of the termination of this Agreement by the Executive as a result of a material breach by the Company of any of its obligations hereunder, or in the event of the termination of the Executive's employment by the Company in breach of this Agreement, the Executive shall not be required to seek other employment in order to mitigate his damages hereunder.

8. CONFIDENTIALITY; RESTRICTIVE COVENANTS; NON COMPETITION

(a) Non-Disclosure of Information.

(1) The Executive recognizes and acknowledges that by virtue of his position as a key executive, he will have access to the lists of the Company's referral sources, suppliers, advertisers and customers, financial records and business procedures, sales force and personnel, programs, software, selling practices, plans, special methods and processes for electronic data processing, special techniques for testing commercial and sales materials and products, custom research services in product development, marketing strategy, product manufacturing techniques and formulas, and other unique business information and records (collectively "Proprietary Information"), as same may exist from time to time, and that they are valuable, special and unique assets of the Company's business. The Executive also may develop on behalf of the Company a personal acquaintance with the present and potential future clients and customers of the Company, and the Executive's acquaintance may constitute the Company's sole contact with such clients and customers.

(2) The Executive will not during the Term of his employment, and at any time following the end of the Term of or earlier termination of this Agreement regardless of the reason therefor, disclose trade secrets or other confidential information about the Company, including but not limited to Proprietary Information, to any person, firm, corporation, association or other entity for any reason or any purpose whatsoever or utilize such Proprietary Information for his own benefit or the benefit of any third party; provided, however, that nothing contained herein shall prohibit the Executive from using his personal acquaintance with any clients or customers of the Company at any time in a manner that is not inconsistent with their remaining as clients or customers of the Company.

(3) All equipment, records, files, memoranda, computer print-outs and data, reports, correspondence and the like, relating to the business of the Company which Executive shall use or prepare or come into contact with shall remain the sole property of the Company. The Executive shall immediately turn over to the Company all such material in Executive's possession, custody or control at such time as this Agreement is terminated.

(4) "Proprietary Information" shall not include information that was a matter of public knowledge on the date of this Agreement or subsequently becomes public knowledge other than as a result of having been revealed, disclosed or disseminated by Executive, directly or indirectly, in violation of this Agreement.

(b) Enforcement. In view of the foregoing, the Executive acknowledges and agrees that it is reasonable and necessary for the protection of the good will, business, trade secrets, confidential information and Proprietary Information of the Company that he makes the covenants in this Section 8 and that the Company will suffer irreparable injury if the Executive engages in the conduct prohibited by Section 8(a) of this Agreement. The Executive agrees that upon a breach, threatened breach or violation by him of any of the foregoing provisions of this Section 8, the Company, in addition to all other remedies it may have including an action at law for damages, shall be entitled as a matter of right to injunctive relief, specific performance or any other form of equitable relief in any court of competent jurisdiction without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law, to enjoin and restrain the Executive and each and every other person, partnership, association, corporation or organization acting in concert with the Executive, from the continuance of any action constituting such breach. The Company shall also be entitled to recover from the Executive all of its reasonable costs incurred in the enforcement of this Section 8 including its reasonable legal fees. The Executive acknowledges that the terms of Section 8(a) are reasonable and enforceable and that, should there be a violation or attempted or threatened violation by the Executive of any of the provisions contained in these subsections, the Company shall be entitled to relief by way of injunction, specific performance or other form of equitable relief. In the event that any of the foregoing covenants in Sections 8(a) shall be deemed by any court of competent jurisdiction, in any proceedings in which the Company shall be a party, to be unenforceable because of its duration, scope, or area, it shall be deemed to be and shall be amended to conform to the scope, period of time and geographical area which would permit it to be enforced.

(e) Independent Covenants. The Company and the Executive agree that the covenants contained in this Section 8 shall each be construed as a separate agreement independent of any of the other terms and conditions of this Agreement, and the existence of any claim by the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense by the Executive to the Company's enforcement of any of the covenants of this Section 8.

(f) Exclusion from Arbitration. The terms and conditions of this Section 8 including the enforcement thereof by the Company are specifically excluded from the arbitration of all other matters under this Agreement as provided in Section 13 hereof.

9. DISCLOSURE AND ASSIGNMENT OF RIGHTS.

(a) Disclosure. The Executive agrees that he will promptly assign to the Company or its nominee(s) all right, title and interest of the Executive in and to any and all ideas, inventions, discoveries, secret processes, and methods and improvements, together with any and all patents or other forms of intellectual property protection that may be obtainable in connection therewith or that may be issued thereon, such as trademarks, service marks and copyrights, in the United States and in all foreign countries, which the Executive may invent, develop, or improve or cause to be invented developed or improved, on behalf of the Company while engaged in Company related decisions, during the Term or within six (6) months after the Term or earlier termination of this Agreement, which are or were related to the scope of the Company's business or any work carried on by the Company or to any problems and projects specifically assigned to the Executive. All works and writings which relate to the Company's business are works for hire, and any and all copyrights therefor shall be placed in the name of and inure to the benefit of the Company.

(b) Assignment of Interest. The Executive agrees to disclose immediately to duly authorized representatives of the Company any ideas, inventions, discoveries, processes, methods and improvements covered by the terms of this Section 9 and to execute, at the Company's expense, all documents reasonably required in connection with the Company's application for appropriate protection and registration under the federal and foreign patent, trademark, and copyright law and the assignment thereof to the Company's nominee (s). The Executive hereby appoints the Company's Chairman as true and lawful attorney in fact with full powers of substitution and delegation to execute acknowledge and deliver any such instruments and assignments, which the Executive shall fail or refuse to execute or deliver.

10. INDEMNIFICATION.

The Company shall indemnify the Executive to the maximum extent permitted under the Nevada Revised Statutes, or any successor thereto, and shall promptly advance any expenses incurred by the Executive prior to the final disposition of the proceeding to which such indemnity relates upon receipt from the Executive of a written undertaking to repay the amount so advanced if it shall be determined ultimately that the Executive is not entitled to indemnity under the standards set forth in the Nevada Revised Statutes or its successor. The Employer shall use commercially reasonable efforts to obtain and maintain throughout the Term of the employment of the Executive hereunder directors' and officers' liability insurance for the benefit of the Executive. The indemnification obligations of the Company under this Section 10 shall survive the termination of the Term or of this Agreement for any reason whatsoever unless the Agreement is terminated for cause.

11. NOTICES.

(a) Any and all notices or other communications given under this Agreement shall be in writing and shall be deemed to have been duly given on (1) the date of delivery, if delivered in person to the addressee, (2) the next business day if sent by overnight courier, or (3) three (3) days after mailing, if mailed within the continental United States, postage prepaid, by certified or registered mail, return receipt requested, to the party entitled to receive same, at his or its address set forth below:

If to the Company:

MusclePharm Corporation
4721 Ironton Street, Building A
Denver, CO 90839
Attention: Brad J. Pyatt
Telephone: (303) 396-6100

If to the Executive:

Jeremy R. Deluca
4721 Ironton Street, Building A
Denver, CO 80239

(b) The parties may designate by notice to each other any new address for the purposes of this Agreement as provided in this Section 11.

12. MISCELLANEOUS PROVISIONS

(a) Applicable Law. This document shall, in all respects, be governed by the laws of the State of Colorado excluding any conflicts of law provisions. The parties acknowledge that substantially all of the negotiations relating to this Agreement were conducted in, and that this Agreement has been executed by both parties in State of Colorado.

(b) Survival. The parties agree that the covenants contained in Section 3 hereof shall survive any termination of employment by the Executive and any termination of this Agreement. In addition, the parties agree that any compensation or right which shall have accrued to the Executive as of the date of any termination of employment or termination hereof shall survive any such termination and shall be paid when due to the extent accrued on the date of such termination.

(c) Assignability. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties and their respective heirs, personal representatives, successors and assigns. The obligations of the Executive may not be delegated, except as set forth herein, however, and the Executive may not, without the Company's written consent thereto, assign, transfer, convey, pledge, encumber, hypothecate or otherwise dispose of this Agreement or any interest therein. Any such attempted delegation or disposition shall be null and void and without effect. The Company and the Executive agree that this Agreement and all of the Company's rights and obligations hereunder may be assigned or transferred by the Company to and may be assumed by and become binding upon and may inure to the benefit of any affiliate of or successor to the Company. The term "successor" shall mean, with respect to the Company or any of its subsidiaries, and any other corporation or other business entity which, by merger, consolidation, purchase of the assets, or otherwise, acquires all or a material part of the assets of the Company. Any assignment by the Company of its rights and obligations hereunder to any affiliate of or successor shall not be considered a termination of employment for purposes of this Agreement.

(d) Modifications or Amendments. No amendment, change or modification of this document shall be valid unless in writing and signed by each of the parties herein.

(e) Waiver. No reliance upon or waiver of one or more provisions of this Agreement shall constitute a waiver of any other provisions hereof.

(f) Severability. If any provision of this Agreement as applied to either party or to any circumstances shall be adjudged by a court of competent jurisdiction to be void or unenforceable, the same shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement. If any court construes any of the provisions to be unreasonable because of the duration of such provision or the geographic or other scope thereof, such court may reduce the duration or restrict the geographic or other scope of such provision and enforce such provision as so reduced or restricted.

(g) Separate Counterparts. This document may be executed in one or more separate counterparts, each of which, when so executed, shall be deemed to be an original. Such counterparts shall, together, constitute and shall be one and the same instrument.

(h) Headings. The captions appearing at the commencement of the sections hereof are descriptive only and are for convenience of reference. Should there be any conflict between any such caption and the section at the head of which it appears the substantive provisions of such section and not such caption shall control and govern in the construction of this document.

(i) Specific Performance. It is agreed that the rights granted to the parties hereunder are of a special and unique kind and character and that, if there is a breach by either party of any material provision of this document, the other party would not have any adequate remedy at law. It is expressly agreed, therefore, that the rights of the parties may be enforced by an action for specific performance and other equitable relief.

(j) Further Assurances. Each of the parties shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out their intentions as set forth herein.

(k) Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to the subject matter of this Agreement, and any and all prior agreements, understandings or representations are hereby terminated and canceled in their entirety.

(l) Neutral Construction. Neither party may rely on any drafts of this Agreement in any interpretation of the Agreement. Each party to this Agreement has reviewed this Agreement and has participated in its drafting and, accordingly, neither party shall attempt to invoke the normal rule of construction to the effect that ambiguities are to be resolved against the drafting party in any interpretation of this Agreement.

(m) Attorneys' Fees. In the event that either party hereto commences litigation against the other to enforce such party's rights hereunder, the prevailing party shall be entitled to recover all costs, expenses and fees, including reasonable attorneys' fees (including in-house counsel), paralegals' fees, and legal assistants' fees through all appeals.

13. SUBMISSION TO ARBITRATION .

Except as hereinafter expressly provided, every difference or dispute, of whatever nature, between the Company and the Executive involving (1) any breach of this Agreement or (2) any other difference or dispute arising out of, related to, under or having any connection with this Agreement, shall be settled and finally determined by arbitration in Denver, Colorado in accordance with the then current commercial arbitration rules of the American Arbitration Association, and judgment upon any award rendered may be entered in any court having jurisdiction, including but not limited to the courts of the State of Colorado, and the determination of such arbitration proceeding shall be binding and conclusive upon the parties. Any claim by the Company against the Executive arising out of, under, or related to, Section 8 of this Agreement, whether for equitable relief or monetary damages or any combination, is specifically excluded from arbitration under this Section 13.

[-signature page follows-]

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

MUSCLEPHARM CORPORATION

By: /s/ Brad J. Pyatt
Name: Brad J. Pyatt
Chief Executive Officer

EXECUTIVE

/s/ Jeremy DeLuca
Jeremy DeLuca

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is made as of November 14, 2011, by and between MusclePharm Corporation, a Nevada corporation with offices at 4721 Ironton Street, Building A, Denver, CO 90839 (hereinafter called the "Company"), and Brad J. Pyatt, residing at 4721 Ironton Street, Building A, Denver, CO 80239 (hereinafter referred to as the "Executive"). This Agreement amends, restates and replaces in its entirety, the Original Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, the Company is a healthy life-style company that develops and manufactures a full line of scientifically approved nutritional supplements; and

WHEREAS, the Company's Board of Directors (the "Board" or the "Board of Directors") believes that the Executive possesses the skills and abilities necessary for the Company to meet its current and future objectives; and

WHEREAS, the Executive desires to provide such services to the Company in such capacities, on and subject to the terms and conditions hereof;

WHEREAS, on August 15, 2011, the Company and the Executive entered into an employment agreement (the "Original Agreement");

WHEREAS, the Company and the Executive wish to amend and restate the Original Agreement in order to amend inter alia, certain terms as they relate to executive compensation and bonus payments;

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. EMPLOYMENT

Subject to all of the terms and conditions hereof, the Company does hereby employ the Executive and the Executive does hereby accept such employment.

2. TERM

This Agreement shall be effective retroactively commencing on January 1, 2011 and shall continue until December 31, 2015 (the "Term"), unless sooner terminated as herein provided including termination under any of the subsections described in Section 7.

3. COMPENSATION

(a) Base Salary. The Company agrees to pay the Executive during the Term hereof an aggregate salary at the annual rate of: (1) Two Hundred Fifty Thousand Dollars ($250,000) for the 2011 calendar year; (2) Three Hundred Fifty Thousand Dollars ($350,000) for the 2012 calendar year; (3) Four Hundred Thousand Dollars ($400,000) for the 2013 calendar year; (4) Four Hundred Fifty Thousand Dollars ($450,000) for the 2014 calendar year; and (5) Five Hundred Thousand Dollars ($500,000) for the 2015 calendar year. The Company shall make all salary payments in equal bi-weekly installments in arrears. Unless otherwise determined by the Board, Executive's Base Salary at the commencement of the second and each subsequent year shall be adjusted to provide for all cost of living increases. All salary, bonus, or other compensation payable to the Executive shall be subject to the customary withholding, FICA, medical and other tax and other employment taxes and deductions as required by federal, state and local law with respect to compensation paid by an employer to an employee.

(b) Preferred Stock. As of the date of the Original Agreement, the Company granted to the Executive thirty one (31) shares of its Series B Preferred Stock (the "Series B Preferred Stock"). Notwithstanding the termination provisions contained in Section 7 hereto, the Company shall grant to the Executive, on the third (3rd) anniversary of the date thereof, ten thousand (10,000) shares of its Series A Preferred Stock (together with the Series B Preferred Stock, the "Stock").

If there is any change in the number or kind of Stock outstanding (i) by reason of a stock dividend, spin-off, recapitalization, stock split, or combination or exchange of shares; (ii) by reason of a merger, reorganization, or consolidation; (iii) by reason of a reclassification or change in par value; or (iv) by reason of any other extraordinary or unusual event affecting the outstanding Stock, or if the value of outstanding Stock is substantially reduced as a result of a spin-off or the Company's payment of an extraordinary dividend or distribution, the number of Stock issued, or to be issued, to the Executive pursuant to this Agreement and/or the kind of Stock issued, or to be issued, to the Executive pursuant to this Agreement shall be appropriately adjusted by the Company to reflect any increase or decrease in the number of, or change in the kind or value of, issued Stock to preclude any dilution to the number or kind of Stock issued, or to be issued, to the Executive hereunder.

(c) Bonus. For each one million dollars ($1,000,000) in revenue in excess of the revenue reported for the Company's prior fiscal year in the Company's annual report on Form 10-K, the Executive 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 immediately prior to the date of issuance of such stock. Payments to the Executive pursuant to this Section shall be made within thirty (30) days following the filing of the Company's annual report on Form 10-K for each fiscal year. Additional bonus payments to the Executive, if any, shall be determined by the Board of Directors.

4. DUTIES

The Executive is hereby employed as Chief Executive Officer of the Company and shall perform the following services in connection with the general business of the Company:

(a) Duties as Chief Operating Officer. Except as otherwise determined from time to time by the Board of Directors, Executive shall be involved in all aspects of the day to day business operations of the Company. Executive 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. Executive 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 this Agreement, and shall use his best efforts to advance the best interests of the Company..

(b) Location. Executive acknowledges that Executive will work primarily in the Company's principal place of business and Executive hereby agrees that he will make himself available to travel to any other location deemed reasonably necessary by the Board of Directors in order to fulfill Executive's duties.

(b) Compliance. The Executive hereby agrees to observe and comply with such reasonable rules and regulations of the Company as may be duly adopted from time to time by the Board of Directors and otherwise to carry out and perform those orders, directions and policies stated to him from time to time by the Board of Directors, either as specified in the minutes of the proceedings of the Board of Directors of the Company or otherwise in writing that are reasonably necessary and appropriate to carry out his duties hereunder. Such orders, directions and policies shall be legal and shall be consistent with the Executive's position.

5. EXTENT OF SERVICES

The Executive agrees to serve the Company faithfully and to the best of his ability and shall devote his full time, attention and energies to the business of the Company during customary business hours. The Executive agrees to carry out his duties in a competent and professional manner and to at all times promote the best interests of the Company.

6. BENEFITS AND EXPENSES

During the term of this agreement Executive shall be entitled to, and the Company shall provide, the following benefits in addition to those specified in Section 3:

(a) Vacation. The Executive shall be entitled to 2 weeks vacation in each twelve (12) month period during the Term. Vacation may be taken at such time(s) as Executive may determine provided that such vacation does not interfere with the Company's business operations. The Executive must use his vacation in any event by May 31 of the year next following the year in which the vacation accrues or such vacation time shall expire. The Executive shall not be entitled to compensation for unused vacation except that, upon termination of his employment, the Company shall pay to the Executive for all of his accrued, unexpired vacation time.

(b) Expense Reimbursement. The Company shall reimburse the Executive upon submission of vouchers for his out-of-pocket expenses for travel, entertainment, meals and the like reasonably incurred by him pursuant to his employment hereunder in accordance with the general policy of the Company as adopted by its Board of Directors from time to time.

(c) Health Insurance. The Company shall provide the Executive with health insurance in the coverage consistent with those provided to other key executives of the Company as determined by the Board of Directors from time to time.

(d) Disability. If the Company maintains disability insurance, then the Company shall provide a disability policy for the Executive comparable to the policies in force for other similar executives in the Company. If the Company does not maintain a disability policy, then the Executive may obtain such a policy in amounts equal to his salary and be reimbursed by the Company for all premium payments thereunder.

(e) Other Benefits. The Company shall provide to the Executive other benefits as reasonably determined by the Board from time to time.

7. TERMINATION; DISABILITY; RESIGNATION; TERMINATION WITHOUT CAUSE

(a) Termination for Cause. The Company shall have the right to terminate the Executive's employment hereunder:

(1) For cause upon ten (10) business days' prior written notice to Executive. Upon such termination, Executive shall have no further duties or obligations under this Agreement (except as provided in Section 8) and the obligations of the Company to Executive shall be as set forth below. For purposes of this Agreement, "cause" shall mean:

(A) Executive's conviction of a felony under federal or state law;

(B) Executive's failure to perform (other than as a result of Executive's being Disabled), in any material respect, any of his duties or obligations under or in accordance with this Agreement and either (i) the Executive fails to cure such failure within ten (10) business days following receipt of notice from the Company, or (ii) if such failure by its nature cannot be cured within such ten business day period, the Executive fails to commence to cure such failure within such ten business day period and proceed to cure such failure within thirty (30) days thereafter.

(C) Executive commits any dishonest, malicious or grossly negligent act which is materially detrimental to the business or reputation of the Company, or the Company's business relationships, provided, however, that in such event the Company shall give the Executive written notice specifying in reasonable detail the reason for the termination.

Notwithstanding the foregoing, the Executive may, within ten (10) business days following delivery of the notice of termination referred to in the preceding paragraph, by written notice to the Board of Directors, cause the matter of the termination of his employment by the Company to be discussed at the next regularly scheduled meeting of the Board of Directors or at a special meeting of the Board of Directors requested by a majority of the members of the Board of Directors who are not employees of the Company or any of its subsidiaries. The Executive shall be entitled to be present and to be represented by counsel at such meeting which shall be conducted according to a procedure deemed equitable by a majority of the directors present. If, at such meeting, it shall be determined that the employment of the Executive had been terminated without proper cause, the provisions of this Agreement shall be reinstated with the same force and effect as if the notice of termination had not been given; and the Executive shall be entitled to receive the compensation and other benefits provided herein for the period from the date of the delivery of the notice of termination through the date of such reinstatement.

In the event, the Company terminates the Executive's employment for cause, then the Executive shall be entitled to receive through the end of the Term: (1) his base salary as defined in Section 3(a) hereof; and (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation.

In the event that Executive's employment is terminated by the Company without cause including but not limited to an involuntary change in position or termination of the Executive as a result of a material breach of this Agreement by the Company, Executive shall receive from the Company, through the end of the Term: (1) his base salary as defined in Section 3(a) hereof; (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(b) Disability. The Company shall have the right to terminate the Executive's employment hereunder:

(1) By reason of the Executive's becoming Disabled for an aggregate period of ninety (90) days in any consecutive three hundred sixty (360) day period (the "Disability Period").

(A) "Disabled" as used in this Agreement means that, by reason of physical or mental incapacity, Executive shall fail or be unable to substantially perform the customary duties of his employment.

(B) If the existence of a disability is in dispute, it shall be resolved by two physicians, one appointed by Executive and one appointed by the Board of Directors of the Company. If the two physicians so selected cannot agree as to whether or not Executive is Disabled as defined in subsection (A) above, the two physicians so selected shall designate a third physician and a majority of the three physicians so selected shall determine whether or not Executive is Disabled.

(C) In the event Executive is Disabled, during the period of such disability he shall continue to receive his base compensation in the amount set forth in Section 3(a) hereof, which base compensation shall be reduced by the amount of all disability benefits he actually receives under any disability insurance program in place with the Company until the first to occur of (1) the cessation of the Disability or (2) the termination of this Agreement by the Company at any time after the Disability Period. During the period of Disability and prior to termination, the Executive shall continue to receive the benefits provided in Section 6 hereof and shall have the right to exercise options to purchase shares of the Company's common stock in accordance with the 2007 Plan.

(D) For the purposes of this Section 7(b), any amounts to be paid to Executive by the Company pursuant to subsection (C) above, shall not be reduced by any disability income insurance proceeds received by him under any disability insurance policies owned or paid for by the Executive.

(E) If the Executive is terminated at the end of the Disability Period, then the Executive shall receive through the end of the Term: (1) his base salary as defined in Section 3(a) hereof; (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation;; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(c) Death. The Company's employment of the Executive shall terminate upon his death and all payments and benefits shall cease upon such date provided, however, that under this Agreement the estate of such Executive shall be entitled to receive through the date of termination (1) his base salary as defined in Section 3(a) hereof, (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation;; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(d) Termination by the Executive.

The Executive may elect, by written notice to the Company, such notice to be effective immediately upon receipt by the Company, to terminate his employment hereunder if:

(1) The Company sells all or substantially all of its assets;

(2) The Company merges or consolidates with another business entity in a transaction immediately following which the holders of all of the outstanding shares of the voting capital stock of the Company own less than a majority of the outstanding shares of the voting capital stock of the resulting entity (whether or not the resulting entity is the Company); provided, however, that the Executive shall not be permitted to terminate his employment under this subsection unless he notifies the Company in writing that he does not approve of the directors selected to serve on the Board after the merger or similar transaction described herein;

(3) More than fifty (50%) percent of the outstanding shares of the voting capital stock of the Company are acquired by a person or group (as such terms are used in Section 13(d) of the Securities Exchange Act of 1934, as amended), which person or group includes neither the Executive nor the holders of the majority of the outstanding shares of the voting capital stock of the Company on the date of the Original Agreement; provided, however, that the Executive shall not be permitted to terminate his employment under this subsection unless he notifies the Company in writing that he does not approve of the directors selected to serve on the Board after the merger or similar transaction described herein;

(4) The Company assigns to the Executive duties that are not commensurate with the position for which he is being hired pursuant hereto;

(5) The Company defaults in making any of the payments required under this Agreement and said default continues for a thirty (30) day period after the Executive has given the Company written notice of the payment default.

If the Executive elects to terminate his employment hereunder pursuant to this Section 7(d), then (1) the Company shall continue to pay to the Executive his salary as provided in Section 3(a) hereof through the end of the Term; (2) the Company shall continue to provide to the Executive the benefits provided in Section 6 hereof through the end of the Term; and (3) the Company shall provide Executive an additional two weeks' pay of the Executive's then current Base Salary.

(e) Resignation. If the Executive voluntarily resigns during the term of this Agreement other than pursuant to Section 7(d) hereof, then all payments and benefits shall cease on the effective date of resignation, provided that under this Agreement the Executive shall be entitled to receive through the date of such resignation: (1) his base salary as defined in Section 3(a) hereof, (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation;; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(f) Mitigation. In the event of the termination of this Agreement by the Executive as a result of a material breach by the Company of any of its obligations hereunder, or in the event of the termination of the Executive's employment by the Company in breach of this Agreement, the Executive shall not be required to seek other employment in order to mitigate his damages hereunder.

8. CONFIDENTIALITY; RESTRICTIVE COVENANTS; NON COMPETITION

(a) Non-Disclosure of Information. (1) The Executive recognizes and acknowledges that by virtue of his position as a key executive, he will have access to the lists of the Company's referral sources, suppliers, advertisers and customers, financial records and business procedures, sales force and personnel, programs, software, selling practices, plans, special methods and processes for electronic data processing, special techniques for testing commercial and sales materials and products, custom research services in product development, marketing strategy, product manufacturing techniques and formulas, and other unique business information and records (collectively "Proprietary Information"), as same may exist from time to time, and that they are valuable, special and unique assets of the Company's business. The Executive also may develop on behalf of the Company a personal acquaintance with the present and potential future clients and customers of the Company, and the Executive's acquaintance may constitute the Company's sole contact with such clients and customers.

(a)(2) The Executive will not during the Term of his employment, and at any time following the end of the Term of or earlier termination of this Agreement regardless of the reason therefor, disclose trade secrets or other confidential information about the Company, including but not limited to Proprietary Information, to any person, firm, corporation, association or other entity for any reason or any purpose whatsoever or utilize such Proprietary Information for his own benefit or the benefit of any third party; provided, however, that nothing contained herein shall prohibit the Executive from using his personal acquaintance with any clients or customers of the Company at any time in a manner that is not inconsistent with their remaining as clients or customers of the Company.

(a)(3) All equipment, records, files, memoranda, computer print-outs and data, reports, correspondence and the like, relating to the business of the Company which Executive shall use or prepare or come into contact with shall remain the sole property of the Company. The Executive shall immediately turn over to the Company all such material in Executive's possession, custody or control at such time as this Agreement is terminated.

(a)(4) "Proprietary Information" shall not include information that was a matter of public knowledge on the date of this Agreement or subsequently becomes public knowledge other than as a result of having been revealed, disclosed or disseminated by Executive, directly or indirectly, in violation of this Agreement.

(b) Enforcement. In view of the foregoing, the Executive acknowledges and agrees that it is reasonable and necessary for the protection of the good will, business, trade secrets, confidential information and Proprietary Information of the Company that he makes the covenants in this Section 8 and that the Company will suffer irreparable injury if the Executive engages in the conduct prohibited by Section 8 (a) of this Agreement. The Executive agrees that upon a breach, threatened breach or violation by him of any of the foregoing provisions of this Section 8, the Company, in addition to all other remedies it may have including an action at law for damages, shall be entitled as a matter of right to injunctive relief, specific performance or any other form of equitable relief in any court of competent jurisdiction without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law, to enjoin and restrain the Executive and each and every other person, partnership, association, corporation or organization acting in concert with the Executive, from the continuance of any action constituting such breach. The Company shall also be entitled to recover from the Executive all of its reasonable costs incurred in the enforcement of this Section 8 including its reasonable legal fees. The Executive acknowledges that the terms of Section 8(a) are reasonable and enforceable and that, should there be a violation or attempted or threatened violation by the Executive of any of the provisions contained in these subsections, the Company shall be entitled to relief by way of injunction, specific performance or other form of equitable relief. In the event that any of the foregoing covenants in Sections 8 (a) shall be deemed by any court of competent jurisdiction, in any proceedings in which the Company shall be a party, to be unenforceable because of its duration, scope, or area, it shall be deemed to be and shall be amended to conform to the scope, period of time and geographical area which would permit it to be enforced.

(e) Independent Covenants. The Company and the Executive agree that the covenants contained in this Section 8 shall each be construed as a separate agreement independent of any of the other terms and conditions of this Agreement, and the existence of any claim by the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense by the Executive to the Company's enforcement of any of the covenants of this Section 8.

(f) Exclusion from Arbitration. The terms and conditions of this Section 8 including the enforcement thereof by the Company are specifically excluded from the arbitration of all other matters under this Agreement as provided in Section 13 hereof.

9. DISCLOSURE AND ASSIGNMENT OF RIGHTS.

(a) Disclosure. The Executive agrees that he will promptly assign to the Company or its nominee(s) all right, title and interest of the Executive in and to any and all ideas, inventions, discoveries, secret processes, and methods and improvements, together with any and all patents or other forms of intellectual property protection that may be obtainable in connection therewith or that may be issued thereon, such as trademarks, service marks and copyrights, in the United States and in all foreign countries, which the Executive may invent, develop, or improve or cause to be invented developed or improved, on behalf of the Company while engaged in Company related decisions, during the Term or within six (6) months after the Term or earlier termination of this Agreement, which are or were related to the scope of the Company's business or any work carried on by the Company or to any problems and projects specifically assigned to the Executive. All works and writings which relate to the Company's business are works for hire, and any and all copyrights therefor shall be placed in the name of and inure to the benefit of the Company.

(b) Assignment of Interest. The Executive agrees to disclose immediately to duly authorized representatives of the Company any ideas, inventions, discoveries, processes, methods and improvements covered by the terms of this Section 9 and to execute, at the Company's expense, all documents reasonably required in connection with the Company's application for appropriate protection and registration under the federal and foreign patent, trademark, and copyright law and the assignment thereof to the Company's nominee (s). The Executive hereby appoints the Company's Chairman as true and lawful attorney in fact with full powers of substitution and delegation to execute acknowledge and deliver any such instruments and assignments, which the Executive shall fail or refuse to execute or deliver.

10. INDEMNIFICATION.

The Company shall indemnify the Executive to the maximum extent permitted under the Nevada Revised Statutes, or any successor thereto, and shall promptly advance any expenses incurred by the Executive prior to the final disposition of the proceeding to which such indemnity relates upon receipt from the Executive of a written undertaking to repay the amount so advanced if it shall be determined ultimately that the Executive is not entitled to indemnity under the standards set forth in the Nevada Revised Statutes or its successor. The Employer shall use commercially reasonable efforts to obtain and maintain throughout the Term of the employment of the Executive hereunder directors' and officers' liability insurance for the benefit of the Executive. The indemnification obligations of the Company under this Section 10 shall survive the termination of the Term or of this Agreement for any reason whatsoever unless the Agreement is terminated for cause.

11. NOTICES.

(a) Any and all notices or other communications given under this Agreement shall be in writing and shall be deemed to have been duly given on (1) the date of delivery, if delivered in person to the addressee, (2) the next business day if sent by overnight courier, or (3) three (3) days after mailing, if mailed within the continental United States, postage prepaid, by certified or registered mail, return receipt requested, to the party entitled to receive same, at his or its address set forth below:

If to the Company:

MusclePharm Corporation
4721 Ironton Street, Building A
Denver, CO 90839
Attention: Brad J. Pyatt
Telephone: (303) 396-6100
Email: brad.pyatt@musclepharm.com

With a copy to (which shall not constitute notice):

Lucosky Brookman LLP
33 Wood Avenue South, 6th floor
Iselin, NJ 08830
Attn: Joseph M. Lucosky, Esq.
Fax No.: (732) 395-4401

If to the Executive:

Brad J. Pyatt
4721 Ironton Street, Building A
Denver, CO 90839

(b) The parties may designate by notice to each other any new address for the purposes of this Agreement as provided in this Section 11.

12. MISCELLANEOUS PROVISIONS

(a) Applicable Law. This document shall, in all respects, be governed by the laws of the State of Colorado excluding any conflicts of law provisions. The parties acknowledge that substantially all of the negotiations relating to this Agreement were conducted in, and that this Agreement has been executed by both parties in State of Colorado.

(b) Survival. The parties agree that the covenants contained in Section 3 hereof shall survive any termination of employment by the Executive and any termination of this Agreement. In addition, the parties agree that any compensation or right which shall have accrued to the Executive as of the date of any termination of employment or termination hereof shall survive any such termination and shall be paid when due to the extent accrued on the date of such termination.

(c) Assignability. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties and their respective heirs, personal representatives, successors and assigns. The obligations of the Executive may not be delegated, except as set forth herein, however, and the Executive may not, without the Company's written consent thereto, assign, transfer, convey, pledge, encumber, hypothecate or otherwise dispose of this Agreement or any interest therein. Any such attempted delegation or disposition shall be null and void and without effect. The Company and the Executive agree that this Agreement and all of the Company's rights and obligations hereunder may be assigned or transferred by the Company to and may be assumed by and become binding upon and may inure to the benefit of any affiliate of or successor to the Company. The term "successor" shall mean, with respect to the Company or any of its subsidiaries, and any other corporation or other business entity which, by merger, consolidation, purchase of the assets, or otherwise, acquires all or a material part of the assets of the Company. Any assignment by the Company of its rights and obligations hereunder to any affiliate of or successor shall not be considered a termination of employment for purposes of this Agreement.

(d) Modifications or Amendments. No amendment, change or modification of this document shall be valid unless in writing and signed by each of the parties herein.

(e) Waiver. No reliance upon or waiver of one or more provisions of this Agreement shall constitute a waiver of any other provisions hereof.

(f) Severability. If any provision of this Agreement as applied to either party or to any circumstances shall be adjudged by a court of competent jurisdiction to be void or unenforceable, the same shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement. If any court construes any of the provisions to be unreasonable because of the duration of such provision or the geographic or other scope thereof, such court may reduce the duration or restrict the geographic or other scope of such provision and enforce such provision as so reduced or restricted.

(g) Separate Counterparts. This document may be executed in one or more separate counterparts, each of which, when so executed, shall be deemed to be an original. Such counterparts shall, together, constitute and shall be one and the same instrument.

(h) Headings. The captions appearing at the commencement of the sections hereof are descriptive only and are for convenience of reference. Should there be any conflict between any such caption and the section at the head of which it appears the substantive provisions of such section and not such caption shall control and govern in the construction of this document.

(i) Specific Performance. It is agreed that the rights granted to the parties hereunder are of a special and unique kind and character and that, if there is a breach by either party of any material provision of this document, the other party would not have any adequate remedy at law. It is expressly agreed, therefore, that the rights of the parties may be enforced by an action for specific performance and other equitable relief.

(j) Further Assurances. Each of the parties shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out their intentions as set forth herein.

(k) Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to the subject matter of this Agreement, and any and all prior agreements, understandings or representations are hereby terminated and canceled in their entirety.

(l) Neutral Construction. Neither party may rely on any drafts of this Agreement in any interpretation of the Agreement. Each party to this Agreement has reviewed this Agreement and has participated in its drafting and, accordingly, neither party shall attempt to invoke the normal rule of construction to the effect that ambiguities are to be resolved against the drafting party in any interpretation of this Agreement.

(m) Attorneys' Fees. In the event that either party hereto commences litigation against the other to enforce such party's rights hereunder, the prevailing party shall be entitled to recover all costs, expenses and fees, including reasonable attorneys' fees (including in-house counsel), paralegals' fees, and legal assistants' fees through all appeals.

13. SUBMISSION TO ARBITRATION.

Except as hereinafter expressly provided, every difference or dispute, of whatever nature, between the Company and the Executive involving (1) any breach of this Agreement or (2) any other difference or dispute arising out of, related to, under or having any connection with this Agreement, shall be settled and finally determined by arbitration in Denver, Colorado in accordance with the then current commercial arbitration rules of the American Arbitration Association, and judgment upon any award rendered may be entered in any court having jurisdiction, including but not limited to the courts of the State of Colorado, and the determination of such arbitration proceeding shall be binding and conclusive upon the parties. Any claim by the Company against the Executive arising out of, under, or related to, Section 8 of this Agreement, whether for equitable relief or monetary damages or any combination, is specifically excluded from arbitration under this Section 13.

[signature page follows]

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

MUSCLEPHARM CORPORATION

By: /s/ Brad J. Pyatt
Name: Brad J. Pyatt
Chief Executive Officer

EXECUTIVE

/s/ Brad J. Pyatt
Brad J. Pyatt

EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement") is made as of November 14, 2011, by and between MusclePharm Corporation, a Nevada corporation with offices at 4721 Ironton Street, Building A, Denver, CO 90839 (hereinafter called the "Company"), and Cory Gregory, residing at 4721 Ironton Street, Building A, Denver, CO 80239 (hereinafter referred to as the "Executive"). This Agreement amends, restates and replaces in its entirety, the Original Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, the Company is a healthy life-style company that develops and manufactures a full line of scientifically approved nutritional supplements; and

WHEREAS, the Company's Board of Directors (the "Board" or the "Board of Directors") believes that the Executive possesses the skills and abilities necessary for the Company to meet its current and future objectives; and

WHEREAS, the Executive desires to provide such services to the Company in such capacities, on and subject to the terms and conditions hereof;

WHEREAS, on August 15, 2011, the Company and the Executive entered into an employment agreement (the "Original Agreement");

WHEREAS, the Company and the Executive wish to amend and restate the Original Agreement in order to amend inter alia, certain terms as they relate to executive compensation and bonus payments;

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. EMPLOYMENT

Subject to all of the terms and conditions hereof, the Company does hereby employ the Executive and the Executive does hereby accept such employment.

2. TERM

This Agreement shall be effective retroactively commencing on January 1, 2011 and shall continue until December 31, 2015 (the "Term"), unless sooner terminated as herein provided including termination under any of the subsections described in Section 7.

3. COMPENSATION

(a) Base Salary. The Company agrees to pay the Executive during the Term hereof an aggregate salary at the annual rate of: (1) One Hundred Fifty Thousand Dollars ($150,000) for the 2011 calendar year; (2) Two Hundred Thousand Dollars ($200,000) for the 2012 calendar year; (3) Two Hundred Fifty Thousand Dollars ($250,000) for the 2013 calendar year; (4) Three Hundred Thousand Dollars ($300,000) for the 2014 calendar year; and (5) Three Hundred Fifty Thousand Dollars ($350,000) for the 2015 calendar year. The Company shall make all salary payments in equal bi-weekly installments in arrears. Unless otherwise determined by the Board, Executive's Base Salary at the commencement of the second and each subsequent year shall be adjusted to provide for all cost of living increases. All salary, bonus, or other compensation payable to the Executive shall be subject to the customary withholding, FICA, medical and other tax and other employment taxes and deductions as required by federal, state and local law with respect to compensation paid by an employer to an employee.

(b) Preferred Stock. As of the date of the Original Agreement, the Company granted to the Executive thirty one (31) shares of its Series B Preferred Stock (the "Series B Preferred Stock"). Notwithstanding the termination provisions contained in Section 7 hereto, the Company shall grant to the Executive, on the third (3rd) anniversary of the date thereof, ten thousand (10,000) shares of its Series A Preferred Stock (together with the Series B Preferred Stock, the "Stock").

If there is any change in the number or kind of Stock outstanding (i) by reason of a stock dividend, spin-off, recapitalization, stock split, or combination or exchange of shares; (ii) by reason of a merger, reorganization, or consolidation; (iii) by reason of a reclassification or change in par value; or (iv) by reason of any other extraordinary or unusual event affecting the outstanding Stock, or if the value of outstanding Stock is substantially reduced as a result of a spin-off or the Company's payment of an extraordinary dividend or distribution, the number of Stock issued, or to be issued, to the Executive pursuant to this Agreement and/or the kind of Stock issued, or to be issued, to the Executive pursuant to this Agreement shall be appropriately adjusted by the Company to reflect any increase or decrease in the number of, or change in the kind or value of, issued Stock to preclude any dilution to the number or kind of Stock issued, or to be issued, to the Executive hereunder.

(c) Bonus. For each one million dollars ($1,000,000) in revenue in excess of the revenue reported for the Company's prior fiscal year in the Company's annual report on Form 10-K, the Executive 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 immediately prior to the date of issuance of such stock. Payments to the Executive pursuant to this Section shall be made within thirty (30) days following the filing of the Company's annual report on Form 10-K for each fiscal year. Additional bonus payments to the Executive, if any, shall be determined by the Board of Directors.

4. DUTIES

The Executive is hereby employed as Senior President of the Company and shall perform the following services in connection with the general business of the Company:

(a) Duties as Senior President. . Executive 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 this Agreement and as directed by the Board of Directors, and shall use his best efforts to advance the best interests of the Company..

(b) Location. Executive acknowledges that Executive will work primarily in the Company's principal place of business and Executive hereby agrees that he will make himself available to travel to any other location deemed reasonably necessary by the Board of Directors in order to fulfill Executive's duties.

(b) Compliance. The Executive hereby agrees to observe and comply with such reasonable rules and regulations of the Company as may be duly adopted from time to time by the Board of Directors and otherwise to carry out and perform those orders, directions and policies stated to him from time to time by the Board of Directors, either as specified in the minutes of the proceedings of the Board of Directors of the Company or otherwise in writing that are reasonably necessary and appropriate to carry out his duties hereunder. Such orders, directions and policies shall be legal and shall be consistent with the Executive's position.

5. EXTENT OF SERVICES

The Executive agrees to serve the Company faithfully and to the best of his ability and shall devote his full time, attention and energies to the business of the Company during customary business hours. The Executive agrees to carry out his duties in a competent and professional manner and to at all times promote the best interests of the Company.

6. BENEFITS AND EXPENSES

During the term of this agreement Executive shall be entitled to, and the Company shall provide, the following benefits in addition to those specified in Section 3:

(a) Vacation. The Executive shall be entitled to 2 weeks vacation in each twelve (12) month period during the Term. Vacation may be taken at such time(s) as Executive may determine provided that such vacation does not interfere with the Company's business operations. The Executive must use his vacation in any event by May 31 of the year next following the year in which the vacation accrues or such vacation time shall expire. The Executive shall not be entitled to compensation for unused vacation except that, upon termination of his employment, the Company shall pay to the Executive for all of his accrued, unexpired vacation time.

(b) Expense Reimbursement. The Company shall reimburse the Executive upon submission of vouchers for his out-of-pocket expenses for travel, entertainment, meals and the like reasonably incurred by him pursuant to his employment hereunder in accordance with the general policy of the Company as adopted by its Board of Directors from time to time.

(c) Health Insurance. The Company shall provide the Executive with health insurance in the coverage consistent with those provided to other key executives of the Company as determined by the Board of Directors from time to time.

(d) Disability. If the Company maintains disability insurance, then the Company shall provide a disability policy for the Executive comparable to the policies in force for other similar executives in the Company. If the Company does not maintain a disability policy, then the Executive may obtain such a policy in amounts equal to his salary and be reimbursed by the Company for all premium payments thereunder.

(e) Other Benefits. The Company shall provide to the Executive other benefits as reasonably determined by the Board from time to time.

7. TERMINATION; DISABILITY; RESIGNATION; TERMINATION WITHOUT CAUSE

(a) Termination for Cause. The Company shall have the right to terminate the Executive's employment hereunder:

(1) For cause upon ten (10) business days' prior written notice to Executive. Upon such termination, Executive shall have no further duties or obligations under this Agreement (except as provided in Section 8) and the obligations of the Company to Executive shall be as set forth below. For purposes of this Agreement, "cause" shall mean:

(A) Executive's conviction of a felony under federal or state law;

(B) Executive's failure to perform (other than as a result of Executive's being Disabled), in any material respect, any of his duties or obligations under or in accordance with this Agreement and either (i) the Executive fails to cure such failure within ten (10) business days following receipt of notice from the Company, or (ii) if such failure by its nature cannot be cured within such ten business day period, the Executive fails to commence to cure such failure within such ten business day period and proceed to cure such failure within thirty (30) days thereafter.

(C) Executive commits any dishonest, malicious or grossly negligent act which is materially detrimental to the business or reputation of the Company, or the Company's business relationships, provided, however, that in such event the Company shall give the Executive written notice specifying in reasonable detail the reason for the termination.

Notwithstanding the foregoing, the Executive may, within ten (10) business days following delivery of the notice of termination referred to in the preceding paragraph, by written notice to the Board of Directors, cause the matter of the termination of his employment by the Company to be discussed at the next regularly scheduled meeting of the Board of Directors or at a special meeting of the Board of Directors requested by a majority of the members of the Board of Directors who are not employees of the Company or any of its subsidiaries. The Executive shall be entitled to be present and to be represented by counsel at such meeting which shall be conducted according to a procedure deemed equitable by a majority of the directors present. If, at such meeting, it shall be determined that the employment of the Executive had been terminated without proper cause, the provisions of this Agreement shall be reinstated with the same force and effect as if the notice of termination had not been given; and the Executive shall be entitled to receive the compensation and other benefits provided herein for the period from the date of the delivery of the notice of termination through the date of such reinstatement.

In the event, the Company terminates the Executive's employment for cause, then the Executive shall be entitled to receive through the end of the Term: (1) his base salary as defined in Section 3(a) hereof; and (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation.

In the event that Executive's employment is terminated by the Company without cause including but not limited to an involuntary change in position or termination of the Executive as a result of a material breach of this Agreement by the Company, Executive shall receive from the Company, through the end of the Term: (1) his base salary as defined in Section 3(a) hereof; (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(b) Disability. The Company shall have the right to terminate the Executive's employment hereunder:

(1) By reason of the Executive's becoming Disabled for an aggregate period of ninety (90) days in any consecutive three hundred sixty (360) day period (the "Disability Period").

(A) "Disabled" as used in this Agreement means that, by reason of physical or mental incapacity, Executive shall fail or be unable to substantially perform the customary duties of his employment.

(B) If the existence of a disability is in dispute, it shall be resolved by two physicians, one appointed by Executive and one appointed by the Board of Directors of the Company. If the two physicians so selected cannot agree as to whether or not Executive is Disabled as defined in subsection (A) above, the two physicians so selected shall designate a third physician and a majority of the three physicians so selected shall determine whether or not Executive is Disabled.

(C) In the event Executive is Disabled, during the period of such disability he shall continue to receive his base compensation in the amount set forth in Section 3(a) hereof, which base compensation shall be reduced by the amount of all disability benefits he actually receives under any disability insurance program in place with the Company until the first to occur of (1) the cessation of the Disability or (2) the termination of this Agreement by the Company at any time after the Disability Period. During the period of Disability and prior to termination, the Executive shall continue to receive the benefits provided in Section 6 hereof and shall have the right to exercise options to purchase shares of the Company's common stock in accordance with the 2007 Plan.

(D) For the purposes of this Section 7(b), any amounts to be paid to Executive by the Company pursuant to subsection (C) above, shall not be reduced by any disability income insurance proceeds received by him under any disability insurance policies owned or paid for by the Executive.

(E) If the Executive is terminated at the end of the Disability Period, then the Executive shall receive through the end of the Term: (1) his base salary as defined in Section 3(a) hereof; (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation;; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(c) Death. The Company's employment of the Executive shall terminate upon his death and all payments and benefits shall cease upon such date provided, however, that under this Agreement the estate of such Executive shall be entitled to receive through the date of termination (1) his base salary as defined in Section 3(a) hereof, (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation;; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(d) Termination by the Executive.

The Executive may elect, by written notice to the Company, such notice to be effective immediately upon receipt by the Company, to terminate his employment hereunder if:

(1) The Company sells all or substantially all of its assets;

(2) The Company merges or consolidates with another business entity in a transaction immediately following which the holders of all of the outstanding shares of the voting capital stock of the Company own less than a majority of the outstanding shares of the voting capital stock of the resulting entity (whether or not the resulting entity is the Company); provided, however, that the Executive shall not be permitted to terminate his employment under this subsection unless he notifies the Company in writing that he does not approve of the directors selected to serve on the Board after the merger or similar transaction described herein;

(3) More than fifty (50%) percent of the outstanding shares of the voting capital stock of the Company are acquired by a person or group (as such terms are used in Section 13(d) of the Securities Exchange Act of 1934, as amended), which person or group includes neither the Executive nor the holders of the majority of the outstanding shares of the voting capital stock of the Company on the date of the Original Agreement; provided, however, that the Executive shall not be permitted to terminate his employment under this subsection unless he notifies the Company in writing that he does not approve of the directors selected to serve on the Board after the merger or similar transaction described herein;

(4) The Company assigns to the Executive duties that are not commensurate with the position for which he is being hired pursuant hereto;

(5) The Company defaults in making any of the payments required under this Agreement and said default continues for a thirty (30) day period after the Executive has given the Company written notice of the payment default.

If the Executive elects to terminate his employment hereunder pursuant to this Section 7(d), then (1) the Company shall continue to pay to the Executive his salary as provided in Section 3(a) hereof through the end of the Term; (2) the Company shall continue to provide to the Executive the benefits provided in Section 6 hereof through the end of the Term; and (3) the Company shall provide Executive an additional two weeks' pay of the Executive's then current Base Salary.

(e) Resignation. If the Executive voluntarily resigns during the term of this Agreement other than pursuant to Section 7(d) hereof, then all payments and benefits shall cease on the effective date of resignation, provided that under this Agreement the Executive shall be entitled to receive through the date of such resignation: (1) his base salary as defined in Section 3(a) hereof, (2) the benefits provided in Section 6 hereof including all accrued but unpaid vacation;; and (3) an additional two weeks' pay of the Executive's then current Base Salary.

(f) Mitigation. In the event of the termination of this Agreement by the Executive as a result of a material breach by the Company of any of its obligations hereunder, or in the event of the termination of the Executive's employment by the Company in breach of this Agreement, the Executive shall not be required to seek other employment in order to mitigate his damages hereunder.

8. CONFIDENTIALITY; RESTRICTIVE COVENANTS; NON COMPETITION

(a) Non-Disclosure of Information. (1) The Executive recognizes and acknowledges that by virtue of his position as a key executive, he will have access to the lists of the Company's referral sources, suppliers, advertisers and customers, financial records and business procedures, sales force and personnel, programs, software, selling practices, plans, special methods and processes for electronic data processing, special techniques for testing commercial and sales materials and products, custom research services in product development, marketing strategy, product manufacturing techniques and formulas, and other unique business information and records (collectively "Proprietary Information"), as same may exist from time to time, and that they are valuable, special and unique assets of the Company's business. The Executive also may develop on behalf of the Company a personal acquaintance with the present and potential future clients and customers of the Company, and the Executive's acquaintance may constitute the Company's sole contact with such clients and customers.

(a)(2) The Executive will not during the Term of his employment, and at any time following the end of the Term of or earlier termination of this Agreement regardless of the reason therefor, disclose trade secrets or other confidential information about the Company, including but not limited to Proprietary Information, to any person, firm, corporation, association or other entity for any reason or any purpose whatsoever or utilize such Proprietary Information for his own benefit or the benefit of any third party; provided, however, that nothing contained herein shall prohibit the Executive from using his personal acquaintance with any clients or customers of the Company at any time in a manner that is not inconsistent with their remaining as clients or customers of the Company.

(a)(3) All equipment, records, files, memoranda, computer print-outs and data, reports, correspondence and the like, relating to the business of the Company which Executive shall use or prepare or come into contact with shall remain the sole property of the Company. The Executive shall immediately turn over to the Company all such material in Executive's possession, custody or control at such time as this Agreement is terminated.

(a)(4) "Proprietary Information" shall not include information that was a matter of public knowledge on the date of this Agreement or subsequently becomes public knowledge other than as a result of having been revealed, disclosed or disseminated by Executive, directly or indirectly, in violation of this Agreement.

(b) Enforcement. In view of the foregoing, the Executive acknowledges and agrees that it is reasonable and necessary for the protection of the good will, business, trade secrets, confidential information and Proprietary Information of the Company that he makes the covenants in this Section 8 and that the Company will suffer irreparable injury if the Executive engages in the conduct prohibited by Section 8 (a) of this Agreement. The Executive agrees that upon a breach, threatened breach or violation by him of any of the foregoing provisions of this Section 8, the Company, in addition to all other remedies it may have including an action at law for damages, shall be entitled as a matter of right to injunctive relief, specific performance or any other form of equitable relief in any court of competent jurisdiction without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law, to enjoin and restrain the Executive and each and every other person, partnership, association, corporation or organization acting in concert with the Executive, from the continuance of any action constituting such breach. The Company shall also be entitled to recover from the Executive all of its reasonable costs incurred in the enforcement of this Section 8 including its reasonable legal fees. The Executive acknowledges that the terms of Section 8(a) are reasonable and enforceable and that, should there be a violation or attempted or threatened violation by the Executive of any of the provisions contained in these subsections, the Company shall be entitled to relief by way of injunction, specific performance or other form of equitable relief. In the event that any of the foregoing covenants in Sections 8 (a) shall be deemed by any court of competent jurisdiction, in any proceedings in which the Company shall be a party, to be unenforceable because of its duration, scope, or area, it shall be deemed to be and shall be amended to conform to the scope, period of time and geographical area which would permit it to be enforced.

(e) Independent Covenants. The Company and the Executive agree that the covenants contained in this Section 8 shall each be construed as a separate agreement independent of any of the other terms and conditions of this Agreement, and the existence of any claim by the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense by the Executive to the Company's enforcement of any of the covenants of this Section 8.

(f) Exclusion from Arbitration. The terms and conditions of this Section 8 including the enforcement thereof by the Company are specifically excluded from the arbitration of all other matters under this Agreement as provided in Section 13 hereof.

9. DISCLOSURE AND ASSIGNMENT OF RIGHTS.

(a) Disclosure. The Executive agrees that he will promptly assign to the Company or its nominee(s) all right, title and interest of the Executive in and to any and all ideas, inventions, discoveries, secret processes, and methods and improvements, together with any and all patents or other forms of intellectual property protection that may be obtainable in connection therewith or that may be issued thereon, such as trademarks, service marks and copyrights, in the United States and in all foreign countries, which the Executive may invent, develop, or improve or cause to be invented developed or improved, on behalf of the Company while engaged in Company related decisions, during the Term or within six (6) months after the Term or earlier termination of this Agreement, which are or were related to the scope of the Company's business or any work carried on by the Company or to any problems and projects specifically assigned to the Executive. All works and writings which relate to the Company's business are works for hire, and any and all copyrights therefor shall be placed in the name of and inure to the benefit of the Company.

(b) Assignment of Interest. The Executive agrees to disclose immediately to duly authorized representatives of the Company any ideas, inventions, discoveries, processes, methods and improvements covered by the terms of this Section 9 and to execute, at the Company's expense, all documents reasonably required in connection with the Company's application for appropriate protection and registration under the federal and foreign patent, trademark, and copyright law and the assignment thereof to the Company's nominee (s). The Executive hereby appoints the Company's Chairman as true and lawful attorney in fact with full powers of substitution and delegation to execute acknowledge and deliver any such instruments and assignments, which the Executive shall fail or refuse to execute or deliver.

10. INDEMNIFICATION.

The Company shall indemnify the Executive to the maximum extent permitted under the Nevada Revised Statutes, or any successor thereto, and shall promptly advance any expenses incurred by the Executive prior to the final disposition of the proceeding to which such indemnity relates upon receipt from the Executive of a written undertaking to repay the amount so advanced if it shall be determined ultimately that the Executive is not entitled to indemnity under the standards set forth in the Nevada Revised Statutes or its successor. The Employer shall use commercially reasonable efforts to obtain and maintain throughout the Term of the employment of the Executive hereunder directors' and officers' liability insurance for the benefit of the Executive. The indemnification obligations of the Company under this Section 10 shall survive the termination of the Term or of this Agreement for any reason whatsoever unless the Agreement is terminated for cause.

11. NOTICES.

(a) Any and all notices or other communications given under this Agreement shall be in writing and shall be deemed to have been duly given on (1) the date of delivery, if delivered in person to the addressee, (2) the next business day if sent by overnight courier, or (3) three (3) days after mailing, if mailed within the continental United States, postage prepaid, by certified or registered mail, return receipt requested, to the party entitled to receive same, at his or its address set forth below:

If to the Company:

MusclePharm Corporation
4721 Ironton Street, Building A
Denver, CO 90839
Attention: Brad J. Pyatt
Telephone: (303) 396-6100
Email: brad.pyatt@musclepharm.com

With a copy to (which shall not constitute notice):

Lucosky Brookman LLP
33 Wood Avenue South, 6th floor
Iselin, NJ 08830
Attn: Joseph M. Lucosky, Esq.
Fax No.: (732) 395-4401

If to the Executive:

Cory Gregory
4721 Ironton Street, Building A
Denver, CO 90839

(b) The parties may designate by notice to each other any new address for the purposes of this Agreement as provided in this Section 11.

12. MISCELLANEOUS PROVISIONS

(a) Applicable Law. This document shall, in all respects, be governed by the laws of the State of Colorado excluding any conflicts of law provisions. The parties acknowledge that substantially all of the negotiations relating to this Agreement were conducted in, and that this Agreement has been executed by both parties in State of Colorado.

(b) Survival. The parties agree that the covenants contained in Section 3 hereof shall survive any termination of employment by the Executive and any termination of this Agreement. In addition, the parties agree that any compensation or right which shall have accrued to the Executive as of the date of any termination of employment or termination hereof shall survive any such termination and shall be paid when due to the extent accrued on the date of such termination.

(c) Assignability. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties and their respective heirs, personal representatives, successors and assigns. The obligations of the Executive may not be delegated, except as set forth herein, however, and the Executive may not, without the Company's written consent thereto, assign, transfer, convey, pledge, encumber, hypothecate or otherwise dispose of this Agreement or any interest therein. Any such attempted delegation or disposition shall be null and void and without effect. The Company and the Executive agree that this Agreement and all of the Company's rights and obligations hereunder may be assigned or transferred by the Company to and may be assumed by and become binding upon and may inure to the benefit of any affiliate of or successor to the Company. The term "successor" shall mean, with respect to the Company or any of its subsidiaries, and any other corporation or other business entity which, by merger, consolidation, purchase of the assets, or otherwise, acquires all or a material part of the assets of the Company. Any assignment by the Company of its rights and obligations hereunder to any affiliate of or successor shall not be considered a termination of employment for purposes of this Agreement.

(d) Modifications or Amendments. No amendment, change or modification of this document shall be valid unless in writing and signed by each of the parties herein.

(e) Waiver. No reliance upon or waiver of one or more provisions of this Agreement shall constitute a waiver of any other provisions hereof.

(f) Severability. If any provision of this Agreement as applied to either party or to any circumstances shall be adjudged by a court of competent jurisdiction to be void or unenforceable, the same shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement. If any court construes any of the provisions to be unreasonable because of the duration of such provision or the geographic or other scope thereof, such court may reduce the duration or restrict the geographic or other scope of such provision and enforce such provision as so reduced or restricted.

(g) Separate Counterparts. This document may be executed in one or more separate counterparts, each of which, when so executed, shall be deemed to be an original. Such counterparts shall, together, constitute and shall be one and the same instrument.

(h) Headings. The captions appearing at the commencement of the sections hereof are descriptive only and are for convenience of reference. Should there be any conflict between any such caption and the section at the head of which it appears the substantive provisions of such section and not such caption shall control and govern in the construction of this document.

(i) Specific Performance. It is agreed that the rights granted to the parties hereunder are of a special and unique kind and character and that, if there is a breach by either party of any material provision of this document, the other party would not have any adequate remedy at law. It is expressly agreed, therefore, that the rights of the parties may be enforced by an action for specific performance and other equitable relief.

(j) Further Assurances. Each of the parties shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out their intentions as set forth herein.

(k) Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties with respect to the subject matter of this Agreement, and any and all prior agreements, understandings or representations are hereby terminated and canceled in their entirety.

(l) Neutral Construction. Neither party may rely on any drafts of this Agreement in any interpretation of the Agreement. Each party to this Agreement has reviewed this Agreement and has participated in its drafting and, accordingly, neither party shall attempt to invoke the normal rule of construction to the effect that ambiguities are to be resolved against the drafting party in any interpretation of this Agreement.

(m) Attorneys' Fees. In the event that either party hereto commences litigation against the other to enforce such party's rights hereunder, the prevailing party shall be entitled to recover all costs, expenses and fees, including reasonable attorneys' fees (including in-house counsel), paralegals' fees, and legal assistants' fees through all appeals.

13. SUBMISSION TO ARBITRATION.

Except as hereinafter expressly provided, every difference or dispute, of whatever nature, between the Company and the Executive involving (1) any breach of this Agreement or (2) any other difference or dispute arising out of, related to, under or having any connection with this Agreement, shall be settled and finally determined by arbitration in Denver, Colorado in accordance with the then current commercial arbitration rules of the American Arbitration Association, and judgment upon any award rendered may be entered in any court having jurisdiction, including but not limited to the courts of the State of Colorado, and the determination of such arbitration proceeding shall be binding and conclusive upon the parties. Any claim by the Company against the Executive arising out of, under, or related to, Section 8 of this Agreement, whether for equitable relief or monetary damages or any combination, is specifically excluded from arbitration under this Section 13.

[signature page follows]

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

MUSCLEPHARM CORPORATION

By: /s/ Brad J. Pyatt
Name: Brad J. Pyatt
Chief Executive Officer

EXECUTIVE

/s/ Cory Gregory
Cory Gregory

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Brad J. Pyatt, certify that:

1. I have reviewed this Form 10-Q of MusclePharm Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. Along with the Principal Financial Officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financing reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011

By: */s/ Brad J. Pyatt*
Brad J. Pyatt
Principal Executive Officer
MusclePharm Corporation

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Lawrence S. Meer, certify that:

1. I have reviewed this Form 10-Q of MusclePharm Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. Along with the Principal Executive Officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financing reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2011

By: */s/ Lawrence S. Meer*
Lawrence S. Meer
Principal Financial Officer
MusclePharm Corporation

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of MusclePharm Corporation (the "Company"), on Form 10-Q for the quarter ended September 30, 2011, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Brad J. Pyatt, Principal Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2011

By: */s/ Brad J. Pyatt*
Brad J, Pyatt
Principal Executive Officer
MusclePharm Corporation

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of MusclePharm Corporation (the "Company"), on Form 10-Q for the quarter ended September 30, 2011, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Lawrence S. Meer, Principal Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2011

By: */s/ Lawrence S. Meer*
Lawrence S. Meer
Principal Accounting Officer
MusclePharm Corporation